CHAPTER 127--H.F.No. 5247

An act relating to the operation and financing of state government; modifying trunk highway bonds, transportation policy, combative sports, construction codes and licensing, the Bureau of Mediation Services, the Public Employee Labor Relations Act, employee misclassification, earned sick and safe time, University of Minnesota collective bargaining, broadband and pipeline safety, housing policy, and transportation network companies; expediting rental assistance; establishing registration for transfer care specialists; establishing licensure for behavior analysts; establishing licensure for veterinary technicians and a veterinary institutional license; modifying provisions of veterinary supervision; modifying specialty dentist licensure and dental assistant licensure by credentials; removing additional collaboration requirements for physician assistants to provide certain psychiatric treatment; modifying social worker provisional licensure; establishing guest licensure for marriage and family therapists; modifying pharmacy provisions for certain reporting requirements and change of ownership or relocation; modifying higher education policy provisions; amending the definition of trigger activator; increasing penalties for transferring firearms to certain persons who are ineligible to possess firearms; amending agriculture policy provisions; establishing and modifying agriculture programs; providing broadband appropriation transfer authority; requiring an application for federal broadband aid; adding and modifying provisions governing energy policy; establishing the Minnesota Energy Infrastructure Permitting Act; modifying provisions related to disability services, aging services, substance use disorder treatment services, priority admissions to state-operated programs and civil commitment, and Direct Care and Treatment; modifying provisions related to licensing of assisted living facilities; modifying provisions governing the Department of Human Services, human services health care policy, health care finance, and licensing policy; modifying provisions governing the Department of Health, health policy, health insurance, and health care; modifying provisions governing pharmacy practice and behavioral health; establishing an Office of Emergency Medical Services and making conforming changes; modifying individual income taxes, minerals taxes, tax-forfeited property, and miscellaneous tax provisions; modifying state employee compensation; modifying paid leave provisions; imposing penalties; authorizing administrative rulemaking; making technical changes; requiring reports; appropriating money; amending Minnesota Statutes 2022, sections 3.7371, subdivisions 2, 3, by adding subdivisions; 13.46, subdivisions 1, as amended, 10, as amended; 13.6905, by adding a subdivision; 13.824, subdivision 1, by adding a subdivision; 16A.055, subdivision 1a, by adding a subdivision; 17.116, subdivision 2; 17.133, subdivision 1; 18B.01, by adding a subdivision; 18B.26, subdivision 6; 18B.28, by adding a subdivision; 18B.305, subdivision 2; 18B.32, subdivisions 1, 3, 4, 5; 18B.33, subdivisions 1, 5, 6; 18B.34, subdivisions 1, 4; 18B.35, subdivision 1; 18B.36, subdivisions 1, 2; 18B.37, subdivisions 2, 3; 18C.005, subdivision 33, by adding a subdivision; 18C.115, subdivision 2; 18C.215, subdivision 1; 18C.221; 18C.70, subdivisions 1, 5; 18C.71, subdivisions 1, 2, 4, by adding a subdivision; 18C.80, subdivision 2; 18D.301, subdivision 1; 28A.10; 28A.151, subdivisions 1, 2, 3, 5, by adding a subdivision; 28A.21, subdivision 6; 31.74; 31.94; 32D.30; 41B.039, subdivision 2; 41B.04, subdivision 8; 41B.042, subdivision 4; 41B.043, subdivision 1b; 41B.045, subdivision 2; 41B.047, subdivision 1; 43A.05, subdivision 3; 43A.18, subdivisions 2, 3, 9; 43A.24, by adding a subdivision; 62A.0411; 62A.15, subdivision 4, by adding a subdivision; 62A.28, subdivision 2; 62D.02, subdivision 7; 62D.04, subdivision 5; 62D.12, subdivision 19; 62D.14, subdivision 1; 62D.20, subdivision 1; 62D.22, subdivision 5, by adding a subdivision; 62J.49, subdivision 1; 62J.61, subdivision 5; 62M.01, subdivision 3; 62M.02, subdivisions 1a, 5, 11, 12, 21, by adding a subdivision; 62M.04, subdivision 1; 62M.05, subdivision 3a; 62M.07, subdivisions 2, 4, by adding a subdivision; 62M.10, subdivisions 7,

8; 62M.17, subdivision 2; 62Q.097, by adding a subdivision; 62Q.14; 62Q.19, subdivisions 3, 5, by adding a subdivision; 62Q.73, subdivision 2; 62V.05, subdivision 12; 62V.08; 62V.11, subdivision 4; 65B.472; 103I.621, subdivisions 1, 2; 116C.83, subdivision 6; 116J.395, subdivision 6, by adding subdivisions; 116J.396, by adding a subdivision; 116J.871, subdivision 4; 123B.53, subdivision 1; 134A.09, subdivision 2a; 134A.10, subdivision 3; 135A.15, as amended; 136A.091, subdivision 3; 136A.1241, subdivision 3; 136A.1701, subdivisions 4, 7; 136A.29, subdivision 9; 136A.62, by adding subdivisions; 136A.63, subdivision 1; 136A.646; 136A.65, subdivision 4; 136A.675, subdivision 2; 136A.69, subdivision 1; 136A.821, subdivision 5, by adding a subdivision; 136A.822, subdivisions 1, 2, 6, 7, 8; 136A.824, subdivisions 1, 2; 136A.828, subdivision 3, by adding a subdivision; 136A.829, subdivision 3, by adding a subdivision; 144.05, subdivisions 6, 7, by adding a subdivision; 144.0572, subdivision 1; 144.058; 144.0724, subdivisions 2, 3a, 4, 6, 7, 8, 9, 11; 144.1464, subdivisions 1, 2, 3; 144.1501, subdivision 5; 144.1911, subdivision 2; 144.212, by adding a subdivision; 144.216, subdivision 2, by adding subdivisions; 144.218, by adding a subdivision; 144.292, subdivision 6; 144.293, subdivisions 2, 4, 9, 10; 144.493, by adding a subdivision; 144.494, subdivision 2; 144.551, subdivision 1; 144.555, subdivisions 1a, 1b, 2, by adding subdivisions; 144.605, by adding a subdivision; 144.7067, subdivision 2; 144.99, subdivision 3; 144A.10, subdivisions 15, 16; 144A.471, by adding a subdivision; 144A.474, subdivision 13; 144A.61, subdivision 3a; 144A.70, subdivisions 3, 5, 6, 7; 144A.71, subdivision 2, by adding a subdivision; 144A.72, subdivision 1; 144A.73; 144E.001, subdivision 3a, by adding subdivisions; 144E.101, by adding a subdivision; 144E.16, subdivisions 5, 7; 144E.19, subdivision 3; 144E.27, subdivisions 3, 5, 6; 144E.28, subdivisions 3, 5, 6, 8; 144E.285, subdivisions 1, 2, 4, 6, by adding subdivisions; 144E.287; 144E.305, subdivision 3; 144G.08, subdivision 29; 144G.10, by adding a subdivision; 144G.16, subdivision 6; 144G.41, subdivision 1, by adding subdivisions; 144G.63, subdivisions 1, 4; 144G.64; 145.61, subdivision 5; 146B.03, subdivision 7a; 146B.10, subdivisions 1, 3; 148.511; 148.512, subdivision 17a; 148.513, subdivisions 1, 2, 3, by adding a subdivision; 148.514, subdivision 2; 148.515, subdivision 1; 148.518; 148.519, subdivision 1, by adding a subdivision; 148.5191, subdivision 1, by adding a subdivision; 148.5192, subdivisions 1, 2, 3; 148.5193, subdivision 1, by adding a subdivision; 148.5194, subdivision 8, by adding a subdivision; 148.5195, subdivisions 5, 6; 148.5196, subdivision 3; 148D.061, subdivisions 1, 8; 148D.062, subdivisions 3, 4; 148D.063, subdivisions 1, 2; 148E.055, by adding subdivisions; 149A.01, subdivision 3; 149A.02, subdivisions 3, 3b, 13a, 16, 23, 26a, 27, 35, 37c, by adding subdivisions; 149A.03; 149A.09; 149A.11; 149A.60; 149A.61, subdivisions 4, 5; 149A.62; 149A.63; 149A.65; 149A.70, subdivisions 1, 2, 3, 4, 5, 7; 149A.71, subdivisions 2, 4; 149A.72, subdivisions 3, 9; 149A.73, subdivision 1; 149A.74, subdivision 1; 149A.90, subdivisions 2, 4, 5; 149A.93, subdivision 3; 149A.94, subdivisions 1, 3, 4; 149A.97, subdivision 2; 150A.06, subdivisions 1c, 8; 151.01, subdivisions 23, 27; 151.065, subdivision 7, by adding subdivisions; 151.066, subdivisions 1, 2, 3; 151.212, by adding a subdivision; 151.37, by adding a subdivision; 151.74, subdivision 6; 156.001, by adding subdivisions; 156.07; 156.12, subdivisions 2, 4; 161.089; 161.14, by adding a subdivision; 161.3203, subdivision 4; 161.45, by adding subdivisions; 161.46, subdivision 1; 162.02, by adding a subdivision; 162.081, subdivision 4; 162.09, by adding a subdivision; 162.145, subdivision 5; 168.09, subdivision 7; 168.092; 168.127; 168.301, subdivision 3; 168.33, by adding a subdivision; 168A.10, subdivision 2; 168A.11, subdivisions 1, 2; 168B.035, subdivision 3; 169.011, by adding subdivisions; 169.04; 169.06, by adding subdivisions; 169.14, subdivision 10, by adding subdivisions; 169.18, by adding a subdivision; 169.21, subdivision 6; 169.222, subdivisions 2, 6a, 6b; 169.346, subdivision 2; 169.974, subdivision 5; 169.99, subdivision 1; 171.01, by adding subdivisions; 171.06, subdivision 3b; 171.061, by adding a subdivision; 171.12, by adding a subdivision; 171.13, subdivision 9; 171.16, subdivision 3; 174.02, by adding a subdivision; 174.185, subdivisions 2, 3, by adding subdivisions; 174.40, subdivision 3; 174.75, subdivisions 1, 2, by adding a subdivision; 177.27, subdivision 3; 179A.041, subdivision 2; 179A.09, by adding subdivisions; 179A.11, subdivisions 1, 2, by adding a subdivision; 179A.12, subdivision 5; 179A.13, subdivisions 1, 2; 179A.40, subdivision

1; 179A.54, subdivision 5; 181.171, subdivision 1; 181.722; 181.723; 181.960, subdivision 3; 214.025; 214.04, subdivision 2a; 214.29; 214.31; 214.355; 216A.037, subdivision 1; 216A.07, subdivision 3; 216B.098, by adding a subdivision; 216B.16, subdivisions 6c, 8; 216B.17, by adding a subdivision; 216B.2402, subdivisions 4, 10, by adding a subdivision; 216B.2403, subdivisions 2, 3, 5, 8; 216B.241, subdivisions 1c, 2, 11, 12; 216B.2421, subdivision 2; 216B.2425, subdivisions 1, 2, by adding a subdivision; 216B.2427, subdivision 1, by adding a subdivision; 216B.243, subdivisions 3, 3a, 4, 9; 216B.246, subdivision 3; 216C.10; 216C.435, subdivisions 3a, 3b, 4, 10, by adding subdivisions; 216C.436, subdivisions 1, 4, 7, 8, 10; 216E.02, subdivision 1; 216E.08, subdivision 2; 216E.11; 216E.13; 216E.14; 216E.15; 216E.16; 216E.18, subdivision 2a; 221.0255, subdivisions 4, 9, by adding a subdivision; 232.21, subdivisions 3, 7, 11, 12, 13; 245.462, subdivision 6; 245.4663, subdivision 2; 245.821, subdivision 1; 245.825, subdivision 1; 245A.043, subdivisions 2, 4, by adding subdivisions; 245A.07, subdivision 6; 245A.11, subdivision 2a; 245C.05, subdivision 5; 245C.10, subdivision 18; 245C.14, subdivision 1, by adding a subdivision; 245C.15, subdivisions 3, 4; 245C.22, subdivision 4; 245C.24, subdivisions 2, 5; 245C.30, by adding a subdivision; 245F.09, subdivision 2; 245F.14, by adding a subdivision; 245F.17; 245G.07, subdivision 4; 245G.08, subdivisions 5, 6; 245G.10, by adding a subdivision; 245G.22, subdivisions 6, 7; 245I.02, subdivisions 17, 19; 245I.04, subdivision 6; 245I.10, subdivision 9; 245I.11, subdivision 1, by adding a subdivision; 245I.20, subdivision 4; 245I.23, subdivisions 14, 19a; 246.018, subdivision 3, as amended; 246.129, as amended; 246.13, subdivision 2, as amended; 246.234, as amended; 246.36, as amended; 246.511, as amended; 252.27, subdivision 2b; 252.282, subdivision 1, by adding a subdivision; 254B.01, by adding subdivisions; 256.01, subdivision 41, by adding a subdivision; 256.88; 256.89; 256.90; 256.91; 256.92; 256.9657, subdivision 8, by adding a subdivision; 256.969, by adding subdivisions; 256.9755, subdivisions 2, 3; 256B.02, subdivision 11; 256B.035; 256B.056, subdivisions 1a, 10; 256B.0622, subdivisions 2a, 3a, 7a, 7d; 256B.0623, subdivision 5; 256B.0625, subdivisions 10, 12, 32, 39, by adding subdivisions; 256B.0757, subdivisions 4a, 4d; 256B.076, by adding a subdivision; 256B.0911, subdivisions 12, 17, 20; 256B.0913, subdivision 5a; 256B.0924, subdivision 3; 256B.0943, subdivisions 3, 12; 256B.0947, subdivision 5; 256B.434, by adding a subdivision; 256B.49, subdivision 16, by adding a subdivision; 256B.4911, by adding subdivisions; 256B.4912, subdivision 1; 256B.69, subdivisions 2, 4; 256B.76, subdivision 6; 256B.77, subdivision 7a; 256B.795; 256I.04, subdivision 2f; 256K.45, subdivision 2; 256L.12, subdivision 7; 256R.02, subdivision 20; 256S.07, subdivision 1; 256S.205, subdivisions 2, 3, 5, by adding a subdivision; 259.52, subdivisions 2, 4; 260E.33, subdivision 2, as amended; 270B.14, subdivision 17, by adding a subdivision; 270C.21; 273.135, subdivision 2; 275.065, by adding a subdivision; 276.04, by adding a subdivision; 276A.01, subdivision 17; 276A.06, subdivision 8; 279.06, subdivision 1; 281.23, subdivision 2; 282.01, subdivision 6; 282.241, subdivision 1; 282.301; 289A.08, subdivision 1; 297A.815, subdivision 3; 297F.01, subdivisions 10b, 19; 298.17; 298.2215, subdivision 1; 298.28, subdivision 8; 298.282, subdivision 1; 298.292, subdivision 2; 299E.01, subdivision 2; 317A.811, subdivision 1; 326B.081, subdivisions 3, 6, 8; 326B.082, subdivisions 1, 2, 4, 6, 7, 10, 11, 13, by adding a subdivision; 326B.701; 326B.89, subdivision 5; 341.28, by adding a subdivision; 341.29; 383B.145, subdivision 5; 430.01, subdivision 2; 430.011, subdivisions 1, 2, 3; 430.023; 430.031, subdivision 1; 430.13; 447.42, subdivision 1; 462A.02, subdivision 10; 462A.05, subdivisions 14a, 14b, 15, 15b, 21, 23; 462A.07, by adding subdivisions; 462A.21, subdivision 7; 462A.35, subdivision 2; 462A.37, by adding a subdivision; 462A.40, subdivisions 2, 3; 473.13, by adding a subdivision; 473.3927; 473.452; 480.15, by adding a subdivision; 524.3-801, as amended; 604A.04, subdivision 3; 624.7141; 626.892, subdivision 10; Minnesota Statutes 2023 Supplement, sections 3.855, subdivisions 2, 3, 6; 10.65, subdivision 2; 13.43, subdivision 6; 13.46, subdivision 2, as amended; 15.01; 15.06, subdivision 1, as amended; 15A.0815, subdivision 2; 15A.082, subdivisions 1, 3, 7; 17.055, subdivision 3; 17.133, subdivision 3; 17.134, subdivision 3, by adding a subdivision; 17.710; 18C.425, subdivision 6; 18K.06; 43A.08, subdivisions 1, 1a; 62J.84, subdivision 10; 62Q.46, subdivision 1; 62Q.473, by adding

subdivisions; 82.75, subdivision 8; 116C.779, subdivision 1; 116C.7792; 116J.871, subdivisions 1, as amended, 2; 123B.935, subdivision 1; 135A.121, subdivision 2; 135A.161, by adding a subdivision; 135A.162, subdivision 2; 136A.1241, subdivision 5; 136A.1465, subdivisions 1, 2, 3, 4, 5; 136A.62, subdivision 3; 136A.833, subdivision 2; 136F.38, subdivision 3; 142A.03, by adding a subdivision; 144.0526, subdivision 1; 144.1501, subdivision 2; 144.1505, subdivision 2; 144.651, subdivision 10a; 144A.4791, subdivision 10; 144E.101, subdivisions 6, 7, as amended; 145.561, subdivision 4; 145D.01, subdivision 1; 148.5195, subdivision 3; 148.5196, subdivision 1; 148B.392, subdivision 2; 151.555, subdivisions 1, 4, 5, 6, 7, 8, 9, 11, 12; 151.74, subdivision 3; 152.126, subdivision 6; 161.178; 161.46, subdivision 2; 162.146, by adding a subdivision; 168.1259; 168.29; 169.011, subdivision 27; 169.223, subdivision 4; 171.06, subdivision 3; 171.0705, subdivision 2; 171.301, subdivisions 3, 6; 174.49, subdivision 6; 174.634, subdivision 2, by adding a subdivision; 177.27, subdivisions 1, 2, 4, 7; 177.50, by adding subdivisions; 179A.03, subdivisions 14, 18; 179A.041, subdivision 10; 179A.06, subdivision 6; 179A.07, subdivisions 8, 9; 179A.10, subdivision 2; 179A.12, subdivisions 2a, 6, 11; 181.032; 181.9445, subdivisions 4, 5, by adding a subdivision; 181.9446; 181.9447, subdivisions 1, 3, 5, 10, 11, by adding a subdivision; 181.9448, subdivisions 1, 2, 3; 216B.243, subdivision 8; 216C.08; 216C.09; 216C.331, subdivision 1; 216C.435, subdivision 8; 216C.436, subdivisions 1b, 2; 216E.06; 216E.07; 216E.10, subdivisions 1, 2, 3; 219.015, subdivision 2; 245.4889, subdivision 1; 245.735, subdivision 3; 245.91, subdivision 4; 245.991, subdivision 1; 245A.03, subdivisions 2, as amended, 7, as amended; 245A.043, subdivision 3; 245A.07, subdivision 1, as amended; 245A.11, subdivision 7; 245A.16, subdivision 1, as amended; 245A.211, subdivision 4; 245A.242, subdivision 2; 245C.02, subdivision 13e; 245C.031, subdivision 4; 245C.08, subdivision 1; 245C.15, subdivisions 2, 4a; 245C.31, subdivision 1; 245G.07, subdivision 2; 245G.22, subdivisions 2, 17; 245I.04, subdivision 19; 246.54, subdivisions 1a, 1b; 246C.01; 246C.02, as amended; 246C.04, as amended; 246C.05, as amended; 253B.10, subdivision 1, as amended; 254B.04, subdivision 1a; 254B.05, subdivisions 1, 5, as amended; 254B.19, subdivision 1; 256.043, subdivision 3; 256.0471, subdivision 1, as amended; 256.4764, subdivision 3; 256.9631; 256.969, subdivision 2b; 256.9756, subdivisions 1, 2; 256B.0622, subdivisions 7b, 8; 256B.0625, subdivisions 3a, 5m, 9, 13e, as amended, 13f, 13k, 16; 256B.064, subdivision 4; 256B.0671, subdivisions 3, 5; 256B.0701, subdivision 6; 256B.0911, subdivision 13; 256B.0913, subdivision 5, as amended; 256B.092, subdivision 1a; 256B.0947, subdivision 7; 256B.0949, subdivision 15; 256B.49, subdivision 13; 256B.764; 256B.766; 256D.01, subdivision 1a; 256I.05, subdivisions 1a, 11; 256L.03, subdivision 1; 256L.04, subdivision 10; 256R.55; 260.761, by adding a subdivision; 268B.01, subdivisions 3, 5, 8, 15, 23, 44, by adding subdivisions; 268B.04; 268B.06, subdivisions 2, 3, 4, 5, by adding a subdivision; 268B.07, subdivisions 1, 2, 3; 268B.085, subdivision 3; 268B.09, subdivisions 1, 6, 7; 268B.10, subdivisions 1, 2, 3, 6, 12, 16, 17, by adding subdivisions; 268B.14, subdivisions 3, 7, by adding subdivisions; 268B.15, subdivision 7; 268B.155, subdivision 2; 268B.185, subdivision 2; 268B.19; 268B.26; 268B.27, subdivision 2; 268B.29; 270B.14, subdivision 1; 290.0661, subdivisions 4, 8, by adding a subdivision; 297A.993, subdivision 2a; 298.018, subdivision 1; 298.28, subdivisions 7a, 16; 299A.642, subdivision 15; 326B.106, subdivision 1; 341.25; 341.28, subdivision 5; 341.30, subdivision 4; 341.321; 341.33, by adding a subdivision; 341.355; 357.021, subdivision 6; 462A.05, subdivisions 14, 45; 462A.22, subdivision 1; 462A.37, subdivisions 2, 5; 462A.38, subdivision 2; 462A.39, subdivision 2; 462A.395; 473.145; 473.3999; 473.4051, by adding a subdivision; 473.412, subdivisions 2, 3; 473.4465, subdivision 4; 477A.35, subdivisions 2, 4, 5, 6, by adding a subdivision; 477A.36, subdivisions 1, as amended, 4, 5, 6, as amended, by adding a subdivision; 609.67, subdivision 1; Laws 2020, chapter 73, section 8; Laws 2021, First Special Session chapter 5, article 1, section 2, subdivision 2; Laws 2021, First Special Session chapter 7, article 13, section 68; article 17, section 19, as amended; Laws 2022, chapter 42, section 2; Laws 2023, chapter 22, section 4, subdivision 2; Laws 2023, chapter 37, article 1, section 2, subdivisions 2, 5, 18, 25, 29, 32; article 2, sections 6, subdivisions 1, 2, 4, 5, by adding subdivisions; 12, subdivision 2; Laws 2023, chapter 41, article 1,

sections 2, subdivisions 35, 36, 49, as amended; 4, subdivision 2; Laws 2023, chapter 43, article 1, sections 2; 4; article 2, section 142, subdivision 9; Laws 2023, chapter 52, article 19, section 120; Laws 2023, chapter 53, article 14, section 1; article 19, sections 2, subdivisions 1, 3, 5; 4; article 21, sections 6; 7; Laws 2023, chapter 57, article 1, section 6; Laws 2023, chapter 60, article 10, section 2, subdivision 2; Laws 2023, chapter 61, article 1, sections 60, subdivisions 1, 2; 67, subdivision 3; article 4, section 11; article 8, sections 1; 2; 3; 8; article 9, section 2, subdivisions 5, 14, 16, as amended, 18; Laws 2023, chapter 68, article 1, sections 3, subdivision 2; 4, subdivision 3; 20; article 4, sections 108; 126; Laws 2023, chapter 70, article 1, section 35; article 20, sections 2, subdivisions 5, 29, 31; 3, subdivision 2; 12, as amended; Laws 2024, chapter 79, article 1, sections 18; 23; 24; 25, subdivision 3; article 10, sections 1; 6; Laws 2024, chapter 80, article 2, sections 6, subdivisions 2, 3, by adding subdivisions; 10, subdivision 1; Laws 2024, chapter 113, section 1, subdivision 2; 2024 H.F. No. 5237, article 22, section 2, subdivisions 4, if enacted, 5, if enacted; proposing coding for new law in Minnesota Statutes, chapters 16A; 16B; 62A; 62C; 62D; 62J; 62M; 62Q; 135A; 136A; 137; 144; 144A; 144E; 144G; 145D; 148; 148B; 148E; 149A; 150A; 151; 156; 161; 168; 169; 181; 214; 216C; 216G; 219; 245C; 246C; 254B; 256; 256B; 256S; 268B; 282; 325F; 326B; 341; 346; 430; 462A; proposing coding for new law as Minnesota Statutes, chapters 181C; 216I; repealing Minnesota Statutes 2022, sections 3.7371, subdivision 7; 34.07; 62A.041, subdivision 3; 135A.16; 144.218, subdivision 3; 144.497; 144E.001, subdivision 5; 144E.01; 144E.123, subdivision 5; 144E.27, subdivisions 1, 1a; 144E.50, subdivision 3; 147A.09, subdivision 5; 148D.061, subdivision 9; 151.74, subdivision 16; 156.12, subdivision 6; 168.1297; 179.81; 179.82; 179.83, subdivision 1; 179.84, subdivision 1; 179.85; 216E.001; 216E.01, subdivisions 1, 2, 3, 4, 5, 7, 8, 9, 10; 216E.02; 216E.021; 216E.03, subdivisions 2, 3a, 3b, 4, 9; 216E.04, subdivisions 1, 3, 4, 5, 6, 7, 8, 9; 216E.05, subdivisions 1, 3; 216E.08, subdivisions 1, 4; 216E.18, subdivisions 1, 2; 216F.01; 216F.011; 216F.012; 216F.015; 216F.02; 216F.03; 216F.05; 216F.06; 216F.07; 216F.08; 216F.081; 245C.125; 246.41; 252.27, subdivisions 1a, 2, 3, 4a, 5, 6; 253C.01; 256.043, subdivision 4; 256B.0916, subdivision 10; 256B.79, subdivision 6; 256D.19, subdivisions 1, 2; 256D.20, subdivisions 1, 2, 3, 4; 256D.23, subdivisions 1, 2, 3; 256R.02, subdivision 46; 462A.209, subdivision 8; Minnesota Statutes 2023 Supplement, sections 3.855, subdivision 5; 62J.312, subdivision 6; 62Q.522, subdivisions 3, 4; 135A.162, subdivision 7; 216E.01, subdivisions 3a, 6, 9a; 216E.03, subdivisions 1, 3, 5, 6, 7, 10, 11; 216E.04, subdivision 2; 216E.05, subdivision 2; 216F.04; 245C.08, subdivision 2; 246C.03; 252.27, subdivision 2a; 268B.06, subdivision 7; 268B.08; 268B.10, subdivision 11; 268B.14, subdivision 5; 477A.35, subdivision 1; Laws 2023, chapter 25, section 190, subdivision 10; Laws 2023, chapter 37, article 2, section 13; Laws 2024, chapter 79, article 4, section 1, subdivision 3; Laws 2024, chapter 80, article 2, section 6, subdivision 4; Minnesota Rules, parts 1506.0010; 1506.0015; 1506.0020; 1506.0025; 1506.0030; 1506.0035; 1506.0040; 5520.0100; 5520.0110; 5520.0120, subparts 1, 2, 3, 4, 5, 6, 7; 5520.0200; 5520.0250, subparts 1, 2, 4; 5520.0300; 5520.0500, subparts 1, 2, 3, 4, 5, 6; 5520.0520; 5520.0540; 5520.0560; 5520.0600; 5520.0620; 5520.0700; 5520.0710; 5520.0800; 7850.1000; 7850.1100; 7850.1200; 7850.1300; 7850.1400; 7850.1500; 7850.1600; 7850.1700; 7850.1800; 7850.1900; 7850.2000; 7850.2100; 7850.2200; 7850.2300; 7850.2400; 7850.2500; 7850.2600; 7850.2700; 7850.2800; 7850.2900; 7850.3000; 7850.3100; 7850.3200; 7850.3300; 7850.3400; 7850.3500; 7850.3600; 7850.3700; 7850.3800; 7850.3900; 7850.4100; 7850.4200; 7850.4500; 7850.4600; 7850.4700; 7850.4800; 7850.4900; 7850.5000; 7850.5100; 7850.5200; 7850.5300; 7850.5400; 7850.5500; 7850.5600; 7854.0100; 7854.0200; 7854.0300; 7854.0400; 7854.0500; 7854.0600; 7854.0700; 7854.0800; 7854.0900; 7854.1000; 7854.1100; 7854.1200; 7854.1300; 7854.1400; 7854.1500.

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

ARTICLE 1

TRANSPORTATION APPROPRIATIONS

Section 1. **TRANSPORTATION APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to the appropriations in Laws 2023, chapter 68, article 1, to the agencies and for the purposes specified in this article. The appropriations are from the trunk highway 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 "2024" and "2025" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2024, or June 30, 2025, respectively. "Each year" is each of fiscal years 2024 and 2025.

	APPROPRIATIONS Available for the Year Ending June 30	
	2024	**2025**
Sec. 2. **DEPARTMENT OF TRANSPORTATION**		
Subdivision 1. **Total Appropriation**	**$ -0-**	**$ 58,416,000**
Appropriations by Fund		
General	-0-	3,443,000
Special Revenue	-0-	3,750,000
Trunk Highway	-0-	51,223,000

The appropriations in this section are to the commissioner of transportation.

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

Subd. 2. **Multimodal Systems**

(a) **Transit**	-0-	3,750,000

Notwithstanding the requirements under Minnesota Statutes, section 174.38, subdivision 3, paragraph (a), this appropriation is from the active transportation account in the special revenue fund for a grant to the

city of Ramsey for design, environmental analysis, site preparation, and construction of the Mississippi Skyway Trail Bridge over marked U.S. Highways 10 and 169 in Ramsey to provide for a grade-separated crossing for pedestrians and nonmotorized vehicles. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner must not use any amount of this appropriation for administrative costs. This is a onetime appropriation and is available until June 30, 2028.

(b) **Passenger Rail**	-0-	1,000,000

This appropriation is from the general fund for a grant to the Ramsey County Regional Railroad Authority for a portion of the costs of insurance coverage related to rail-related incidents occurring at Union Depot in the city of St. Paul. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner must not use any amount of this appropriation for administrative costs. This is a onetime appropriation.

Subd. 3. **State Roads**

(a) **Operations and Maintenance**	-0-	2,405,000

$300,000 in fiscal year 2025 is for rumble strips under Minnesota Statutes, section 161.1258.

$1,000,000 in fiscal year 2025 is for landscaping improvements located within trunk highway rights-of-way under the Department of Transportation's community roadside landscape partnership program, with prioritization of tree planting as feasible.

$1,000,000 is from the general fund for the traffic safety camera pilot program under Minnesota Statutes, section 169.147, and the evaluation and legislative report under article 3, sections 116 and 117. With the approval of the commissioner of transportation, any portion of this appropriation is available to the commissioner of public safety. This is a onetime appropriation and is available until June 30, 2029.

$105,000 in fiscal year 2025 is for the cost of staff time to coordinate with the Public Utilities Commission relating to placement of high voltage transmission lines along trunk highways.

(b) **Program Planning and Delivery** -0- 5,800,000

$3,000,000 in fiscal year 2025 is for implementation and development of statewide and regional travel demand modeling related to the requirements under Minnesota Statutes, section 161.178. This is a onetime appropriation and is available until June 30, 2026.

$800,000 in fiscal year 2025 is for one or more grants to metropolitan planning organizations outside the metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2, for modeling activities related to the requirements under Minnesota Statutes, section 161.178. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner must not use any amount of this appropriation for administrative costs. This is a onetime appropriation.

$2,000,000 in fiscal year 2025 is to complete environmental documentation and for preliminary engineering and design for the reconstruction of marked Trunk Highway 55 from Hennepin County State-Aid Highway 19, north of the city of Loretto to Hennepin County Road 118 near the city of Medina. This is a onetime appropriation and is available until June 30, 2027.

(c) **State Road Construction** -0- 10,900,000

$8,900,000 in fiscal year 2025 is for the acquisition, environmental analysis, predesign, design, engineering, construction, reconstruction, and improvement of trunk highway bridges, including design-build contracts, program delivery, consultant usage to support these activities, and the cost of payments to landowners for lands acquired for highway rights-of-way. Projects under this appropriation must follow eligible investment priorities identified in the Minnesota state highway investment plan under Minnesota Statutes, section 174.03, subdivision 1c. The commissioner may use up to 17 percent of this appropriation for program delivery. This is a onetime appropriation and is available until June 30, 2028.

$1,000,000 in fiscal year 2025 is for predesign and design of intersection safety improvements along marked Trunk Highway 65 from the interchange with marked U.S. Highway 10 to 99th Avenue Northeast in the city of Blaine. This is a onetime appropriation.

$1,000,000 in fiscal year 2025 is to design and construct trunk highway improvements associated with an interchange at U.S. Highway 169, marked Trunk Highway 282, and Scott County State-Aid Highway 9 in the city of Jordan, including accommodations for bicycles and pedestrians and for bridge and road construction. This is a onetime appropriation and is available until June 30, 2027.

(d) **Highway Debt Service** -0- 468,000

This appropriation is for transfer to the state bond fund. If this appropriation is insufficient to make all transfers required in the year for which it is made, the commissioner of management and budget must transfer the deficiency amount as provided under Minnesota Statutes, section 16A.641, and notify the chairs and ranking minority members of the legislative committees with jurisdiction over transportation finance and the chairs of the senate Finance Committee and the house of representatives Ways and Means Committee of the amount of the deficiency. Any excess appropriation cancels to the trunk highway fund.

Subd. 4. **Local Roads** 1,200,000

$1,000,000 in fiscal year 2025 is from the general fund for a grant to a political subdivision that (1) has a directly elected governing board, (2) is contained within a city of the first class, and (3) maintains sole jurisdiction over a roadway system within the city. This appropriation is for the design, engineering, construction, and reconstruction of roads on the roadway system. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner must not use any amount of this appropriation for administrative costs. This is a onetime appropriation and is available until June 30, 2027.

$200,000 in fiscal year 2025 is from the general fund for a grant to the city of Shorewood to develop a transportation management organization along the marked Trunk Highway 7 corridor from the western border of Hennepin County to Interstate Highway 494. Money under this rider is available for developing a comprehensive study and financial plan for a transportation management organization in the cities and school districts along this corridor and connecting

roadways. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner must not use any amount of this appropriation for administrative costs. This is a onetime appropriation.

Subd. 5. **Agency Management**

(a) **Agency Services**	-0-	243,000

This appropriation is from the general fund for costs related to complete streets implementation training under Minnesota Statutes, section 174.75, subdivision 2a.

(b) **Buildings**	-0-	32,650,000

$20,100,000 in fiscal year 2025 is for the transportation facilities capital improvement program under Minnesota Statutes, section 174.595. This is a onetime appropriation and is available until June 30, 2028.

$7,750,000 in fiscal year 2025 is for land acquisition, predesign, design, and construction of expanded truck parking at Big Spunk in Avon and Enfield Rest Areas and for the rehabilitation or replacement of truck parking information management system equipment at Department of Transportation-owned parking rest area locations. This is a onetime appropriation and is available until June 30, 2028.

$4,800,000 in fiscal year 2025 is for predesign, design, engineering, environmental analysis and remediation, acquisition of land or permanent easements, and construction of one or more truck parking safety projects for the trunk highway system. Each truck parking safety project must expand truck parking availability in proximity to a trunk highway and be located in the Department of Transportation metropolitan district. In developing each project, the commissioner must seek partnerships with local units of government, established truck stop businesses, or a combination. Partnership activities may include but are not limited to parking site identification and review, financial assistance, donation of land, and project development activities. This is a onetime appropriation and is available until June 30, 2027.

Sec. 3. **METROPOLITAN COUNCIL**	**$**	**-0-**	**10,000,000**

The appropriation in this section is from the general fund to the Metropolitan Council.

This appropriation is for a grant to Hennepin County to administer the Blue Line light rail transit extension antidisplacement community prosperity program under article 3, sections 118 and 119. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the council must not use any amount of this appropriation for administrative costs. This is a onetime appropriation and is available until June 30, 2027.

Sec. 4. **DEPARTMENT OF PUBLIC SAFETY**

Subdivision 1. **Total Appropriation**	**$**	**-0-**	**$**	**4,641,000**

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.

Subd. 2. **Driver and Vehicle Services**	-0-	3,241,000

The appropriations in this subdivision are from the driver and vehicle services operating account in the special revenue fund.

$2,969,000 in fiscal year 2025 is for staff and related operating costs to support testing at driver's license examination stations.

$100,000 in fiscal year 2025 is for costs related to the special license plate review committee study and report under article 3, section 131. This is a onetime appropriation and is available until June 30, 2026.

$172,000 in fiscal year 2025 is for costs related to translating written materials and providing them to driver's license agents and deputy registrars as required under article 3, section 123. This is a onetime appropriation.

Subd. 3. **Traffic Safety**	-0-	1,400,000

Notwithstanding Minnesota Statutes, section 299A.705, regarding the use of funds from this account, $1,200,000 in fiscal year 2025 is from the driver and vehicle services operating account in the

special revenue fund for the Lights On grant program under Minnesota Statutes, section 169.515. The commissioner must contract with the Lights On! microgrant program to administer and operate the grant program. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner may use up to two percent of this appropriation for administrative costs. This is a onetime appropriation and is available until June 30, 2026.

$200,000 in fiscal year 2025 is from the motorcycle safety account in the special revenue fund for the public education campaign on motorcycle operation under article 3, section 122. This is a onetime appropriation.

Sec. 5. **APPROPRIATION; DEPARTMENT OF TRANSPORTATION.**

$15,560,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of transportation for trunk highway and local road projects, which may include but are not limited to feasibility and corridor studies, project development, predesign, preliminary and final design, engineering, environmental analysis and mitigation, right-of-way acquisition, construction, and associated infrastructure improvements. This appropriation is available for grants to local units of government. The commissioner may establish that a grant under this section does not require a nonstate contribution. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner must not use any amount of this appropriation for administrative costs. This is a onetime appropriation and is available until June 30, 2029.

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

Sec. 6. **APPROPRIATIONS; DEPARTMENT OF ADMINISTRATION.**

Subdivision 1. **Minnesota Advisory Council on Infrastructure.** $41,000 in fiscal year 2025 is appropriated from the general fund to the commissioner of administration for purposes of the Minnesota Advisory Council on Infrastructure as provided under article 3, section 121, and Minnesota Statutes, sections 16B.357 to 16B.359. The base for this appropriation is $475,000 in fiscal year 2026 and $471,000 in fiscal year 2027.

Subd. 2. **Public-facing professional services.** $43,000 in fiscal year 2025 is appropriated from the general fund to the commissioner of administration for space costs incurred in fiscal years 2025, 2026, and 2027 by tenants that provide public-facing professional services on the Capitol complex. The commissioner of administration must designate one publicly accessible space on the complex for which this appropriation may be used. This is a onetime appropriation and is available until June 30, 2027.

Subd. 3. **Department of Transportation building.** (a) The following are appropriated to the commissioner of administration for design, construction, and equipment required to upgrade the physical security elements and systems for the Department of Transportation building, attached tunnel systems, surrounding grounds, and parking facilities as identified in the 2017 Minnesota State Capitol complex physical security predesign and the updated assessment completed in 2022:

(1) $1,350,000 in fiscal year 2025 from the trunk highway fund; and

(2) $450,000 in fiscal year 2025 from the general fund.

(b) This is a onetime appropriation and is available until June 30, 2028.

Subd. 4. **State Patrol headquarters.** $22,500,000 in fiscal year 2025 is appropriated from the trunk highway fund to the commissioner of administration for design and land acquisition for a new headquarters building and support facilities for the State Patrol. This appropriation may also be used, as part of the first phase of the overall site development, to design the abatement of hazardous materials and demolition of any buildings located on the site and to demolish any buildings located on the site and abate hazardous materials. This is a onetime appropriation and is available until June 30, 2028.

Sec. 7. **APPROPRIATION; DEPARTMENT OF COMMERCE.**

$46,000 in fiscal year 2025 is appropriated from the general fund to the commissioner of commerce for an environmental review conducted by the Department of Commerce Energy Environmental Review and Analysis unit, relating to the placement of high voltage transmission lines along trunk highway rights-of-way.

Sec. 8. **APPROPRIATION CANCELLATIONS; DEPARTMENT OF TRANSPORTATION.**

(a) $11,000,000 of the appropriation in fiscal year 2024 from the general fund for Infrastructure Investment and Jobs Act (IIJA) discretionary matches under Laws 2023, chapter 68, article 1, section 2, subdivision 5, paragraph (a), is canceled to the general fund.

(b) $15,560,000 of the appropriation in fiscal year 2022 for trunk highway corridor studies and local road grants under Laws 2021, First Special Session chapter 5, article 1, section 6, is canceled to the general fund.

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

Sec. 9. **TRANSFER.**

$11,350,000 in fiscal year 2025 is transferred from the general fund to the small cities assistance account under Minnesota Statutes, section 162.145, subdivision 2. This is a onetime transfer. The amount transferred under this section must be allocated and distributed in the July 2024 payment.

Sec. 10. Laws 2021, First Special Session chapter 5, article 1, section 2, subdivision 2, is amended to read:

Subd. 2. **Multimodal Systems**

(a) **Aeronautics**

(1) **Airport Development and Assistance**	24,198,000	18,598,000

Appropriations by Fund	2022	2023
General	5,600,000	-0-
Airports	18,598,000	18,598,000

This appropriation is from the state airports fund and must be spent according to Minnesota Statutes, section 360.305, subdivision 4.

$5,600,000 in fiscal year 2022 is from the general fund for a grant to the city of Karlstad for the acquisition of land, predesign, design, engineering, and construction of a primary airport runway. This appropriation is for Phase 1 of the project.

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.

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 2024 and 2025.

(2) **Aviation Support Services** 8,332,000 8,340,000

Appropriations by Fund	2022	2023
General	1,650,000	1,650,000
Airports	6,682,000	6,690,000

$28,000 in fiscal year 2022 and $36,000 in fiscal year 2023 are from the state airports fund for costs related to regulating unmanned aircraft systems.

(3) **Civil Air Patrol** 80,000 80,000

This appropriation is from the state airports fund for the Civil Air Patrol.

(b) **Transit and Active Transportation** 23,501,000 18,201,000

This appropriation is from the general fund.

$5,000,000 in fiscal year 2022 is for the active transportation program under Minnesota Statutes, section 174.38. This is a onetime appropriation and is available until June 30, 2025.

$300,000 in fiscal year 2022 is for a grant to the 494 Corridor Commission. The commissioner must not retain any portion of the funds appropriated under this section. The commissioner must make grant payments in full by December 31, 2021. Funds under this grant are for programming and service expansion to assist companies and commuters in telecommuting efforts and promotion of best practices. A grant recipient must provide telework resources, assistance, information, and related activities on a statewide basis. This is a onetime appropriation.

(c) **Safe Routes to School** 5,500,000 500,000

This appropriation is from the general fund for the safe routes to school program under Minnesota Statutes, section 174.40.

If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

(d) **Passenger Rail** 10,500,000 500,000

This appropriation is from the general fund for passenger rail activities under Minnesota Statutes, sections 174.632 to 174.636.

$10,000,000 in fiscal year 2022 is for final design and construction to provide for a second daily Amtrak train service between Minneapolis and St. Paul and Chicago. The commissioner may expend funds for program delivery and administration from this amount. This is a onetime appropriation and is available until June 30, 2025.

(e) **Freight** 8,342,000 7,323,000

	Appropriations by Fund	
	2022	2023
General	2,464,000	1,445,000
Trunk Highway	5,878,000	5,878,000

$1,000,000 in fiscal year 2022 is from the general fund for procurement costs of a statewide freight network optimization tool. This is a onetime appropriation and is available until June 30, 2023.

$350,000 in fiscal year 2022 and $287,000 in fiscal year 2023 are from the general fund for two additional rail safety inspectors in the state rail safety inspection program under Minnesota Statutes, section 219.015. In each year, the commissioner must not increase the total assessment amount under Minnesota Statutes, section 219.015, subdivision 2, from the most recent assessment amount.

Sec. 11. Laws 2023, chapter 68, article 1, section 3, subdivision 2, is amended to read:

Subd. 2. **Transit System Operations**	~~85,654,000~~ 75,654,000	32,654,000

This appropriation is for transit system operations under Minnesota Statutes, sections 473.371 to 473.449.

~~$50,000,000~~ $40,000,000 in fiscal year 2024 is for a grant to Hennepin County for the Blue Line light rail transit extension project, including but not limited to predesign, design, engineering, environmental analysis and mitigation, right-of-way acquisition, construction, and acquisition of rolling stock. Of this amount, ~~$40,000,000~~ $30,000,000 is available only upon entering a full funding grant agreement with the Federal Transit Administration by June 30, 2027. This is a onetime appropriation and is available until June 30, 2030.

$3,000,000 in fiscal year 2024 is for highway bus rapid transit project development in the marked U.S. Highway 169 and marked Trunk Highway 55 corridors, including but not limited to feasibility study, predesign, design, engineering, environmental analysis and remediation, and right-of-way acquisition.

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

Sec. 12. Laws 2023, chapter 68, article 1, section 4, subdivision 3, is amended to read:

Subd. 3. **State Patrol**

(a) **Patrolling Highways**	154,044,000	141,731,000

Appropriations by Fund

	2024	2025
General	387,000	37,000
H.U.T.D.	92,000	92,000
Trunk Highway	153,565,000	141,602,000

$350,000 in fiscal year 2024 is from the general fund for predesign of a State Patrol headquarters building and related storage and training facilities. The commissioner of public safety must work with the commissioner of administration to complete the predesign. This is a onetime appropriation and is available until June 30, 2027.

$14,500,000 in fiscal year 2024 is from the trunk highway fund to purchase and equip a helicopter for the State Patrol. This is a onetime appropriation and is available until June 30, 2025.

$2,300,000 in fiscal year 2024 is from the trunk highway fund to purchase a Cirrus single engine airplane for the State Patrol. This is a onetime appropriation and is available until June 30, 2025.

$1,700,000 in each year is from the trunk highway fund for staff and equipment costs of pilots for the State Patrol.

$611,000 in fiscal year 2024 and $352,000 in fiscal year 2025 are from the trunk highway fund to support the State Patrol's accreditation process under the Commission on Accreditation for Law Enforcement Agencies.

(b) **Commercial Vehicle Enforcement**	15,446,000	18,423,000

$2,948,000 in fiscal year 2024 and $5,248,000 in fiscal year 2025 are to provide the required match for federal grants for additional troopers and nonsworn commercial vehicle inspectors.

(c) **Capitol Security** 18,666,000 19,231,000

This appropriation is from the general fund.

The commissioner must not:

(1) spend any money from the trunk highway fund for capitol security; or

(2) permanently transfer any state trooper from the patrolling highways activity to capitol security.

The commissioner must not transfer any money appropriated to the commissioner under this section:

(1) to capitol security; or

(2) from capitol security.

The commissioner may expend the unencumbered balance from this appropriation for operating costs under this subdivision.

(d) **Vehicle Crimes Unit** 1,244,000 1,286,000

This appropriation is from the highway user tax distribution fund to investigate:

(1) registration tax and motor vehicle sales tax liabilities from individuals and businesses that currently do not pay all taxes owed; and

(2) illegal or improper activity related to the sale, transfer, titling, and registration of motor vehicles.

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

Sec. 13. Laws 2023, chapter 68, article 1, section 20, is amended to read:

Sec. 20. **TRANSFERS.**

(a) $152,650,000 in fiscal year 2024 is transferred from the general fund to the trunk highway fund for the state match for highway formula and discretionary grants under the federal Infrastructure Investment and Jobs Act, Public Law 117-58, and for related state investments.

(b) $19,500,000 in fiscal year 2024 and ~~$19,500,000~~ $19,215,000 in fiscal year 2025 are transferred from the general fund to the active transportation account under Minnesota Statutes, section 174.38. The base for this transfer is ~~$8,875,000~~ $8,155,000 in fiscal year 2026 and ~~$9,000,000~~ $8,284,000 in fiscal year 2027.

(c) By June 30, 2023, the commissioner of management and budget must transfer any remaining unappropriated balance, estimated to be $232,000, from the driver services operating account in the special revenue fund to the driver and vehicle services operating account under Minnesota Statutes, section 299A.705.

(d) By June 30, 2023, the commissioner of management and budget must transfer any remaining unappropriated balance, estimated to be $13,454,000, from the vehicle services operating account in the special revenue fund to the driver and vehicle services operating account under Minnesota Statutes, section 299A.705.

ARTICLE 2

TRUNK HIGHWAY BONDS

Section 1. **BOND APPROPRIATIONS.**

The sums shown in the column under "Appropriations" are appropriated from the bond proceeds account in the trunk highway fund to the commissioner of transportation or other named entity to be spent for public purposes. Appropriations of bond proceeds must be spent as authorized by the Minnesota Constitution, articles XI and XIV. Unless otherwise specified, money appropriated in this article for a capital program or project may be used to pay state agency staff costs that are attributed directly to the capital program or project in accordance with accounting policies adopted by the commissioner of management and budget.

SUMMARY

Department of Transportation	$	30,000,000
Department of Management and Budget	$	30,000
TOTAL	**$**	**30,030,000**

APPROPRIATIONS

Sec. 2. **DEPARTMENT OF TRANSPORTATION**

Subdivision 1. **Corridors of Commerce** $ 15,000,000

(a) This appropriation is to the commissioner of transportation for the corridors of commerce program under Minnesota Statutes, section 161.088. The commissioner may use up to 17 percent of the amount for program delivery.

(b) From this appropriation, the commissioner may (1) select projects using the results of the most recent evaluation for the corridors of commerce program, and (2) provide additional funds for projects previously selected under the corridors of commerce program.

Subd. 2. **State Road Construction** 15,000,000

This appropriation is to the commissioner of transportation for construction, reconstruction, and improvement of trunk highways, including design-build contracts, internal department costs associated with delivering the construction program, and consultant usage to support these activities. The commissioner may use up to 17 percent of the amount for program delivery.

Sec. 3. **BOND SALE EXPENSES** **$** **30,000**

This appropriation is to the commissioner of management and budget for bond sale expenses under Minnesota Statutes, sections 16A.641, subdivision 8, and 167.50, subdivision 4.

Sec. 4. **BOND SALE AUTHORIZATION.**

To provide the money appropriated in this article from the bond proceeds account in the trunk highway fund, the commissioner of management and budget shall sell and issue bonds of the state in an amount up to $30,030,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 167.50 to 167.52, and by the Minnesota Constitution, article XIV, section 11, at the times and in the amounts requested by the commissioner of transportation. The proceeds of the bonds, except accrued interest and any premium received from the sale of the bonds, must be deposited in the bond proceeds account in the trunk highway fund.

ARTICLE 3

TRANSPORTATION POLICY

Section 1. Minnesota Statutes 2022, section 13.6905, is amended by adding a subdivision to read:

Subd. 38. **Traffic safety camera data.** Data related to traffic safety cameras are governed by section 169.147, subdivisions 14 to 16.

Sec. 2. Minnesota Statutes 2022, section 13.824, subdivision 1, is amended to read:

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

(b) "Automated license plate reader" means an electronic device mounted on a law enforcement vehicle or positioned in a stationary location that is capable of recording data on, or taking a photograph of, a vehicle or its license plate and comparing the collected data and photographs to existing law enforcement databases for investigative purposes. Automated license plate reader includes a device that is owned or operated by a person who is not a government entity to the extent that data collected by the reader are shared with a law enforcement agency. Automated license plate reader does not include a traffic safety camera system.

(c) "Traffic safety camera system" has the meaning given in section 169.011, subdivision 85a.

Sec. 3. Minnesota Statutes 2022, section 13.824, is amended by adding a subdivision to read:

Subd. 2a. **Limitations; certain camera systems.** A person must not use a traffic safety camera system for purposes of this section.

Sec. 4. **[16B.356] DEFINITIONS.**

Subdivision 1. **Terms.** For the purposes of sections 16B.356 to 16B.359, the terms defined in this section have the meanings given.

Subd. 2. **Council.** "Council" means the Minnesota Advisory Council on Infrastructure established in section 16B.357.

Subd. 3. **Infrastructure.** "Infrastructure" means physical structures and facilities, including but not limited to property, lands, buildings, and other assets of a capital nature. The term includes infrastructure related to agriculture, commerce, communications, economic development, energy, food, health, housing, natural resources, public safety, transportation, drinking water, stormwater, and wastewater.

Sec. 5. **[16B.357] MINNESOTA ADVISORY COUNCIL ON INFRASTRUCTURE.**

Subdivision 1. **Establishment; purpose.** (a) The Minnesota Advisory Council on Infrastructure is established as provided under sections 16B.356 to 16B.359.

(b) The purpose of the council is to define and maintain a vision for the future of Minnesota's infrastructure that provides for its proper management, coordination, and investment.

Subd. 2. **Voting membership.** The council consists of the following voting members:

(1) two members appointed by the governor;

(2) two members appointed by the senate majority leader;

(3) two members appointed by the senate minority leader;

(4) two members appointed by the speaker of the house;

(5) two members appointed by the house minority leader; and

(6) one member appointed by the Indian Affairs Council.

Subd. 3. **Nonvoting membership.** The council consists of the following nonvoting members:

(1) the commissioner of administration;

(2) the commissioner of agriculture;

(3) the commissioner of commerce;

(4) the commissioner of employment and economic development;

(5) the commissioner of health;

(6) the commissioner of management and budget;

(7) the commissioner of natural resources;

(8) the commissioner of the Pollution Control Agency;

(9) the commissioner of transportation;

(10) the commissioner of Iron Range resources and rehabilitation;

(11) the chair of the Metropolitan Council;

(12) the chair of the Board of Water and Soil Resources;

(13) the executive director of the Minnesota Public Facilities Authority;

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

(15) the president of the University of Minnesota.

Subd. 4. **Voting members; appointment requirements.** (a) An appointing authority under subdivision 2 may only appoint an individual who has direct and practical expertise and experience, whether from the public or private sector, in any of the following:

(1) asset management in one or more of the areas of planning, design, construction, management, or operations and maintenance, for: (i) drinking water; (ii) wastewater; (iii) stormwater; (iv) transportation; (v) energy; or (vi) communications;

(2) financial management and procurement; or

(3) regional asset management across jurisdictions and infrastructure sectors.

(b) Each appointing authority under subdivision 2, clauses (1) to (5), must appoint one individual who resides in a metropolitan county, as defined in section 473.121, subdivision 4, and one individual who resides outside of a metropolitan county.

(c) No current legislator may be appointed to the council.

(d) Prior to making appointments, the appointing authorities under subdivision 2 must coordinate and provide for:

(1) geographic representation throughout the state;

(2) representation for all major types of infrastructure assets; and

(3) representation from the public and private sectors.

Subd. 5. **Voting members; recommendations for appointment.** Each appointing authority under subdivision 2 must acknowledge and give consideration to appointment recommendations made by interested stakeholders, including but not limited to:

(1) the Association of Minnesota Counties;

(2) the League of Minnesota Cities;

(3) the Coalition of Greater Minnesota Cities;

(4) the Minnesota Association of Townships;

(5) the Minnesota Chapter of the American Public Works Association;

(6) the Associated General Contractors of Minnesota;

(7) a labor union representing the building trades;

(8) a public utility;

(9) the Minnesota Municipal Utilities Association;

(10) the Minnesota Chamber of Commerce;

(11) the Minnesota section of the American Water Works Association;

(12) the Minnesota Rural Water Association; and

(13) the Minnesota Rural Electric Association.

Subd. 6. **Nonvoting members; delegation.** (a) Notwithstanding section 15.06, subdivision 6, an individual specified under subdivision 3 may appoint a designee to serve on the council only as provided in this subdivision.

(b) An individual specified under subdivision 3 may appoint a designee who serves on an ongoing basis to exercise the powers and duties as a nonvoting council member under this section. The designation must be made by written order, filed with the secretary of state. The designee must be a public employee who is:

(1) a deputy commissioner or deputy director;

(2) an assistant commissioner;

(3) an immediate subordinate of the appointing authority;

(4) a director of a relevant office; or

(5) if the appointing authority is the chair of a board or council specified under subdivision 3, another member of that board or council.

Subd. 7. **Officers.** (a) The council must elect from among its voting members a chair, or cochairs, and vice-chair. As necessary, the council may elect other council members to serve as officers.

(b) The chair is responsible for convening meetings of the council and setting each meeting agenda.

Subd. 8. **Council actions.** (a) A majority of the council, including voting and nonvoting members and excluding vacancies, is a quorum.

(b) The council may conduct business as provided under section 13D.015.

Subd. 9. **Compensation; terms; removal; vacancies.** The compensation, membership terms, filling of vacancies, and removal of members on the council are as provided in section 15.0575.

Subd. 10. **Open Meeting Law.** The council is subject to the Minnesota Open Meeting Law under chapter 13D.

Subd. 11. **Data practices.** The council is subject to the Minnesota Data Practices Act under chapter 13.

Sec. 6. **[16B.358] POWERS; RESPONSIBILITIES AND DUTIES.**

Subdivision 1. **General powers.** The council has the nonregulatory powers necessary to carry out its responsibilities and duties specified by law.

Subd. 2. **General responsibilities.** (a) The council is responsible for activities in a nonregulatory capacity and in coordination with stakeholders to identify and recommend best practices that:

(1) preserve and extend the longevity of Minnesota's public and privately owned infrastructure; and

(2) provide for effective and efficient management of infrastructure.

(b) Unless specifically provided otherwise, nothing in sections 16B.356 to 16B.359 requires transfer of personnel, specific responsibilities, or administrative functions from a department or agency to the council.

Subd. 3. **Duties.** The duties of the council are to:

(1) identify approaches to enhance and expedite infrastructure coordination across jurisdictions, agencies, state and local government, and public and private sectors, including in planning, design, engineering, construction, maintenance, and operations;

(2) analyze methods to improve efficiency and the use of resources related to (i) public infrastructure, and (ii) public asset management practices;

(3) identify opportunities to reduce duplication in infrastructure projects and asset management;

(4) identify barriers and gaps in effective asset management;

(5) identify objectives and strategies that enhance the longevity and adaptability of infrastructure throughout the state;

(6) develop advisory recommendations, if any, related to the responsibilities and duties specified under this section, including to state agencies for programs, policies, and practices; and

(7) implement the requirements under sections 16B.356 to 16B.359.

Subd. 4. **Asset managers program.** The council must develop and recommend a plan for a statewide asset managers program that provides for:

(1) identification, exchange, and distribution of (i) information on existing asset management tools and resources, and (ii) best practices on infrastructure management;

(2) training for infrastructure owners and asset managers; and

(3) coordination and collaboration among infrastructure owners and asset managers.

Subd. 5. **Administrative support.** The commissioner must provide the council with suitable space to maintain an office, hold meetings, and keep records. The commissioner must provide administrative staff and information technology resources to the council as necessary for the expeditious conduct of the council's duties and responsibilities.

Subd. 6. **Report.** By December 15 annually, the council must submit a report to the governor and the legislative committees with jurisdiction over capital investment, climate, economic development, energy, and transportation. At a minimum, the report must:

(1) summarize the activities of the council;

(2) provide an overview for each of the duties and requirements under sections 16B.356 to 16B.359;

(3) identify any barriers and constraints related to activities of the council; and

(4) provide any recommendations of the council.

Sec. 7. **[16B.359] PERSONNEL.**

Subdivision 1. **Executive director.** (a) The commissioner must hire an executive director in the classified service, with the advice of the council. The executive director is the principal administrative officer for the council. The executive director is not an ex officio member of the council.

(b) The executive director must have (1) leadership or management experience, and (2) training and experience in public works or asset management.

(c) The executive director must perform the duties as specified by the council to manage and implement the requirements of sections 16B.356 to 16B.359.

Subd. 2. **Staffing.** (a) The executive director must:

(1) hire any employees on the basis of merit and fitness that the executive director considers necessary to discharge the functions of the office; and

(2) prescribe the powers and duties of an employee.

(b) The executive director may:

(1) hire a deputy director and other staff; and

(2) delegate the powers, duties, and responsibilities of the executive director to employees, under conditions prescribed by the executive director.

Sec. 8. Minnesota Statutes 2023 Supplement, section 123B.935, subdivision 1, is amended to read:

Subdivision 1. **Training required.** (a) Each district must provide public school pupils enrolled in kindergarten through grade 3 with age-appropriate active transportation safety training. At a minimum, the training must include pedestrian safety, including crossing roads.

(b) Each district must provide public school pupils enrolled in grades 4 through 8 with age-appropriate active transportation safety training. At a minimum, the training must include:

(1) pedestrian safety, including crossing roads safely using the searching left, right, left for vehicles in traffic technique; ~~and~~

(2) bicycle safety, including relevant traffic laws, use and proper fit of protective headgear, bicycle parts and safety features, and safe biking techniques~~.~~; and

(3) electric-assisted bicycle safety, including that a person under the age of 15 is not allowed to operate an electric-assisted bicycle.

(c) A nonpublic school may provide nonpublic school pupils enrolled in kindergarten through grade 8 with training as specified in paragraphs (a) and (b).

Sec. 9. Minnesota Statutes 2022, section 134A.09, subdivision 2a, is amended to read:

Subd. 2a. **Petty misdemeanor cases and criminal convictions; fee assessment.** (a) In Hennepin County and Ramsey County, the district court administrator or a designee may, upon the recommendation of the board of trustees and by standing order of the judges of the district court, include in the costs or disbursements assessed against a defendant convicted in the district court of the violation of a statute or municipal ordinance, a county law library fee. This fee may be collected in all petty misdemeanor cases and criminal prosecutions in which, upon conviction, the defendant may be subject to the payment of the costs or disbursements in addition to a fine or other penalty. When a defendant is convicted of more than one offense in a case, the county law library fee shall be imposed only once in that case.

(b) Beginning August 1, 2025, the law library fee does not apply to a citation issued pursuant to sections 169.06, subdivision 10, and 169.14, subdivision 13.

Sec. 10. Minnesota Statutes 2022, section 134A.10, subdivision 3, is amended to read:

Subd. 3. **Petty misdemeanor cases and criminal convictions; fee assessment.** (a) The judge of district court may, upon the recommendation of the board of trustees and by standing order, include in the costs or disbursements assessed against a defendant convicted in the district court of the violation of any statute or municipal ordinance, in all petty misdemeanor cases and criminal prosecutions in which, upon conviction, the defendant may be subject to the payment of the costs or disbursements in addition to a fine or other penalty a county law library fee. When a defendant is convicted of more than one offense in a case, the county law library fee shall be imposed only once in that case. The item of costs or disbursements may not be assessed for any offense committed prior to the establishment of the county law library.

(b) Beginning August 1, 2025, the law library fee does not apply to citations issued pursuant to sections 169.06, subdivision 10, and 169.14, subdivision 13.

Sec. 11. Minnesota Statutes 2022, section 161.089, is amended to read:

161.089 REPORT ON DEDICATED FUND EXPENDITURES.

By January 15 of each odd-numbered year, the commissioners of transportation and public safety, in consultation with the commissioner of management and budget, must jointly submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation finance. The report must:

(1) list detailed expenditures and transfers from the trunk highway fund and highway user tax distribution fund for the previous two fiscal years and must include information on the purpose of each expenditure~~. The report must~~;

(2) list summary expenditures and transfers from each fund other than the trunk highway fund or highway user tax distribution fund for each departmental division, office, or program for which funds are listed under clause (1);

(3) include for each expenditure from the trunk highway fund an estimate of the percentage of activities performed or purchases made with that expenditure that are not for trunk highway purposes; and

(4) include a separate section that lists detailed expenditures and transfers from the trunk highway fund and highway user tax distribution fund for cybersecurity.

Sec. 12. **[161.1258] RUMBLE STRIPS.**

(a) The commissioner must maintain transverse rumble strips in association with each stop sign that is located (1) on a trunk highway segment with a speed limit of at least 55 miles per hour, and (2) outside the limits of a statutory or home rule charter city.

(b) Prior to installation of rumble strips at a new location, the commissioner must provide a notification to residences adjacent to the location.

(c) The commissioner must meet the requirements under paragraph (a) at each applicable location by the earlier of August 1, 2034, or the date of substantial completion of any construction, resurfacing, or reconditioning at the location.

(d) The requirements under paragraph (a) do not apply to a location in which there is at least one residence within 750 feet.

EFFECTIVE DATE. This section is effective August 1, 2024, for road construction, resurfacing, or reconditioning projects on or after that date.

Sec. 13. Minnesota Statutes 2022, section 161.14, is amended by adding a subdivision to read:

Subd. 107. **Gopher Gunners Memorial Bridge.** (a) The bridge on marked Trunk Highway 55 and marked Trunk Highway 62 over the Minnesota River, commonly known as the Mendota Bridge, is designated as "Gopher Gunners Memorial Bridge." Notwithstanding section 161.139, the commissioner must adopt a suitable design to mark the bridge and erect appropriate signs.

(b) The adjutant general of the Department of Military Affairs must reimburse the commissioner of transportation for costs incurred under this subdivision.

Sec. 14. Minnesota Statutes 2023 Supplement, section 161.178, is amended to read:

161.178 TRANSPORTATION GREENHOUSE GAS EMISSIONS IMPACT ASSESSMENT.

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

(b) "Applicable entity" means the commissioner with respect to a ~~capacity expansion~~ project or portfolio for inclusion in the state transportation improvement program or a metropolitan planning organization with respect to a ~~capacity expansion~~ project or portfolio for inclusion in the appropriate metropolitan transportation improvement program.

(c) "Assessment" means the ~~capacity expansion~~ impact assessment under this section.

(d) "Capacity expansion project" means a project for trunk highway construction or reconstruction that:

(1) is a major highway project, as defined in section 174.56, subdivision 1, paragraph (b); and

(2) adds highway traffic capacity or provides for grade separation of motor vehicle traffic at an intersection, excluding auxiliary lanes with a length of less than 2,500 feet.

(e) "Greenhouse gas emissions" includes those emissions described in section 216H.01, subdivision 2.

Subd. 2. **Project or portfolio assessment.** (a) Prior to inclusion of a ~~capacity expansion~~ project or portfolio in the state transportation improvement program or in a metropolitan transportation improvement

program, the applicable entity must perform ~~a capacity expansion~~ an impact assessment of the project or portfolio. Following the assessment, the applicable entity must determine if the project ~~conforms~~ or portfolio is proportionally in conformance with:

(1) the greenhouse gas emissions reduction targets under section 174.01, subdivision 3; and

(2) the vehicle miles traveled reduction targets established in the statewide multimodal transportation plan under section 174.03, subdivision 1a.

(b) If the applicable entity determines that the ~~capacity expansion~~ project or portfolio is not in conformance with paragraph (a), the applicable entity must:

(1) alter the scope or design of the project or any number of projects, add or remove one or more projects from the portfolio, or undertake a combination, and subsequently perform a revised assessment that meets the requirements under this section;

(2) interlink sufficient impact mitigation as provided in subdivision 4; or

(3) halt project development and disallow inclusion of the project or portfolio in the appropriate transportation improvement program.

Subd. 2a. **Applicable projects.** (a) For purposes of this section:

(1) prior to the date established under paragraph (b), a project or portfolio is a capacity expansion project; and

(2) on and after the date established under paragraph (b), a project or portfolio is a capacity expansion project or a collection of trunk highway and multimodal projects for a fiscal year and specific region.

(b) The commissioner must establish a date to implement impact assessments on the basis of assessing a portfolio or program of projects instead of on a project-by-project basis. The date must be:

(1) August 1, 2027, which applies to projects that first enter the appropriate transportation improvement program for fiscal year 2031 or a subsequent year; or

(2) as established by the commissioner, if the commissioner:

(i) consults with metropolitan planning organizations;

(ii) prioritizes and makes reasonable efforts to meet the date under clause (1) or an earlier date;

(iii) determines that the date established under this clause is the earliest practicable in which the necessary models and tools are sufficient for analysis under this section; and

(iv) submits a notice to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over transportation policy and finance, which must identify the date established and summarize the efforts under item (ii) and the determination under item (iii).

Subd. 3. **Assessment requirements.** (a) The commissioner must establish a process to ~~perform capacity expansion impact assessments. An assessment must provide for the determination under subdivision 2.~~ implement the requirements under this section, which includes:

(1) any necessary policies, procedures, manuals, and technical specifications;

(2) procedures to perform an impact assessment that provide for the determination under subdivision 2;

(3) in consultation with the technical advisory committee under section 161.1782, criteria for identification of a capacity expansion project; and

(4) related data reporting from local units of government on local multimodal transportation systems and local project impacts on greenhouse gas emissions and vehicle miles traveled.

(b) Analysis under an assessment must include but is not limited to estimates resulting from ~~the~~ a project or portfolio for the following:

(1) greenhouse gas emissions over a period of 20 years; ~~and~~

(2) a net change in vehicle miles traveled for the affected network~~.~~; and

(3) impacts to trunk highways and related impacts to local road systems, on a local, regional, or statewide basis, as appropriate.

Subd. 4. **Impact mitigation; interlinking.** (a) To provide for impact mitigation, the applicable entity must interlink the ~~capacity expansion~~ project or portfolio as provided in this subdivision.

(b) Impact mitigation is sufficient under subdivision 2, paragraph (b), if the ~~capacity expansion~~ project or portfolio is interlinked to ~~mitigation~~ offset actions such that the total greenhouse gas emissions reduction from the ~~mitigation~~ offset actions, after accounting for the greenhouse gas emissions otherwise resulting from the ~~capacity expansion~~ project or portfolio, is consistent with meeting the targets specified under subdivision 2, paragraph (a). Each comparison under this paragraph must be performed over equal comparison periods.

(c) ~~A mitigation~~ An offset action consists of a project, program, ~~or~~ operations modification, or mitigation plan in one or more of the following areas:

(1) transit expansion, including but not limited to regular route bus, arterial bus rapid transit, highway bus rapid transit, rail transit, and intercity passenger rail;

(2) transit service improvements, including but not limited to increased service level, transit fare reduction, and transit priority treatments;

(3) active transportation infrastructure;

(4) micromobility infrastructure and service, including but not limited to shared vehicle services;

(5) transportation demand management, including but not limited to vanpool and shared vehicle programs, remote work, and broadband access expansion;

(6) parking management, including but not limited to parking requirements reduction or elimination and parking cost adjustments;

(7) land use, including but not limited to residential and other density increases, mixed-use development, and transit-oriented development;

(8) infrastructure improvements related to traffic operations, including but not limited to roundabouts and reduced conflict intersections; ~~and~~

(9) natural systems, including but not limited to prairie restoration, reforestation, and urban green space; and

(10) as specified by the commissioner in the manner provided under paragraph (e).

(d) ~~A mitigation~~ An offset action may be identified as interlinked to the ~~capacity expansion~~ project or portfolio if:

(1) there is a specified project, program, ~~or~~ modification, or mitigation plan;

(2) the necessary funding sources are identified and sufficient amounts are committed;

(3) the mitigation is localized as provided in subdivision 5; and

(4) procedures are established to ensure that the mitigation action remains in substantially the same form or a revised form that continues to meet the calculation under paragraph (b).

(e) The commissioner may authorize additional offset actions under paragraph (c) if:

(1) the offset action is reviewed and recommended by the technical advisory committee under section 161.1782; and

(2) the commissioner determines that the offset action is directly related to reduction in the transportation sector of greenhouse gas emissions or vehicle miles traveled.

Subd. 5. **Impact mitigation; localization.** (a) ~~A mitigation~~ An offset action under subdivision 4 must be localized in the following priority order:

(1) if the offset action is for one project, within or associated with at least one of the communities impacted by the ~~capacity expansion~~ project;

(2) if clause (1) does not apply or there is not a reasonably feasible location under clause (1), in areas of persistent poverty or historically disadvantaged communities, as measured and defined in federal law, guidance, and notices of funding opportunity;

(3) if there is not a reasonably feasible location under clauses (1) and (2), in the region of the ~~capacity expansion~~ project or portfolio; or

(4) if there is not a reasonably feasible location under clauses (1) to (3), on a statewide basis.

(b) The applicable entity must include an explanation regarding the feasibility and rationale for each mitigation action located under paragraph (a), clauses (2) to (4).

Subd. 6. **Public information.** The commissioner must publish information regarding ~~capacity expansion~~ impact assessments on the department's website. The information must include:

(1) for each project evaluated separately under this section, identification of ~~capacity expansion projects~~ the project; ~~and~~

(2) for each project evaluated separately, a summary that includes an overview of the ~~expansion impact~~ assessment, the impact determination by the commissioner, and project disposition, including a review of any ~~mitigation~~ offset actions~~.~~;

(3) for each portfolio of projects, an overview of the projects, the impact determination by the commissioner, and a summary of any offset actions;

(4) a review of any interpretation of or additions to offset actions under subdivision 4;

(5) identification of the date established by the commissioner under subdivision 2a, paragraph (b); and

(6) a summary of the activities of the technical advisory committee under section 161.1782, including but not limited to any findings or recommendations made by the advisory committee.

Subd. 7. **Safety and well-being.** The requirements of this section are in addition to and must not supplant the safety and well-being goals established under section 174.01, subdivision 2, clauses (1) and (2).

Subd. 8. **Transportation impact assessment and mitigation account.** (a) A transportation impact assessment and mitigation account is established in the special revenue fund. The account consists of funds provided by law and any other money donated, allotted, transferred, or otherwise provided to the account.

(b) Money in the account is annually appropriated to the commissioner and must only be expended on activities described or required under this section. In determining expenditures from the account, the commissioner must include prioritization for offset actions interlinked to trunk highway projects that reduce traffic fatalities or severe injuries.

EFFECTIVE DATE. This section is effective February 1, 2025, except that subdivision 8 is effective July 1, 2024. This section does not apply to a capacity expansion project that was either included in the state transportation improvement program or has been submitted for approval of the geometric layout before February 1, 2025.

Sec. 15. **[161.1782] TRANSPORTATION IMPACT ASSESSMENT; TECHNICAL ADVISORY COMMITTEE.**

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

(b) "Advisory committee" means the technical advisory committee established in this section.

(c) "Project or portfolio" is as provided in section 161.178.

Subd. 2. **Establishment.** The commissioner must establish a technical advisory committee to assist in implementation review related to the requirements under section 161.178.

Subd. 3. **Membership; appointments.** The advisory committee is composed of the following members:

(1) one member from the Department of Transportation, appointed by the commissioner of transportation;

(2) one member from the Pollution Control Agency, appointed by the commissioner of the Pollution Control Agency;

(3) one member from the Metropolitan Council, appointed by the chair of the Metropolitan Council;

(4) one member from the Center for Transportation Studies, appointed by the president of the University of Minnesota;

(5) one member representing metropolitan planning organizations outside the metropolitan area, as defined in section 473.121, subdivision 2, appointed by the Association of Metropolitan Planning Organizations; and

(6) up to four members who are not employees of the state, with no more than two who are employees of a political subdivision, appointed by the commissioner of transportation.

Subd. 4. **Membership; requirements.** (a) To be eligible for appointment to the advisory committee, an individual must have experience or expertise sufficient to provide assistance in implementation or technical review related to the requirements under section 161.178. Each appointing authority must consider appointment of individuals with expertise in travel demand modeling, emissions modeling, traffic forecasting, land use planning, or transportation-related greenhouse gas emissions assessment and analysis. In appointing the members under subdivision 3, clause (6), the commissioner must also consider technical expertise in other relevant areas, which may include but is not limited to public health or natural systems management.

(b) Members of the advisory committee serve at the pleasure of the appointing authority. Vacancies must be filled by the appointing authority.

Subd. 5. **Duties.** The advisory committee must assist the commissioner in implementation of the requirements under section 161.178, including to:

(1) perform technical review and validation of processes and methodologies used for impact assessment and impact mitigation;

(2) review and make recommendations on:

(i) impact assessment requirements;

(ii) models and tools for impact assessment;

(iii) methods to determine sufficiency of impact mitigation;

(iv) procedures for interlinking a project or portfolio to impact mitigation; and

(v) reporting and data collection;

(3) advise on the approach used to determine the area of influence for a project or portfolio for a geographic or transportation network area;

(4) develop recommendations on any clarifications, modifications, or additions to the offset actions authorized under section 161.178, subdivision 4; and

(5) perform other analyses or activities as requested by the commissioner.

Subd. 6. **Administration.** (a) The commissioner must provide administrative support to the advisory committee. Upon request, the commissioner must provide information and technical support to the advisory committee.

(b) Members of the advisory committee are not eligible for compensation under this section.

(c) The advisory committee is subject to the Minnesota Data Practices Act under chapter 13 and to the Minnesota Open Meeting Law under chapter 13D.

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

Sec. 16. Minnesota Statutes 2022, section 161.3203, subdivision 4, is amended to read:

Subd. 4. ~~**Reports**~~ **Report.** (a) By September 1 of each year, the commissioner ~~shall provide, no later than September 1, an annual written~~ must submit a report to ~~the legislature, in compliance with sections 3.195 and 3.197, and shall submit the report to~~ the chairs and ranking minority members of the ~~senate and~~

~~house of representatives~~ legislative committees ~~having~~ with jurisdiction over transportation policy and finance.

(b) The report must list all privatization transportation contracts ~~within the meaning of this section~~ that were executed or performed, whether wholly or in part, in the previous fiscal year. The report must identify, with respect to each contract:

(1) the contractor;

(2) contract amount;

(3) duration;

(4) work, provided or to be provided;

(5) the comprehensive estimate derived under subdivision 3, paragraph (a);

(6) the comprehensive estimate derived under subdivision 3, paragraph (b);

(7) the actual cost to the agency of the contractor's performance of the contract; and

(8) for contracts of at least $250,000, a statement containing the commissioner's determinations under subdivision 3, paragraph (c).

(c) The report must collect aggregate data on each of the commissioner's district offices and the bridge office on barriers and challenges to the reduction of transportation contract privatization. The aggregate data must identify areas of concern related to transportation contract privatization and include information on:

(1) recruitment and retention of staff;

(2) expertise gaps;

(3) access to appropriate equipment; and

(4) the effects of geography, demographics, and socioeconomic data on transportation contract privatization rates.

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

Sec. 17. Minnesota Statutes 2022, section 161.45, is amended by adding a subdivision to read:

Subd. 4. **High voltage transmission; placement in right-of-way.** (a) For purposes of this subdivision and subdivisions 5 to 7, "high voltage transmission line" has the meaning given in section 216E.01, subdivision 4.

(b) Notwithstanding subdivision 1, paragraph (a), high voltage transmission lines under the laws of this state or the ordinance of any city or county may be constructed, placed, or maintained across or along any trunk highway, including an interstate highway and a trunk highway that is an expressway or a freeway, except as deemed necessary by the commissioner of transportation to protect public safety or ensure the proper function of the trunk highway system.

(c) If the commissioner denies a high voltage electric line colocation request, the reasons for the denial must be submitted for review within 90 days of the commissioner's denial to the chairs and ranking minority

members of the legislative committees with jurisdiction over energy and transportation, the Public Utilities Commission executive secretary, and the commissioner of commerce.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to colocation requests for high voltage transmission lines on or after that date.

Sec. 18. Minnesota Statutes 2022, section 161.45, is amended by adding a subdivision to read:

Subd. 5. **High voltage transmission; coordination required.** Upon written request, the commissioner must engage in coordination activities with a utility or transmission line developer to review requested highway corridors for potential permitted locations for transmission lines. The commissioner must assign a project coordinator within 30 days of receiving the written request. The commissioner must share all known plans with affected utilities or transmission line developers on potential future projects in the highway corridor if the potential highway project impacts the placement or siting of high voltage transmission lines.

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

Sec. 19. Minnesota Statutes 2022, section 161.45, is amended by adding a subdivision to read:

Subd. 6. **High voltage transmission; constructability report; advance notice.** (a) If the commissioner and a utility or transmission line developer identify a permittable route along a trunk highway corridor for possible colocation of transmission lines, a constructability report must be prepared by the utility or transmission line developer in consultation with the commissioner. A constructability report developed under this subdivision must be used by both parties to plan and approve colocation projects.

(b) A constructability report developed under this section between the commissioner and the parties seeking colocation must include terms and conditions for building the colocation project. Notwithstanding the requirements in subdivision 1, the report must be approved by the commissioner and the party or parties seeking colocation prior to the commissioner approving and issuing a permit for use of the trunk highway right-of-way.

(c) A constructability report must include an agreed upon time frame for which there may not be a request from the commissioner for relocation of the transmission line. If the commissioner determines that relocation of a transmission line in the trunk highway right-of-way is necessary, the commissioner, as much as practicable, must give a four-year advance notice.

(d) Notwithstanding the requirements of subdivision 7 and section 161.46, subdivision 2, if the commissioner requires the relocation of a transmission line in the interstate highway right-of-way earlier than the agreed upon time frame in paragraph (c) in the constructability report or provides less than a four-year notice of relocation in the agreed upon constructability report, the commissioner is responsible for 75 percent of the relocation costs.

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

Sec. 20. Minnesota Statutes 2022, section 161.45, is amended by adding a subdivision to read:

Subd. 7. **High voltage transmission; relocation reimbursement prohibited.** (a) A high voltage transmission line that receives a route permit under chapter 216E on or after July 1, 2024, is not eligible for relocation reimbursement under section 161.46, subdivision 2.

(b) If the commissioner orders relocation of a high voltage transmission line that is subject to paragraph (a):

(1) a public utility, as defined in section 216B.02, subdivision 4, may recover its portion of costs of relocating the line that the Public Utilities Commission deems prudently incurred as a transmission cost adjustment pursuant to section 216B.16, subdivision 7b; and

(2) a consumer-owned utility, as defined in section 216B.2402, subdivision 2, may recover its portion of costs of relocating the line in any manner approved by its governing board.

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

Sec. 21. Minnesota Statutes 2022, section 161.46, subdivision 1, is amended to read:

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

~~(1)~~ (b) "Utility" means all publicly, privately, and cooperatively owned systems for supplying power, light, gas, telegraph, telephone, water, pipeline, or sewer service if such systems be authorized by law to use public highways for the location of its facilities.

~~(2)~~ (c) "Cost of relocation" means the entire amount paid by such utility properly attributable to such relocation after deducting therefrom any increase in the value of the new facility and any salvage value derived from the old facility.

(d) "High voltage transmission line" has the meaning given in section 216E.01, subdivision 4.

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

Sec. 22. Minnesota Statutes 2023 Supplement, section 161.46, subdivision 2, is amended to read:

Subd. 2. **Relocation of facilities; reimbursement.** ~~(a)~~ Whenever the commissioner ~~shall determine~~ determines that the relocation of any utility facility is necessitated by the construction of a project on the routes of federally aided ~~state~~ trunk highways, including urban extensions thereof, ~~which routes~~ that are included within the National System of Interstate Highways, the owner or operator of ~~such~~ the utility facility ~~shall~~ must relocate the ~~same~~ utility facility in accordance with the order of the commissioner. ~~After the completion of such relocation the cost thereof shall be ascertained and paid by the state out of trunk highway funds; provided, however, the amount to be paid by the state for such reimbursement shall not exceed the amount on which the federal government bases its reimbursement for said interstate system.~~ Except as provided in section 161.45, subdivision 6, paragraph (d), or 7, upon the completion of relocation of a utility facility, the cost of relocation must be ascertained and paid out of the trunk highway fund by the commissioner, provided the amount paid by the commissioner for reimbursement to a utility does not exceed the amount on which the federal government bases its reimbursement for the interstate highway system.

~~(b) Notwithstanding paragraph (a), on or after January 1, 2024, any entity that receives a route permit under chapter 216E for a high-voltage transmission line necessary to interconnect an electric power generating facility is not eligible for relocation reimbursement unless the entity directly, or through its members or agents, provides retail electric service in this state.~~

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

Sec. 23. Minnesota Statutes 2022, section 162.02, is amended by adding a subdivision to read:

Subd. 4a. **Location and establishment; limitations.** The county state-aid highway system must not include a segment of a county highway that is designated as a pedestrian mall under chapter 430.

Sec. 24. Minnesota Statutes 2022, section 162.081, subdivision 4, is amended to read:

Subd. 4. **Formula for distribution to towns; purposes.** (a) Money apportioned to a county from the town road account must be distributed to the treasurer of each town within the county, according to a distribution formula adopted by the county board. The formula must take into account each town's population and town road mileage, and other factors the county board deems advisable in the interests of achieving equity among the towns. Distribution of town road funds to each town treasurer must be made by March 1, annually, or within 30 days after receipt of payment from the commissioner. Distribution of funds to town treasurers in a county which has not adopted a distribution formula under this subdivision must be made according to a formula prescribed by the commissioner by rule.

(b) Money distributed to a town under this subdivision may be expended by the town only for the construction, reconstruction, and gravel maintenance of town roads within the town, including debt service for bonds issued by the town in accordance with chapter 475, provided that the bonds are issued for a use allowable under this paragraph.

Sec. 25. Minnesota Statutes 2022, section 162.09, is amended by adding a subdivision to read:

Subd. 6a. **Location and establishment; limitations.** The municipal state-aid street system must not include a segment of a city street that is designated as a pedestrian mall under chapter 430.

Sec. 26. Minnesota Statutes 2022, section 162.145, subdivision 5, is amended to read:

Subd. 5. **Use of funds.** (a) Funds distributed under this section are available only for construction and maintenance of roads located within the city, including:

(1) land acquisition, environmental analysis, design, engineering, construction, reconstruction, and maintenance;

(2) road projects partially located within the city;

(3) projects on county state-aid highways located within the city; ~~and~~

(4) cost participation on road projects under the jurisdiction of another unit of government~~.~~; and

(5) debt service for obligations issued by the city in accordance with chapter 475, provided that the obligations are issued for a use allowable under this section.

(b) Except for projects under paragraph (a), clause (3), funds distributed under this section are not subject to state-aid requirements under this chapter, including but not limited to engineering standards adopted by the commissioner in rules.

Sec. 27. Minnesota Statutes 2023 Supplement, section 162.146, is amended by adding a subdivision to read:

Subd. 3. **Use of funds.** (a) Funds distributed under this section are available only for construction and maintenance of roads located within the city, including:

(1) land acquisition, environmental analysis, design, engineering, construction, reconstruction, and maintenance;

(2) road projects partially located within the city;

(3) projects on municipal state-aid streets located within the city;

(4) projects on county state-aid highways located within the city;

(5) cost participation on road projects under the jurisdiction of another unit of government; and

(6) debt service for obligations issued by the city in accordance with chapter 475, provided that the obligations are issued for a use allowable under this section.

(b) Except for projects under paragraph (a), clauses (3) and (4), funds distributed under this section are not subject to state-aid requirements under this chapter, including but not limited to engineering standards adopted by the commissioner in rules.

Sec. 28. Minnesota Statutes 2022, section 168.09, subdivision 7, is amended to read:

Subd. 7. **Display of temporary permit.** (a) ~~A vehicle that displays a Minnesota plate issued under this chapter may display a temporary permit~~ The commissioner may issue a temporary permit under this subdivision in conjunction with the conclusion of a registration period or a recently expired registration if:

(1) the current registration tax and all other fees and taxes have been paid in full; and

(2) ~~the plate has~~ special plates have been applied for.

~~(b) A vehicle may display a temporary permit in conjunction with expired registration, with or without a registration plate, if:~~

~~(1) the plates have been applied for;~~

~~(2) the registration tax and other fees and taxes have been paid in full; and~~

~~(3) either the vehicle is used solely as a collector vehicle while displaying the temporary permit and not used for general transportation purposes or the vehicle was issued a 21-day permit under section 168.092, subdivision 1.~~

~~(c)~~ (b) The permit is valid for a period of 60 days. The permit must be in a format prescribed by the commissioner, affixed to the rear of the vehicle where a license plate would normally be affixed, and plainly visible. The permit is valid only for the vehicle for which it was issued to allow a reasonable time for the new plates to be manufactured and delivered to the applicant. The permit may be issued only by the commissioner or by a deputy registrar under section 168.33.

EFFECTIVE DATE. This section is effective October 1, 2024.

Sec. 29. Minnesota Statutes 2022, section 168.092, is amended to read:

168.092 ~~21-DAY~~ 60-DAY TEMPORARY VEHICLE PERMIT.

Subdivision 1. **Resident buyer.** The ~~motor vehicle registrar~~ commissioner may issue a permit to a person purchasing a new or used motor vehicle in this state for the purpose of allowing the purchaser a reasonable time to register the vehicle and pay fees and taxes due on the transfer. The permit is valid for a

period of ~~21~~ 60 days. The permit must be in a ~~form as the registrar may determine~~ format prescribed by the commissioner, affixed to the rear of the vehicle where a license plate would normally be affixed, and plainly visible. Each permit is valid only for the vehicle for which issued.

Subd. 2. **Dealer.** The ~~registrar~~ commissioner may issue permits to licensed dealers. When issuing a permit, the dealer ~~shall~~ must complete the permit in the manner prescribed by the department.

EFFECTIVE DATE. This section is effective October 1, 2024.

Sec. 30. Minnesota Statutes 2023 Supplement, section 168.1259, is amended to read:

168.1259 MINNESOTA PROFESSIONAL SPORTS TEAM ~~FOUNDATION~~ PHILANTHROPY PLATES.

Subdivision 1. **Definition.** For purposes of this section, "Minnesota professional sports team" means one of the following teams while its home stadium is located in Minnesota: Minnesota Vikings, Minnesota Timberwolves, Minnesota Lynx, Minnesota Wild, Minnesota Twins, or Minnesota United.

Subd. 2. **General requirements and procedures.** (a) The commissioner must issue Minnesota professional sports team ~~foundation~~ philanthropy plates to an applicant who:

(1) is a registered owner of a passenger automobile, noncommercial one-ton pickup truck, motorcycle, or recreational vehicle;

(2) pays an additional fee in the amount specified for special plates under section 168.12, subdivision 5;

(3) pays the registration tax required under section 168.013;

(4) pays the fees required under this chapter;

(5) contributes a minimum of $30 annually to the professional sports team ~~foundations~~ philanthropy account; and

(6) complies with this chapter and rules governing registration of motor vehicles and licensing of drivers.

(b) Minnesota professional sports team ~~foundation~~ philanthropy plates may be personalized according to section 168.12, subdivision 2a.

Subd. 3. **Design.** At the request of a Minnesota professional sports team or the team's foundation, the commissioner must, in consultation with the team or foundation, adopt a suitable plate design ~~incorporating~~. Each design must incorporate the requesting foundation's marks and colors or directly relate to a charitable purpose as provided in subdivision 5. The commissioner may design a single plate that incorporates the marks and colors of all ~~foundations~~ organizations that have requested a plate.

Subd. 4. **Plate transfers.** On application to the commissioner and payment of a transfer fee of $5, special plates issued under this section may be transferred to another motor vehicle if the subsequent vehicle is:

(1) qualified under subdivision 2, paragraph (a), clause (1), to bear the special plates; and

(2) registered to the same individual to whom the special plates were originally issued.

Subd. 5. **Contributions; account; appropriation.** (a) Contributions collected under subdivision 2, paragraph (a), clause (5), must be deposited in the Minnesota professional sports team ~~foundations~~ philanthropy account, which is established in the special revenue fund. Money in the account is appropriated to the commissioner of public safety. This appropriation is first for the annual cost of administering the account funds, and the remaining funds are for distribution to the foundations, or as provided in this subdivision, in the proportion that each plate design bears to the total number of Minnesota professional sports team ~~foundation~~ philanthropy plates issued for that year. Proceeds from a plate that includes the marks and colors of all ~~foundations~~ participating organizations must be divided evenly between all foundations and charitable purposes.

(b) The ~~foundations must only use the~~ proceeds must only be used by:

(1) a Minnesota professional sports team foundation for philanthropic or charitable purposes; or

(2) the Minnesota United professional sports team through a designation that the funds are for the Minnesota Loon Restoration Project.

(c) The commissioner must annually transfer funds designated under paragraph (b), clause (2), from the Minnesota professional sports team philanthropy account to the Minnesota critical habitat private sector matching account under section 84.943 for purposes of the Minnesota Loon Restoration Project.

EFFECTIVE DATE. This section is effective October 1, 2024, for Minnesota professional sports team philanthropy plates issued on or after that date.

Sec. 31. Minnesota Statutes 2022, section 168.127, is amended to read:

168.127 FLEET VEHICLES; REGISTRATION, FEE.

Subdivision 1. **Unique registration category.** (a) A unique registration category is established for vehicles and trailers of a fleet. Vehicles registered in the fleet must be issued a distinctive license plate. The design and size of the fleet license plate must be determined by the commissioner.

(b) A deputy registrar may issue replacement license plates for qualified vehicles in a registered fleet pursuant to section 168.29.

Subd. 2. **Annual registration period.** The annual registration period for vehicles in the fleet ~~will be~~ is determined by the commissioner. The applicant must provide all information necessary to qualify as a fleet registrant, including a list of all vehicles in the fleet. On initial registration, all taxes and fees for vehicles in the fleet must be reassessed based on the expiration date.

Subd. 3. **Registration cards issued.** (a) On approval of the application for fleet registration, the commissioner must issue a registration card for each qualified vehicle in the fleet. The registration card must be carried in the vehicle at all times and be made available to a peace officer on demand. The registered gross weight must be indicated on the license plate.

(b) A new vehicle may be registered to an existing fleet upon application to a deputy registrar and payment of the fee under section 168.33, subdivision 7.

(c) A deputy registrar must issue a replacement registration card for any registered fleet or any qualified vehicle in a registered fleet upon application.

Subd. 4. **Filing registration applications.** Initial fleet applications for registration and renewals must be filed with the ~~registrar~~ commissioner or authorized deputy registrar.

Subd. 5. **Renewal of fleet registration.** On the renewal of a fleet registration, the registrant ~~shall~~ must pay full licensing fees for every vehicle registered in the preceding year unless the vehicle has been properly deleted from the fleet. In order to delete a vehicle from a fleet, the fleet registrant must surrender to the commissioner the registration card and license plates. The ~~registrar~~ commissioner may authorize alternative methods of deleting vehicles from a fleet, including destruction of the license plates and registration cards. If the card or license plates are lost or stolen, the fleet registrant ~~shall~~ must submit a sworn statement stating the circumstances for the inability to surrender the card, stickers, and license plates. ~~The commissioner shall assess~~ A fleet registrant who fails to renew the licenses issued under this section or fails to report the removal of vehicles from the fleet within 30 days of the vehicles' removal must pay a penalty of 20 percent of the total tax due on the fleet ~~against the fleet registrant who fails to renew the licenses issued under this section or fails to report the removal of vehicles from the fleet within 30 days~~. The penalty must be paid within 30 days after it is assessed.

Subd. 6. **Fee.** ~~Instead of~~ The applicant for fleet registration must pay the filing fee described in section 168.33, subdivision 7, ~~the applicant for fleet registration shall pay an equivalent administrative fee~~ to the commissioner for each vehicle in the fleet.

EFFECTIVE DATE. This section is effective October 1, 2024, for fleet vehicle transactions on or after that date.

Sec. 32. **[168.1283] ROTARY INTERNATIONAL PLATES.**

Subdivision 1. **Issuance of plates.** The commissioner must issue Rotary International special license plates or a single motorcycle plate to an applicant who:

(1) is a registered owner of a passenger automobile, noncommercial one-ton pickup truck, motorcycle, or self-propelled recreational motor vehicle;

(2) pays the registration tax as required under section 168.013;

(3) pays a fee in the amount specified under section 168.12, subdivision 5, for each set of plates, along with any other fees required by this chapter;

(4) contributes $25 upon initial application and a minimum of $5 annually to the Rotary District 5950 Foundation account; and

(5) complies with this chapter and rules governing registration of motor vehicles and licensing of drivers.

Subd. 2. **Design.** The commissioner must adopt a suitable design for the plate that must include the Rotary International symbol and the phrase "Service Above Self."

Subd. 3. **Plates transfer.** On application to the commissioner and payment of a transfer fee of $5, special plates may be transferred to another qualified motor vehicle that is registered to the same individual to whom the special plates were originally issued.

Subd. 4. **Exemption.** Special plates issued under this section are not subject to section 168.1293, subdivision 2.

Subd. 5. **Contributions; account; appropriation.** Contributions collected under subdivision 1, clause (4), must be deposited in the Rotary District 5950 Foundation account, which is established in the special revenue fund. Money in the account is appropriated to the commissioner of public safety. This appropriation is first for the annual cost of administering the account funds, and the remaining funds must be distributed

to the Rotary District 5950 Foundation to further the rotary's mission of service, fellowship, diversity, integrity, and leadership. Funds distributed under this subdivision must be used on projects within this state.

EFFECTIVE DATE. This section is effective January 1, 2025, for Rotary International special plates issued on or after that date.

Sec. 33. Minnesota Statutes 2023 Supplement, section 168.29, is amended to read:

168.29 REPLACEMENT PLATES.

(a) In the event of the defacement, loss, or destruction of any number plates or validation stickers, the ~~registrar~~ commissioner, upon receiving and filing a sworn statement of the vehicle owner, setting forth the circumstances of the defacement, loss, destruction, or theft of the number plates or validation stickers, together with any defaced plates or stickers and the payment of a fee calculated to cover the cost of replacement, ~~shall~~ must issue a new set of plates or stickers.

(b) A licensed motor vehicle dealer may only apply for replacement plates upon application for a certificate of title in the name of a new owner or the dealer. The commissioner must issue a new set of plates or validation stickers upon application for title and registration after removal of plates pursuant to section 168A.11, subdivision 2.

(c) Plates issued under this section are subject to section 168.12

(d) The ~~registrar shall then~~ commissioner must note on the ~~registrar's~~ commissioner's records the issue of new number plates and ~~shall proceed in such manner as the registrar may deem advisable to~~ must attempt to cancel and call in the original plates so as to insure against their use on another motor vehicle.

~~(c)~~ (e) Duplicate registration certificates plainly marked as duplicates may be issued in like cases upon the payment of a $1 fee. Fees collected under this section must be ~~paid into the state treasury and credited to~~ deposited in the driver and vehicle services operating account under section 299A.705, subdivision 1.

EFFECTIVE DATE. This section is effective October 1, 2024.

Sec. 34. Minnesota Statutes 2022, 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~~ must impose a $2 additional fee for failure to deliver a title transfer within ~~ten business days~~ the period specified under section 168A.10, subdivision 2.

EFFECTIVE DATE. This section is effective October 1, 2024.

Sec. 35. Minnesota Statutes 2022, section 168.33, is amended by adding a subdivision to read:

Subd. 8b. **Competitive bidding.** (a) Notwithstanding any statute or rule to the contrary, if a deputy registrar appointed under this section permanently stops offering services at the approved office location and permanently closes the approved office location, the commissioner must use a competitive bidding process for the appointment of a replacement deputy registrar. If available, the replacement deputy registrar appointed by the commissioner under this section must continue to offer services at the approved office location. If the existing office location is not available to the replacement deputy registrar, the replacement office location must be at a location that must be approved by the commissioner and must serve a similar service area as the existing office location.

(b) The commissioner must not give a preference to a partner, owner, manager, or employee of the deputy registrar that has permanently stopped offering services at the closed office location in a competitive bidding process.

(c) The commissioner must adopt rules to administer and enforce a competitive bidding process to select a replacement deputy registrar. If the replacement deputy registrar elects to not offer services at the office location of the prior registrar, Minnesota Rules, chapter 7406, governing the selection of a proposed office location of a driver's license agent, applies.

EFFECTIVE DATE. This section is effective October 1, 2025.

Sec. 36. Minnesota Statutes 2022, section 168A.10, subdivision 2, is amended to read:

Subd. 2. **Application for new certificate.** Except as provided in section 168A.11, the transferee ~~shall~~ must, within ~~ten~~ 20 calendar days after assignment to the transferee of the vehicle title certificate, execute the application for a new certificate of title in the space provided on the certificate, and cause the certificate of title to be mailed or delivered to the department. Failure of the transferee to comply with this subdivision ~~shall result~~ results in the suspension of the vehicle's registration under section 168.17.

EFFECTIVE DATE. This section is effective October 1, 2024, and applies to title transfers on or after that date.

Sec. 37. Minnesota Statutes 2022, section 168A.11, subdivision 1, is amended to read:

Subdivision 1. **Requirements upon subsequent transfer; service fee.** (a) A dealer who buys a vehicle and holds it for resale need not apply for a certificate of title. Upon transferring the vehicle to another person, other than by the creation of a security interest, the dealer ~~shall~~ must promptly execute the assignment and warranty of title by a dealer, showing the names and addresses of the transferee and of any secured party holding a security interest created or reserved at the time of the resale, and the date of the security agreement in the spaces provided ~~therefor~~ on the certificate of title or secure reassignment.

(b) If a dealer elects to apply for a certificate of title on a vehicle held for resale, the dealer need not register the vehicle but ~~shall~~ must pay one month's registration tax. If a dealer elects to apply for a certificate of title on a vehicle held for resale, the ~~department shall~~ commissioner must not place any legend on the title that no motor vehicle sales tax was paid by the dealer~~,~~ but may indicate on the title whether the vehicle is a new or used vehicle.

(c) With respect to motor vehicles subject to the provisions of section 325E.15, the dealer ~~shall~~ must also, in the space provided ~~therefor~~ on the certificate of title or secure reassignment, state the true cumulative mileage registered on the odometer or that the exact mileage is unknown if the odometer reading is known by the transferor to be different from the true mileage.

(d) The transferee ~~shall~~ must complete the application for title section on the certificate of title or separate title application form prescribed by the ~~department~~ commissioner. The dealer ~~shall~~ must mail or deliver the certificate to the ~~registrar~~ commissioner or deputy registrar with the transferee's application for a new certificate and appropriate taxes and fees, within ~~ten business days~~ the period specified under section 168A.10, subdivision 2.

(e) With respect to vehicles sold to buyers who will remove the vehicle from this state, the dealer ~~shall~~ must remove any license plates from the vehicle, issue a 31-day temporary permit pursuant to section 168.091, and notify the ~~registrar~~ commissioner within 48 hours of the sale that the vehicle has been removed from

this state. The notification must be made in an electronic format prescribed by the ~~registrar~~ commissioner. The dealer may contract with a deputy registrar for the notification of sale to an out-of-state buyer. The deputy registrar may charge a fee of $7 per transaction to provide this service.

EFFECTIVE DATE. This section is effective October 1, 2024, and applies to title transfers on or after that date.

Sec. 38. Minnesota Statutes 2022, section 168A.11, subdivision 2, is amended to read:

Subd. 2. **Notification on vehicle held for resale; service fee.** Within 48 hours of acquiring a vehicle titled and registered in Minnesota, a dealer ~~shall~~ must:

(1) notify the ~~registrar~~ commissioner that the dealership is holding the vehicle for resale. The notification must be made electronically as prescribed by the ~~registrar~~ commissioner. The dealer may contract this service to a deputy registrar and the registrar may charge a fee of $7 per transaction to provide this service; and

(2) remove any plates from the vehicle and dispose of them as prescribed by the commissioner.

EFFECTIVE DATE. This section is effective October 1, 2024, for vehicles on or after that date.

Sec. 39. Minnesota Statutes 2022, section 168B.035, subdivision 3, is amended to read:

Subd. 3. **Towing prohibited.** (a) A towing authority may not tow a motor vehicle because:

(1) the vehicle has expired registration tabs that have been expired for less than 90 days; ~~or~~

(2) the vehicle is at a parking meter on which the time has expired and the vehicle has fewer than five unpaid parking tickets; or

(3) the vehicle is identified in conjunction with a citation to the vehicle owner or lessee for (i) a violation under section 169.06, subdivision 10, or (ii) a violation under section 169.14, subdivision 13.

(b) A towing authority may tow a motor vehicle, notwithstanding paragraph (a), if:

(1) the vehicle is parked in violation of snow emergency regulations;

(2) the vehicle is parked in a rush-hour restricted parking area;

(3) the vehicle is blocking a driveway, alley, or fire hydrant;

(4) the vehicle is parked in a bus lane, or at a bus stop, during hours when parking is prohibited;

(5) the vehicle is parked within 30 feet of a stop sign and visually blocking the stop sign;

(6) the vehicle is parked in a disability transfer zone or disability parking space without a disability parking certificate or disability license plates;

(7) the vehicle is parked in an area that has been posted for temporary restricted parking (i) at least 12 hours in advance in a home rule charter or statutory city having a population under 50,000, or (ii) at least 24 hours in advance in another political subdivision;

(8) the vehicle is parked within the right-of-way of a controlled-access highway or within the traveled portion of a public street when travel is allowed there;

(9) the vehicle is unlawfully parked in a zone that is restricted by posted signs to use by fire, police, public safety, or emergency vehicles;

(10) the vehicle is unlawfully parked on property at the Minneapolis-St. Paul International Airport owned by the Metropolitan Airports Commission;

(11) a law enforcement official has probable cause to believe that the vehicle is stolen, or that the vehicle constitutes or contains evidence of a crime and impoundment is reasonably necessary to obtain or preserve the evidence;

(12) the driver, operator, or person in physical control of the vehicle is taken into custody and the vehicle is impounded for safekeeping;

(13) a law enforcement official has probable cause to believe that the owner, operator, or person in physical control of the vehicle has failed to respond to five or more citations for parking or traffic offenses;

(14) the vehicle is unlawfully parked in a zone that is restricted by posted signs to use by taxicabs;

(15) the vehicle is unlawfully parked and prevents egress by a lawfully parked vehicle;

(16) the vehicle is parked, on a school day during prohibited hours, in a school zone on a public street where official signs prohibit parking; or

(17) the vehicle is a junk, abandoned, or unauthorized vehicle, as defined in section 168B.011, and subject to immediate removal under this chapter.

(c) A violation under section 169.06, subdivision 10, or 169.14, subdivision 13, is not a traffic offense under paragraph (b), clause (13).

Sec. 40. Minnesota Statutes 2023 Supplement, section 169.011, subdivision 27, is amended to read:

Subd. 27. **Electric-assisted bicycle.** (a) "Electric-assisted bicycle" means a bicycle with two or three wheels that:

(1) has a saddle and fully operable pedals for human propulsion;

(2) meets the requirements for bicycles under Code of Federal Regulations, title 16, part 1512, or successor requirements;

(3) is equipped with an electric motor that has a power output of not more than 750 watts;

(4) meets the requirements of a class 1, class 2, ~~or~~ class 3, or multiple mode electric-assisted bicycle; and

(5) has a battery or electric drive system that has been tested to an applicable safety standard by a third-party testing laboratory.

(b) A vehicle is not an electric-assisted bicycle if it is designed, manufactured, or intended by the manufacturer or seller to be configured or modified to not meet the requirements for an electric-assisted bicycle or operate within the requirements for an electric-assisted bicycle class.

(c) For purposes of this subdivision, "configured or modified" includes any of the following changes:

(1) a mechanical switch or button;

(2) a modification or change to the electric motor or the electric drive system;

(3) the use of an application to increase or override the electric drive system; or

(4) through any other means represented or intended by the manufacturer or seller to modify the vehicle to no longer meet the requirements or classification of an electric-assisted bicycle.

Sec. 41. Minnesota Statutes 2022, section 169.011, is amended by adding a subdivision to read:

Subd. 45a. **Multiple mode electric-assisted bicycle.** "Multiple mode electric-assisted bicycle" means an electric-assisted bicycle equipped with switchable or programmable modes that provide for operation as two or more of a class 1, class 2, or class 3 electric-assisted bicycle in conformance with the definition and requirements under this chapter for each respective class.

Sec. 42. Minnesota Statutes 2022, section 169.011, is amended by adding a subdivision to read:

Subd. 62b. **Red light camera system.** "Red light camera system" means an electronic system of one or more cameras or other motor vehicle sensors that is specifically designed to automatically produce recorded images of a motor vehicle operated in violation of a traffic-control signal, including related information technology for recorded image storage, retrieval, and transmission.

Sec. 43. Minnesota Statutes 2022, section 169.011, is amended by adding a subdivision to read:

Subd. 77a. **Speed safety camera system.** "Speed safety camera system" means an electronic system of one or more cameras or other motor vehicle sensors that is specifically designed to automatically produce recorded images of a motor vehicle operated in violation of the speed limit, including related information technology for recorded image storage, retrieval, and transmission.

Sec. 44. Minnesota Statutes 2022, section 169.011, is amended by adding a subdivision to read:

Subd. 85a. **Traffic safety camera system.** "Traffic safety camera system" means a red light camera system, a speed safety camera system, or both in combination.

Sec. 45. Minnesota Statutes 2022, section 169.011, is amended by adding a subdivision to read:

Subd. 92b. **Vulnerable road user.** "Vulnerable road user" means a person in the right-of-way of a highway, including but not limited to a bikeway and an adjacent sidewalk or trail, who is:

(1) a pedestrian;

(2) on a bicycle, including an electric-assisted bicycle, or on another nonmotorized vehicle or device;

(3) on an electric personal assistive mobility device;

(4) on an implement of husbandry; or

(5) riding an animal.

Vulnerable road user includes the operator and any passengers for a vehicle, device, or personal conveyance identified in this subdivision.

Sec. 46. Minnesota Statutes 2022, section 169.04, is amended to read:

169.04 LOCAL AUTHORITY.

(a) The provisions of this chapter shall not be deemed to prevent local authorities, with respect to streets and highways under their jurisdiction, and with the consent of the commissioner, with respect to state trunk highways, within the corporate limits of a municipality, or within the limits of a town in a county in this state now having or which may hereafter have, a population of 500,000 or more, and a land area of not more than 600 square miles, and within the reasonable exercise of the police power from:

(1) regulating the standing or parking of vehicles;

(2) regulating traffic by means of police officers or traffic-control signals;

(3) regulating or prohibiting processions or assemblages on the highways;

(4) designating particular highways as one-way roadways and requiring that all vehicles, except emergency vehicles, when on an emergency run, thereon be moved in one specific direction;

(5) designating any highway as a through highway and requiring that all vehicles stop before entering or crossing the same, or designating any intersection as a stop intersection, and requiring all vehicles to stop at one or more entrances to such intersections;

(6) restricting the use of highways as authorized in sections 169.80 to 169.88~~.~~;

(7) regulating speed limits through the use of a speed safety camera system implemented under section 169.147; and

(8) regulating traffic control through the use of a red light camera system implemented under section 169.147.

(b) No ordinance or regulation enacted under paragraph (a), clause (4), (5), or (6), shall be effective until signs giving notice of such local traffic regulations are posted upon and kept posted upon or at the entrance to the highway or part thereof affected as may be most appropriate.

(c) No ordinance or regulation enacted under paragraph (a), clause (3), or any other provision of law shall prohibit:

(1) the use of motorcycles or vehicles utilizing flashing red lights for the purpose of escorting funeral processions, oversize buildings, heavy equipment, parades or similar processions or assemblages on the highways; or

(2) the use of motorcycles or vehicles that are owned by the funeral home and that utilize flashing red lights for the purpose of escorting funeral processions.

(d) Ordinances or regulations enacted under paragraph (a), clauses (7) and (8), are effective after August 1, 2025, and before August 1, 2029.

Sec. 47. Minnesota Statutes 2022, section 169.06, is amended by adding a subdivision to read:

Subd. 10. **Red light camera; penalty.** (a) Subject to subdivision 11, if a motor vehicle is operated in violation of a traffic-control signal and the violation is identified through the use of a red light camera system implemented under section 169.147, the owner of the vehicle or the lessee of the vehicle is guilty of a petty misdemeanor and must pay a fine of $40.

(b) A person who commits a first offense under paragraph (a) must be given a warning and is not subject to a fine or conviction under paragraph (a). A person who commits a second offense under paragraph (a) is eligible for diversion, which must include a traffic safety course established under section 169.147, subdivision 11. A person who enters diversion and completes the traffic safety course is not subject to a fine or conviction under paragraph (a).

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

(1) a violation that occurs in a commercial motor vehicle; or

(2) a violation committed by a holder of a class A, B, or C commercial driver's license or commercial driver learner's permit, without regard to whether the violation was committed in a commercial motor vehicle or another vehicle.

(d) This subdivision applies to violations committed on or after August 1, 2025, and before August 1, 2029.

Sec. 48. Minnesota Statutes 2022, section 169.06, is amended by adding a subdivision to read:

Subd. 11. **Red light camera; limitations.** (a) An owner or lessee of a motor vehicle is not subject to a fine or conviction under subdivision 10 if any of the conditions under section 169.14, subdivision 14, paragraph (a), clauses (1) to (7), are met.

(b) The owner or lessee of a motor vehicle may not be issued a citation under subdivision 10 and under another subdivision in this section for the same conduct.

(c) A fine or conviction under subdivision 10 does not constitute grounds for revocation or suspension of a person's driver's license.

(d) Except as provided in subdivision 10, paragraph (c), this subdivision applies to violations committed on or after August 1, 2025, and before August 1, 2029.

Sec. 49. Minnesota Statutes 2022, section 169.14, subdivision 10, is amended to read:

Subd. 10. **Radar; speed-measuring device; standards of evidence.** (a) In any prosecution in which the rate of speed of a motor vehicle is relevant, evidence of the speed as indicated on radar or other speed-measuring device, including but not limited to a speed safety camera system, is admissible in evidence, subject to the following conditions:

(1) the officer or traffic enforcement agent under section 169.147 operating the device has sufficient training to properly operate the equipment;

(2) the officer or traffic enforcement agent testifies as to the manner in which the device was set up and operated;

(3) the device was operated with minimal distortion or interference from outside sources; and

(4) the device was tested by an accurate and reliable external mechanism, method, or system at the time it was set up.

(b) Records of tests made of such devices and kept in the regular course of operations of any law enforcement agency are admissible in evidence without further foundation as to the results of the tests. The records shall be available to a defendant upon demand. Nothing in this subdivision shall be construed to

preclude or interfere with cross examination or impeachment of evidence of the rate of speed as indicated on the radar or speed-measuring device.

(c) Evidence from a speed safety camera system may be used solely for a citation or prosecution for a violation under subdivision 13.

Sec. 50. Minnesota Statutes 2022, section 169.14, is amended by adding a subdivision to read:

Subd. 13. **Speed safety camera; penalty.** (a) Subject to subdivision 14, if a motor vehicle is operated in violation of a speed limit and the violation is identified through the use of a speed safety camera system implemented under section 169.147, the owner of the vehicle or the lessee of the vehicle is guilty of a petty misdemeanor and must pay a fine of:

(1) $40; or

(2) $80, if the violation is for a speed at least 20 miles per hour in excess of the speed limit.

(b) A person who commits a first offense under paragraph (a) must be given a warning and is not subject to a fine or conviction under paragraph (a). A person who commits a second offense under paragraph (a) is eligible for diversion, which must include a traffic safety course established under section 169.147, subdivision 11. A person who enters diversion and completes the traffic safety course is not subject to a fine or conviction under paragraph (a).

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

(1) a violation that occurs in a commercial motor vehicle; or

(2) a violation committed by a holder of a class A, B, or C commercial driver's license or commercial driver learner's permit, without regard to whether the violation was committed in a commercial motor vehicle or another vehicle.

(d) This subdivision applies to violations committed on or after August 1, 2025, and before August 1, 2029.

Sec. 51. Minnesota Statutes 2022, section 169.14, is amended by adding a subdivision to read:

Subd. 14. **Speed safety camera; limitations.** (a) An owner or lessee of a motor vehicle is not subject to a fine or conviction under subdivision 13 if:

(1) the vehicle was stolen at the time of the violation;

(2) a transfer of interest in the vehicle in compliance with section 168A.10 was made before the time of the violation;

(3) the vehicle owner is a lessor of the motor vehicle, and the lessor identifies the name and address of the lessee;

(4) the vehicle is an authorized emergency vehicle operated in the performance of official duties at the time of the violation;

(5) another person is convicted, within the meaning under section 171.01, subdivision 29, for the same violation;

(6) the vehicle owner provides a sworn statement to the court or prosecuting authority that the owner was not operating the vehicle at the time of the violation; or

(7) the vehicle owner provides a sworn statement to the court or prosecuting authority that the owner was operating the vehicle at the time of the violation under the circumstances of a medical emergency for either the driver or a passenger in the vehicle.

(b) The owner or lessee of a motor vehicle may not be issued a citation under subdivision 13 and under another subdivision in this section for the same conduct.

(c) Except as provided in subdivision 13, paragraph (c), a fine or conviction under subdivision 13 does not constitute grounds for revocation or suspension of a person's driver's license.

(d) A vehicle owner asserting a defense under paragraph (a), clause (7), must provide an accompanying sworn statement from the physician responsible for treatment of the underlying condition or emergency that necessitated medical attention.

(e) This subdivision applies to violations committed on or after August 1, 2025, and before August 1, 2029.

Sec. 52. **[169.147] TRAFFIC SAFETY CAMERA SYSTEM PILOT PROGRAM.**

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

(b) "Camera-based traffic enforcement" means enforcement of traffic control through the use of a red light camera system, speed limits through the use of a speed safety camera system, or both.

(c) "Commissioner" means the commissioner of transportation.

(d) "Commissioners" means the commissioner of transportation as the lead in coordination with the commissioner of public safety.

(e) "Implementing authority" means either:

(1) the commissioners with respect to trunk highways for the work zone pilot program provided under subdivision 17; or

(2) a local authority specified in paragraph (f) that implements the traffic safety camera system pilot program.

(f) "Local authority" means either the city of Minneapolis or the city of Mendota Heights, which are authorized to conduct the pilot program.

(g) "Monitoring site" means a location at which a traffic safety camera system is placed and operated under this section.

(h) "Pilot program" means the traffic safety camera pilot program established in this section.

(i) "Traffic enforcement agent" means a licensed peace officer or an employee of a local authority who is designated as provided in this section.

Subd. 2. **Pilot program establishment.** (a) In conformance with this section, the commissioner of transportation, in coordination with the commissioner of public safety, must establish a traffic safety camera

pilot program that provides for education and enforcement of speeding violations, traffic-control signal violations, or both in conjunction with use of traffic safety camera systems.

(b) The authority for camera-based traffic enforcement under the pilot program is limited to August 1, 2025, to July 31, 2029.

(c) Only the following may implement camera-based traffic enforcement under the pilot program:

(1) the commissioners, as provided under paragraph (d);

(2) the city of Minneapolis, as provided under paragraph (e); and

(3) the city of Mendota Heights.

(d) Under the pilot program, the commissioners must, beginning August 1, 2025, commence enforcement of speeding violations in trunk highway work zones as specified under subdivision 17.

(e) The city of Minneapolis is prohibited from implementing the pilot program or camera-based traffic enforcement through or in substantive coordination with the city's police department.

Subd. 3. **Local authority requirements.** Prior to implementation of camera-based traffic enforcement, a local authority must:

(1) incorporate both camera-based traffic enforcement and additional strategies designed to improve traffic safety in a local traffic safety action plan, transportation plan, or comprehensive plan; and

(2) review and ensure compliance with the requirements under this section.

Subd. 4. **Traffic safety camera system requirements.** (a) By July 1, 2025, the commissioners must establish traffic safety camera system standards that include:

(1) recording and data requirements as specified in subdivision 15;

(2) requirements for monitoring site signage in conformance with the requirements under subdivision 5, paragraph (b), clause (3);

(3) procedures for traffic safety camera system placement in conformance with the requirements under subdivision 6;

(4) training and qualification of individuals to inspect and calibrate a traffic safety camera system;

(5) procedures for initial calibration of the traffic safety camera system prior to deployment; and

(6) requirements for regular traffic safety camera system inspection and maintenance by a qualified individual.

(b) Prior to establishing the standards under paragraph (a), the commissioners must solicit review and comments and consider any comments received.

(c) An implementing authority must follow the requirements and standards established under this subdivision.

Subd. 5. **Public engagement and notice.** (a) The commissioner and each implementing authority must maintain information on their respective websites that, at a minimum:

(1) summarizes implementation of traffic safety camera systems under the pilot program;

(2) provides each camera system impact study performed by the implementing authority under subdivision 6, paragraph (b);

(3) provides information and procedures for a person to contest a citation under the pilot program; and

(4) identifies the enforcement locations under the pilot program.

(b) An implementing authority must:

(1) implement a general public engagement and information campaign prior to commencing camera-based speed enforcement under the pilot program;

(2) perform public engagement as part of conducting a camera system impact study under subdivision 6, paragraph (b); and

(3) place conspicuous signage prior to the motorist's arrival at each monitoring site, which must:

(i) notify motor vehicle operators of the use of a traffic safety camera system to detect violations; and

(ii) if a speed safety camera is in use, identify the speed limit.

(c) Public engagement under paragraph (b) must include but is not limited to:

(1) outreach to populations that are traditionally underrepresented in public policy or planning processes;

(2) consolidation and analysis of public feedback; and

(3) creation of an engagement summary that identifies public feedback and the resulting impacts on implementation of camera-based traffic enforcement.

Subd. 6. **Placement requirements.** (a) A local authority with fewer than 10,000 residents may place no more than one traffic safety camera system, whether the camera system is activated or inactive. A local authority with at least 10,000 residents may place no more than one traffic safety camera system per 10,000 residents, whether the camera system is activated or inactive. An implementing authority may move the location of a traffic safety camera system if the placement requirements under this subdivision are met.

(b) An implementing authority may only place a traffic safety camera system in conformance with the results of a camera system impact study. At a minimum, the study must:

(1) include evaluation of crash rates and severity, vehicle speed, equity, and traffic safety treatment alternatives;

(2) identify traffic safety camera system locations; and

(3) explain how the locations comply with the placement requirements under paragraph (d).

(c) An implementing authority may only place a traffic safety camera system:

(1) in a trunk highway work zone; or

(2) at a location that:

(i) is within 2,000 feet of (A) a public or nonpublic school, (B) a school zone established under section 169.14, subdivision 5a, or (C) a public or private postsecondary institution; and

(ii) has an identified traffic safety concern, as indicated by crash or law enforcement data, safety plans, or other documentation.

(d) An implementing authority that places more than one traffic safety camera system must ensure that the cameras are placed in geographically distinct areas and in multiple communities with differing socioeconomic conditions.

(e) An implementing authority may place a traffic safety camera system on a street or highway that is not under its jurisdiction only upon approval by the road authority that has jurisdiction.

Subd. 7. **Traffic-control devices.** (a) An implementing authority must not adjust the change interval for the steady yellow indication in a traffic-control signal:

(1) for one month prior to beginning to operate a red light camera system at the associated intersection; or

(2) during the period that the red light camera system is operated at the associated intersection.

(b) The yellow change interval for a traffic-control signal that is subject to paragraph (a) must meet or exceed the standards and guidance specified in the Manual on Uniform Traffic Control Devices adopted under section 169.06, subdivision 1.

(c) An implementing authority that adjusts the yellow change interval for a traffic-control signal at an intersection where a red light camera system is being operated must deactivate the red light camera system and subsequently meet the requirements under paragraph (a).

Subd. 8. **Traffic enforcement agents.** (a) To meet the requirement established in subdivision 2, paragraph (e), the city of Minneapolis must designate one or more permanent employees of the authority, who is not a licensed peace officer, as a traffic enforcement agent. An employee of a private entity may not be designated as a traffic enforcement agent. A traffic enforcement agent who is not a licensed peace officer has the authority to issue citations under this section only while engaged in job duties and otherwise has none of the other powers and privileges reserved to peace officers.

(b) The city of Mendota Heights must designate a sworn peace officer as a traffic enforcement agent.

(c) An implementing authority must ensure that a traffic enforcement agent is properly trained in the use of equipment and the requirements governing traffic safety camera implementation.

Subd. 9. **Citations; warnings.** (a) A traffic enforcement agent under the pilot program has the exclusive authority to issue a citation to the owner or lessee of a motor vehicle for (1) a violation under section 169.06, subdivision 10, and (2) a violation under section 169.14, subdivision 13.

(b) A traffic enforcement agent may only issue a citation if:

(1) the violation is committed at least 30 days after the relevant implementing authority has commenced camera-based traffic enforcement;

(2) with respect to speed limits, the speeding violation is at least ten miles per hour in excess of the speed limit; and

(3) a traffic enforcement agent has inspected and verified recorded images provided by the traffic safety camera system.

(c) An implementing authority must provide a warning for a traffic-control signal violation under section 169.06, subdivision 10, or a speeding violation under section 169.14, subdivision 13, for the period from (1) the date when camera-based traffic enforcement is first commenced, to (2) the date when citations are authorized under paragraph (b), clause (1).

(d) Notwithstanding section 169.022, an implementing authority may specify a speed in excess of the speed limit that is higher than the amount specified in paragraph (b), clause (2), at which to proceed with issuance of a citation.

(e) A citation may be issued through the United States mail if postmarked within: (1) 14 days of the violation for a vehicle registered in Minnesota; or (2) 30 days of the violation for a vehicle registered outside of Minnesota. Section 168.346, subdivision 2, applies to a private entity that provides citation mailing services under this section.

Subd. 10. **Uniform citation.** (a) There must be a uniform traffic safety camera citation issued throughout the state by a traffic enforcement agent for a violation as provided under this section. The uniform traffic safety camera citation is in the form and has the effect of a summons and complaint.

(b) The commissioner of public safety must prescribe the detailed form of the uniform traffic safety camera citation. As appropriate, the citation design must conform with the requirements for a uniform traffic ticket under section 169.99, subdivisions 1 and 1d. The citation design must include:

(1) a brief overview of the pilot program and implementation of traffic safety camera systems;

(2) a summary of the circumstances of the citation that includes identification of the motor vehicle involved, the date and time of the violation, and the location where the violation occurred;

(3) copy of the recorded image or primary images used to identify a violation;

(4) a notification that the recorded images under clause (3) are evidence of a violation under section 169.06, subdivision 10, or 169.14, subdivision 13;

(5) a statement signed by the traffic enforcement agent who issued the citation stating that the agent has inspected the recorded images and determined that the violation occurred in the specified motor vehicle;

(6) a summary of the limitations under sections 169.06, subdivision 11, and 169.14, subdivision 14;

(7) notification that an owner is ineligible for diversion if the violation was committed by a holder of a class A, B, or C commercial driver's license or commercial driver learner's permit, without regard to whether the violation was committed in a commercial motor vehicle or another vehicle;

(8) information on the diversion and traffic safety course eligibility and requirements under sections 169.06, subdivision 10, paragraph (b), and 169.14, subdivision 13, paragraph (b);

(9) the total amount of the fine imposed;

(10) a notification that the person has the right to contest the citation;

(11) information on the process and procedures for a person to contest the citation; and

(12) a statement that payment of the fine constitutes a plea of guilty and failure to appear in court is considered a plea of guilty, as provided under section 169.91.

(c) The commissioner of public safety must make the information required under paragraph (b) available in languages that are commonly spoken in the state and in each area in which a local authority has implemented camera-based traffic enforcement.

Subd. 11. **Traffic safety course.** (a) The commissioners must establish a traffic safety course that provides at least 30 minutes of instruction on speeding, traffic-control signals, and other traffic safety topics. The curriculum must include safety risks associated with speed and speeding in school zones and work zones.

(b) The commissioners must not impose a fee for an individual who is authorized to attend the course under sections 169.06, subdivision 10, and 169.14, subdivision 13.

Subd. 12. **Third-party agreements.** (a) An implementing authority may enter into agreements with a private entity for operations, services, or equipment under this section. Payment under a contract with a private entity must not be based on the number of violations, citations issued, or other similar means.

(b) An implementing authority that enters into a third-party agreement under this subdivision must perform a data practices audit of the private entity to confirm compliance with the requirements under subdivisions 14 to 16 and chapter 13. An audit must be undertaken at least every other year.

Subd. 13. **Use of revenue.** (a) Revenue from citations received by an implementing authority that is attributable to camera-based traffic enforcement must be allocated as follows:

(1) first as necessary to provide for implementation costs, which may include but are not limited to procurement and installation of traffic safety camera systems, traffic safety planning, and public engagement; and

(2) the remainder for traffic safety measures that perform traffic calming.

(b) The amount expended under paragraph (a), clause (2), must supplement and not supplant existing expenditures for traffic safety.

Subd. 14. **Data practices; general requirements.** (a) All data collected by a traffic safety camera system are private data on individuals as defined in section 13.02, subdivision 12, or nonpublic data as defined in section 13.02, subdivision 9, unless the data are public under section 13.82, subdivision 2, 3, or 6, or are criminal investigative data under section 13.82, subdivision 7.

(b) An agreement with a private entity and an implementing authority pursuant to subdivision 12 is subject to section 13.05, subdivisions 6 and 11.

(c) A private entity must use the data gathered under this section only for purposes of camera-based traffic enforcement under the pilot program and must not share or disseminate the data with an entity other than the appropriate implementing authority, except pursuant to a court order. Nothing in this subdivision prevents a private entity from sharing or disseminating summary data, as defined in section 13.02, subdivision 19.

(d) Traffic safety camera system data are not subject to subpoena, discovery, or admission into evidence in any prosecution, civil action, or administrative process that is not taken pursuant to section 169.06, subdivision 10, or 169.14, subdivision 13.

Subd. 15. **Data practices; traffic safety camera system.** A traffic safety camera system:

(1) is limited to collection of the following data:

(i) recorded video or images of the rear license plate of a motor vehicle;

(ii) recorded video or images of motor vehicles and areas surrounding the vehicles to the extent necessary to (A) identify a violation of a traffic-control device, or (B) calculate vehicle speeds;

(iii) date, time, and vehicle location that correlates to the data collected under item (i) or (ii); and

(iv) general traffic data:

(A) collected specifically for purposes of pilot program analysis and evaluation;

(B) that does not include recorded video or images;

(C) in which individuals or unique vehicles are not identified; and

(D) from which an individual or unique vehicle is not ascertainable;

(2) must not record in a manner that makes any individual personally identifiable, including but not limited to the motor vehicle operator or occupants; and

(3) may only record or retain the data specified in clause (1), items (i) to (iii), if the traffic safety camera system identifies an appropriate potential violation for review by a traffic enforcement agent.

Subd. 16. **Data practices; destruction of data.** (a) Notwithstanding section 138.17, and except as otherwise provided in this subdivision, data collected by a traffic safety camera system must be destroyed within 30 days of the date of collection unless the data are criminal investigative data under section 13.82, subdivision 7, related to a violation of a traffic-control signal or a speed limit.

(b) Upon written request to a law enforcement agency from an individual who is the subject of a pending criminal charge or complaint, along with the case or complaint number and a statement that the data may be used as exculpatory evidence, data otherwise subject to destruction under paragraph (a) must be preserved by the law enforcement agency until the charge or complaint is resolved or dismissed.

(c) Upon written request from a program participant under chapter 5B, data collected by a traffic safety camera system related to the program participant must be destroyed at the time of collection or upon receipt of the request, whichever occurs later, unless the data are active criminal investigative data. The existence of a request submitted under this paragraph is private data on individuals as defined in section 13.02, subdivision 12.

(d) Notwithstanding section 138.17, data collected by a traffic safety camera system must be destroyed within three years of the resolution of a citation issued pursuant to this section.

(e) The destruction requirements under this subdivision do not apply to: (1) general traffic data as provided under subdivision 15, clause (1), item (iv); and (2) data that identifies the number of warnings or citations issued to an individual under this section.

Subd. 17. **Work zone pilot project.** (a) By August 1, 2025, the commissioners must implement a speed safety camera pilot project that provides for education of speeding violations in conjunction with the development and study of the use of speed safety camera systems.

(b) The commissioners must issue a warning for a violation of section 169.14, subdivision 13, captured by a speed safety camera system and must not impose any fine for a second or subsequent violation.

(c) The warning issued by the commissioners must include easily understandable information on speeding, traffic-control signals, and other safety risks associated with speed and speeding in work zones.

(d) The commissioner must establish an implementation schedule that begins commencement of camera-based traffic enforcement on at least two, but no more than four, trunk highway work zone segments by August 1, 2025. The commissioners may select different trunk highway work zones. The commissioners must conduct the work zone pilot project in geographically diverse areas and must consider traffic patterns, work zone accident rates, historic speed enforcement and citation rates, and other factors to study further deployment of speed camera systems in additional work zones.

(e) By July 1, 2025, the commissioners of transportation and public safety must establish standards, schedules, curricula, and requirements for camera-based traffic enforcement in a trunk highway work zone.

(f) The authority for the work zone pilot project is limited to August 1, 2025, to July 31, 2029.

Subd. 18. **Exempt from rulemaking.** Rules adopted to implement this section are exempt from rulemaking under chapter 14 and are not subject to exempt rulemaking procedures under section 14.386.

Subd. 19. **Expiration.** This section expires July 31, 2029.

Sec. 53. Minnesota Statutes 2022, section 169.18, is amended by adding a subdivision to read:

Subd. 13. **Impeding motorcycle.** An operator of a motor vehicle must not intentionally impede or attempt to prevent the operation of a motorcycle when the motorcycle is operated under the conditions specified in section 169.974, subdivision 5, paragraph (g).

EFFECTIVE DATE. This section is effective July 1, 2025, for violations committed on or after that date.

Sec. 54. Minnesota Statutes 2022, section 169.21, subdivision 6, is amended to read:

Subd. 6. **Driver education ~~curriculum~~; vulnerable road users.** The ~~class D curriculum, in addition to driver education classroom curriculum prescribed in rules of statutes for class D motor vehicles, must include instruction on~~ commissioner must adopt rules for persons enrolled in driver education programs offered at public schools, private schools, and commercial driver training schools to require inclusion of a section on vulnerable road users in the course of instruction. The instruction must include information on:

(1) the rights and responsibilities of vulnerable road users, as defined in section 169.011, subdivision 92b;

(2) the specific duties of a driver when encountering a bicycle, other nonmotorized vehicles, or a pedestrian~~.~~;

(3) safety risks for vulnerable road users and motorcyclists or other operators of two- or three-wheeled vehicles; and

(4) best practices to minimize dangers and avoid collisions with vulnerable road users and motorcyclists or other operators of two- or three-wheeled vehicles.

Sec. 55. Minnesota Statutes 2022, section 169.222, subdivision 2, is amended to read:

Subd. 2. **Manner and number riding.** ~~No bicycle, including a tandem bicycle, cargo or utility bicycle, or trailer, shall be used to carry more persons at one time than the number for which it is designed and equipped, except an adult rider may carry a child in a seat designed for carrying children that is securely attached to the bicycle.~~ (a) For purposes of this subdivision,"bicycle" includes a tandem bicycle, electric-assisted bicycle, cargo or utility bicycle, or trailer.

(b) No person may operate a bicycle while carrying more than the number of riders for which the bicycle is designed or equipped.

(c) Notwithstanding paragraph (b), an adult bicycle operator may carry a child in a trailer or seat designed for carrying children that is securely attached to a bicycle.

Sec. 56. Minnesota Statutes 2022, section 169.222, subdivision 6a, is amended to read:

Subd. 6a. **Electric-assisted bicycle; riding rules.** (a) A person may operate an electric-assisted bicycle in the same manner as provided for operation of other bicycles, including but not limited to operation on the shoulder of a roadway, a bicycle lane, and a bicycle route, and operation without the motor engaged on a bikeway or bicycle trail.

(b) A person may operate a class 1 or class 2 electric-assisted bicycle with the motor engaged on a bicycle path, bicycle trail, or shared use path unless prohibited under section 85.015, subdivision 1d; 85.018, subdivision 2, paragraph (d); or 160.263, subdivision 2, paragraph (b), as applicable.

(c) A person may operate a class 3 electric-assisted bicycle or multiple mode electric-assisted bicycle with the motor engaged on a bicycle path, bicycle trail, or shared use path unless the local authority or state agency having jurisdiction over the bicycle path or trail prohibits the operation.

(d) The local authority or state agency having jurisdiction over a trail or over a bike park that is designated as nonmotorized and that has a natural surface tread made by clearing and grading the native soil with no added surfacing materials may regulate the operation of an electric-assisted bicycle.

(e) ~~No~~ A person under the age of 15 ~~shall~~ must not operate an electric-assisted bicycle.

Sec. 57. Minnesota Statutes 2022, section 169.222, subdivision 6b, is amended to read:

Subd. 6b. **Electric-assisted bicycle; equipment.** (a) The manufacturer or distributor of an electric-assisted bicycle must apply a label to the bicycle that is permanently affixed in a prominent location. The label must contain the ~~classification~~ class number, top assisted speed, and motor wattage of the electric-assisted bicycle, and must be printed in a legible font with at least 9-point type. A multiple mode electric-assisted bicycle must have labeling that identifies the highest class or each of the electric-assisted bicycle classes in which it is capable of operating.

(b) A person must not modify an electric-assisted bicycle to change the motor-powered speed capability or motor engagement so that the bicycle no longer meets the requirements for the applicable class, unless:

(1) the person replaces the label required in paragraph (a) with revised information~~.~~; or

(2) for a vehicle that no longer meets the requirements for any electric-assisted bicycle class, the person removes the labeling as an electric-assisted bicycle.

(c) An electric-assisted bicycle must operate in a manner so that the electric motor is disengaged or ceases to function ~~when the rider stops pedaling or~~: (1) when the brakes are applied; or (2) except for a class 2 electric-assisted bicycle or a multiple mode electric-assisted bicycle operating in class 2 mode, when the rider stops pedaling.

(d) A class 3 electric-assisted bicycle or multiple mode electric-assisted bicycle must be equipped with a speedometer that displays the speed at which the bicycle is traveling in miles per hour.

(e) A multiple mode electric-assisted bicycle equipped with a throttle must not be capable of exceeding 20 miles per hour on motorized propulsion alone in any mode when the throttle is engaged.

Sec. 58. Minnesota Statutes 2023 Supplement, section 169.223, subdivision 4, is amended to read:

Subd. 4. **Headlight requirement.** The provisions of section 169.974, subdivision 5, paragraph ~~(i)~~ (k), apply to motorized bicycles that are equipped with headlights. A new motorized bicycle sold or offered for sale in Minnesota must be equipped with a headlight.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 59. Minnesota Statutes 2022, section 169.346, subdivision 2, is amended to read:

Subd. 2. **Disability parking space signs.** (a) Parking spaces reserved for physically disabled persons must be designated and identified by the posting of signs incorporating the international symbol of access in white on blue and indicating that violators are subject to a fine of up to $200. These parking spaces are reserved for disabled persons with motor vehicles displaying the required certificate, plates, permit valid for 30 days, or insignia.

(b) For purposes of this subdivision, a parking space that is clearly identified as reserved for physically disabled persons by a permanently posted sign that does not meet all design standards, is considered designated and reserved for physically disabled persons. A sign posted for the purpose of this section must be visible from inside a motor vehicle parked in the space, be kept clear of snow or other obstructions which block its visibility, and be nonmovable.

(c) By August 1, 2024, the Minnesota Council on Disability must select and propose a statewide uniform disability parking space sign that is consistent with the Americans with Disabilities Act. The selected and proposed sign must not display any variation of the word "handicapped." As part of selecting and proposing a statewide uniform disability parking space sign, the Minnesota Council on Disability may encourage owners or managers of property to replace existing disability parking space signs at the owner's earliest opportunity once the sign is made available for distribution.

(d) Beginning on August 1, 2025, an applicable owner or manager of property on which a disability parking sign may be located must install and display the new uniform disability parking sign required in paragraph (c) at:

(1) newly created on-site parking facilities; and

(2) existing on-site parking facilities when the manager or owner replaces existing disability parking space signs.

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

Sec. 60. **[169.515] LIGHTS ON GRANT PROGRAM.**

Subdivision 1. **Definition.** For purposes of this section, "high poverty area" means a census tract as reported in the most recently completed decennial census published by the United States Bureau of the Census that has a poverty area rate of at least 20 percent or in which the median family income does not exceed 80 percent of the greater of the statewide or metropolitan median family income.

Subd. 2. **Grant program established.** The Lights On grant program is established under this section to provide drivers on Minnesota roads with vouchers of up to $250 to use at participating auto repair shops to repair or replace broken or malfunctioning lighting equipment required under sections 169.49 to 169.51.

Subd. 3. **Eligibility.** Counties, cities, towns, the State Patrol, and local law enforcement agencies, including law enforcement agencies of a federally recognized Tribe, as defined in United States Code, title 25, section 5304(e), are eligible to apply for grants under this section.

Subd. 4. **Application.** (a) The commissioner of public safety must develop application materials and procedures for the Lights On grant program.

(b) The application must describe the type or types of intended vouchers, the amount of money requested, and any other information deemed necessary by the commissioner.

(c) Applicants must submit an application under this section in the form and manner prescribed by the commissioner.

(d) Applicants must describe how grant money will be used to provide and distribute vouchers to drivers.

Subd. 5. **Use of grant award.** (a) Applicants must keep records of vouchers distributed and records of all expenses associated with awarded grant money.

(b) Applicants must not use awarded grant money for administrative costs. A nonstate organization that contracts with the commissioner to operate the program must not retain any of the grant money for administrative costs.

Subd. 6. **Vouchers.** (a) An applicant must not distribute more than one voucher per motor vehicle in a 90-day period.

(b) A voucher that is distributed to a driver must contain the following information:

(1) the motor vehicle license plate number;

(2) the date of issuance; and

(3) the badge number of the peace officer distributing the voucher.

Subd. 7. **Grant criteria.** Preference for grant awards must be given to applicants whose proposals provide resources and vouchers to individuals residing in geographic areas that (1) have higher crash rates or higher numbers of tickets issued for broken or malfunctioning lighting equipment, or (2) are high poverty areas.

Subd. 8. **Reporting.** (a) By February 1 each year, grant recipients must submit a report to the commissioner itemizing all expenditures made using grant money during the previous calendar year, the purpose of each expenditure, and the disposition of each contact made with drivers with malfunctioning or broken lighting equipment. The report must be in the form and manner prescribed by the commissioner.

(b) By March 15 each year, the commissioner must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance. The report must list, for the previous calendar year:

(1) the participating grant recipients and the total number and dollar amount of vouchers that each grant recipient distributed; and

(2) the participating auto repair shops and the total number and dollar amount of vouchers that each received.

Grant recipients and any program organization contracted by the commissioner must provide information as requested by the commissioner to complete the report required under this paragraph.

Sec. 61. Minnesota Statutes 2022, section 169.974, subdivision 5, is amended to read:

Subd. 5. **Driving rules.** (a) An operator of a motorcycle must ride only upon a permanent and regular seat which is attached to the vehicle for that purpose. No other person ~~shall~~ may ride on a motorcycle, except that passengers may ride (1) upon a permanent and regular operator's seat if designed for two persons, (2) upon additional seats attached to or in the vehicle, or (3) in a sidecar attached to the vehicle. The operator of a motorcycle is prohibited from carrying passengers in a number in excess of the designed capacity of the motorcycle or sidecar attached to it. A passenger is prohibited from being carried in a position that interferes with the safe operation of the motorcycle or the view of the operator.

(b) No person ~~shall~~ may ride upon a motorcycle as a passenger unless the person can reach the footrests or floorboards with both feet.

(c) Except for passengers of sidecars, drivers and passengers of three-wheeled motorcycles, and persons in an autocycle, no person ~~shall~~ may operate or ride upon a motorcycle except while sitting astride the seat, facing forward, with one leg on either side of the motorcycle.

(d) No person ~~shall~~ may operate a motorcycle while carrying animals, packages, bundles, or other cargo ~~which~~ that prevent the person from keeping both hands on the handlebars.

(e) ~~No person shall operate a motorcycle between lanes of moving or stationary vehicles headed in the same direction, nor shall any person drive a motorcycle abreast of or overtake or pass another vehicle within the same traffic lane.~~ Motorcycles may, with the consent of both drivers, be operated not more than two abreast in a single traffic lane if the vehicles fit safely within the designated space of the lane.

(f) Except under the conditions specified in paragraph (g), no person may operate a motorcycle:

(1) between lanes of moving or stationary vehicles headed in the same direction of travel;

(2) abreast of moving or stationary vehicles within the same traffic lane; or

(3) to overtake or pass another vehicle within the same traffic lane.

(g) A person may operate a motorcycle and overtake and pass another vehicle in the same direction of travel and within the same traffic lane if the motorcycle is operated:

(1) at not more than 25 miles per hour; and

(2) no more than 15 miles per hour over the speed of traffic in the relevant traffic lanes.

(h) Motor vehicles including motorcycles are entitled to the full use of a traffic lane and no motor vehicle may be driven or operated in a manner so as to deprive a motorcycle of the full use of a traffic lane.

~~(g)~~ (i) A person operating a motorcycle upon a roadway must be granted the rights and is subject to the duties applicable to a motor vehicle as provided by law, except as to those provisions which by their nature can have no application.

~~(h) Paragraph (e)~~ (j) Paragraphs (e) and (f) of this subdivision ~~does~~ do not apply to police officers in the performance of their official duties.

~~(i)~~ (k) No person ~~shall~~ may operate a motorcycle on a street or highway unless the headlight or headlights are lighted at all times the motorcycle is so operated.

~~(j)~~ (l) A person parking a motorcycle on the roadway of a street or highway must:

(1) if parking in a marked parking space, park the motorcycle completely within the marked space; and

(2) park the motorcycle in such a way that the front of the motorcycle is pointed or angled toward the nearest lane of traffic to the extent practicable and necessary to allow the operator to (i) view any traffic in both directions of the street or highway without having to move the motorcycle into a lane of traffic and without losing balance or control of the motorcycle, and (ii) ride the motorcycle forward and directly into a lane of traffic when the lane is sufficiently clear of traffic.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 62. Minnesota Statutes 2022, section 169.99, subdivision 1, is amended to read:

Subdivision 1. **Form.** (a) Except as provided in subdivision 3~~,~~; section 169.147, subdivision 8; and section 169.999, subdivision 3, there shall be a uniform ticket issued throughout the state by the police and peace officers or by any other person for violations of this chapter and ordinances in conformity thereto. Such uniform traffic ticket shall be in the form and have the effect of a summons and complaint. Except as provided in paragraph (b), the uniform ticket shall state that if the defendant fails to appear in court in response to the ticket, an arrest warrant may be issued. The uniform traffic ticket shall consist of four parts, on paper sensitized so that copies may be made without the use of carbon paper, as follows:

(1) the complaint, with reverse side for officer's notes for testifying in court, driver's past record, and court's action, printed on white paper;

(2) the abstract of court record for the Department of Public Safety, which shall be a copy of the complaint with the certificate of conviction on the reverse side, printed on yellow paper;

(3) the police record, which shall be a copy of the complaint and of the reverse side of copy (1), printed on pink paper; and

(4) the summons, with, on the reverse side, such information as the court may wish to give concerning the Traffic Violations Bureau, and a plea of guilty and waiver, printed on off-white tag stock.

(b) If the offense is a petty misdemeanor, the uniform ticket must state that a failure to appear will be considered a plea of guilty and waiver of the right to trial, unless the failure to appear is due to circumstances beyond the person's control.

EFFECTIVE DATE. This section is effective August 1, 2025, and expires August 1, 2029.

Sec. 63. Minnesota Statutes 2022, section 171.01, is amended by adding a subdivision to read:

Subd. 45c. **Residence address and permanent mailing address.** "Residence address" and "permanent mailing address" mean, for purposes of a driver's license or Minnesota identification card, the postal address of the permanent domicile within this state where an individual:

(1) resides;

(2) intends to reside within 30 calendar days after the date of application; or

(3) intends to return whenever absent.

EFFECTIVE DATE. This section is effective October 1, 2024, for applications on or after that date.

Sec. 64. Minnesota Statutes 2022, section 171.01, is amended by adding a subdivision to read:

Subd. 48e. **Temporary mailing address.** "Temporary mailing address" means the mailing address of any place where a person regularly or occasionally stays and may receive mail in their name other than the person's residence address. A temporary mailing address does not include the designated address under section 5B.05.

EFFECTIVE DATE. This section is effective October 1, 2024, for applications on or after that date.

Sec. 65. Minnesota Statutes 2023 Supplement, section 171.06, subdivision 3, is amended to read:

Subd. 3. **Contents of application; other information.** (a) An application must:

(1) state the full name, date of birth, sex, and either (i) the residence address of the applicant, or (ii) designated address under section 5B.05;

(2) as may be required by the commissioner, contain a description of the applicant and any other facts pertaining to the applicant, the applicant's driving privileges, and the applicant's ability to operate a motor vehicle with safety;

(3) state:

(i) the applicant's Social Security number; or

(ii) if the applicant does not have a Social Security number and is applying for a Minnesota identification card, instruction permit, or class D provisional or driver's license, that the applicant elects not to specify a Social Security number;

(4) contain a notification to the applicant of the availability of a living will/health care directive designation on the license under section 171.07, subdivision 7;

(5) include a method for the applicant to:

(i) request a veteran designation on the license under section 171.07, subdivision 15, and the driving record under section 171.12, subdivision 5a;

(ii) indicate a desire to make an anatomical gift under subdivision 3b, paragraph (e);

(iii) as applicable, designate document retention as provided under section 171.12, subdivision 3c;

(iv) indicate emergency contacts as provided under section 171.12, subdivision 5b;

(v) indicate the applicant's race and ethnicity; ~~and~~

(vi) indicate caretaker information as provided under section 171.12, subdivision 5c; and

(vii) indicate a temporary mailing address separate from the applicant's residence address listed on the identification card or license; and

(6) meet the requirements under section 201.161, subdivision 3.

(b) Applications must be accompanied by satisfactory evidence demonstrating:

(1) identity, date of birth, and any legal name change if applicable; and

(2) for driver's licenses and Minnesota identification cards that meet all requirements of the REAL ID Act:

(i) principal residence address in Minnesota, including application for a change of address, unless the applicant provides a designated address under section 5B.05;

(ii) Social Security number, or related documentation as applicable; and

(iii) lawful status, as defined in Code of Federal Regulations, title 6, section 37.3.

(c) An application for an enhanced driver's license or enhanced identification card must be accompanied by:

(1) satisfactory evidence demonstrating the applicant's full legal name and United States citizenship; and

(2) a photographic identity document.

(d) A valid Department of Corrections or Federal Bureau of Prisons identification card containing the applicant's full name, date of birth, and photograph issued to the applicant is an acceptable form of proof of identity in an application for an identification card, instruction permit, or driver's license as a secondary document for purposes of Minnesota Rules, part 7410.0400, and successor rules.

(e) An application form must not provide for identification of (1) the accompanying documents used by an applicant to demonstrate identity, or (2) except as provided in paragraphs (b) and (c), the applicant's citizenship, immigration status, or lawful presence in the United States. The commissioner and a driver's license agent must not inquire about an applicant's citizenship, immigration status, or lawful presence in the United States, except as provided in paragraphs (b) and (c).

(f) If an applicant designates a temporary mailing address under paragraph (a), clause (5), item (vii), the commissioner must use the temporary mailing address in lieu of the applicant's residence address for delivery of the driver's license or identification card. The commissioner must send all other correspondence to the applicant's residence address. Nothing in this paragraph or paragraph (a), clause (5), item (vii), may be construed to modify or remove proof of residency requirements at the time of application for an initial driver's permit, driver's license, or identification card.

EFFECTIVE DATE. This section is effective October 1, 2024, for applications on or after that date.

Sec. 66. Minnesota Statutes 2022, section 171.06, subdivision 3b, is amended to read:

Subd. 3b. **Information for applicants.** (a) The commissioner must develop summary information on identity document options. The summary information must be available on the department's website and at every location where a person may apply for an enhanced, REAL ID compliant, or noncompliant driver's license or identification card.

(b) The summary information must, at a minimum, include:

(1) each available type of driver's license and Minnesota identification card, including a noncompliant license or identification card, an enhanced driver's license, and an enhanced identification card;

(2) the official purposes of and limitations on use for each type of driver's license and Minnesota identification card; and

(3) an overview of data shared outside the state, including through electronic validation or verification systems, as part of the application and issuance of each type.

(c) The commissioner must ensure that the summary information is available to driver's license and identification card applicants. Renewal notifications mailed to driver's license and identification card holders must include the website address that displays the summary information.

(d) An applicant for an enhanced or noncompliant license or identification card must sign an acknowledgment that the applicant understands the limitations on use of the license or card.

(e) If the applicant does not indicate a desire to make an anatomical gift when the application is made, the applicant must be offered a donor document in accordance with section 171.07, subdivision 5. The application must contain statements sufficient to comply with the requirements of the Darlene Luther Revised Uniform Anatomical Gift Act, chapter 525A, so that execution of the application or donor document will make the anatomical gift as provided in section 171.07, subdivision 5, for those indicating a desire to make an anatomical gift. The application must be accompanied by information describing Minnesota laws regarding anatomical gifts and the need for and benefits of anatomical gifts, and the legal implications of making an anatomical gift, including the law governing revocation of anatomical gifts. The commissioner shall distribute a notice that must accompany all applications for and renewals of a driver's license or Minnesota identification card. The notice must be prepared in conjunction with a Minnesota organ procurement organization that is certified by the federal Department of Health and Human Services and must include:

(1) a statement that provides a fair and reasonable description of the organ donation process, the care of the donor body after death, and the importance of informing family members of the donation decision; and

(2) a telephone number in a certified Minnesota organ procurement organization that may be called with respect to questions regarding anatomical gifts.

(f) The application must be accompanied also by information containing relevant facts relating to:

(1) the effect of alcohol on driving ability;

(2) the effect of mixing alcohol with drugs;

(3) the laws of Minnesota relating to operation of a motor vehicle while under the influence of alcohol or a controlled substance; and

(4) the levels of alcohol-related fatalities and accidents in Minnesota and of arrests for alcohol-related violations.

(g) The commissioner must provide information on the department's website about the option for an applicant to designate a temporary mailing address. The information on the department's website must:

(1) be easily accessible and address frequently asked questions;

(2) detail the department's requirements for the use of a temporary mailing address;

(3) compare the use of a temporary mailing address to the use of an applicant's residence address; and

(4) clarify that a driver's license or identification card will not be delivered to a forwarded mail address.

EFFECTIVE DATE. This section is effective October 1, 2024, for applications on or after that date.

Sec. 67. Minnesota Statutes 2022, section 171.061, is amended by adding a subdivision to read:

Subd. 5a. **Competitive bidding.** (a) Notwithstanding any statute or rule to the contrary, if a driver's license agent appointed under this section permanently stops offering services at the approved office location and permanently closes the approved office location, the commissioner must use a competitive bidding process for the appointment of a replacement driver's license agent. If available, the replacement driver's license agent appointed by the commissioner under this section must continue to offer services at the approved office location. If the existing office location is not available to the replacement driver's license agent, the replacement office location must be at a location that must be approved by the commissioner and must serve a similar service area as the existing office location.

(b) The commissioner must not give a preference to a partner, owner, manager, or employee of the driver's license agent that has permanently stopped offering services at the closed office location in a competitive bidding process.

(c) The commissioner must adopt rules to administer and enforce a competitive bidding process to select a replacement driver's license agent. If the replacement driver's license agent elects to not offer services at the office location of the prior agent, Minnesota Rules, chapter 7404, governing the selection of a proposed office location of a driver's license agent, applies.

EFFECTIVE DATE. This section is effective October 1, 2025.

Sec. 68. Minnesota Statutes 2023 Supplement, section 171.0705, subdivision 2, is amended to read:

Subd. 2. **Driver's manual; ~~bicycle traffic~~ vulnerable road users.** The commissioner ~~shall~~ must include in ~~each edition of~~ the driver's manual published by the department a section relating to vulnerable road users and motorcyclists or operators of two- or three-wheeled vehicles that, at a minimum, includes:

(1) bicycle traffic laws, including any changes in the law which affect bicycle traffic~~.~~;

(2) traffic laws related to pedestrians and pedestrian safety; and

(3) traffic laws related to motorcycles, autocycles, motorized bicycles, motorized foot scooters, and electric personal assistive mobility devices.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to each edition of the manual published on or after that date.

Sec. 69. Minnesota Statutes 2022, section 171.12, is amended by adding a subdivision to read:

Subd. 6a. **Driving record; traffic safety camera system.** (a) Except as provided in paragraph (b), the commissioner must not record on an individual's driving record any violation of:

(1) a traffic-control signal under section 169.06, subdivision 10; or

(2) a speed limit under section 169.14, subdivision 13.

(b) This subdivision does not apply to:

(1) a violation that occurs in a commercial motor vehicle; or

(2) a violation committed by a holder of a class A, B, or C commercial driver's license or commercial driver learner's permit, without regard to whether the violation was committed in a commercial motor vehicle or another vehicle.

(c) This subdivision applies to violations committed on or after August 1, 2025, and before August 1, 2029.

Sec. 70. Minnesota Statutes 2022, section 171.13, subdivision 9, is amended to read:

Subd. 9. **Online driver's license knowledge testing authorization.** (a) The commissioner must implement online knowledge testing as provided in this subdivision. The commissioner must not charge a fee to a driver education program or an authorized entity for access to the online knowledge testing system or for administering the online knowledge test. ~~The commissioner must administer the fourth or subsequent knowledge test for a person.~~

(b) Upon written request from a driver education program licensed by the department, the commissioner must grant access to the department's web-based knowledge testing system to the driver education program. Once granted access to the online knowledge testing system, a driver education program may administer the online knowledge test to a student of the program.

(c) An entity other than a driver education program may apply to the commissioner for authority to administer online knowledge tests. The commissioner may approve or disapprove an application for administering the online knowledge tests under this paragraph. Upon approving an application of an entity, the commissioner must grant access to the department's web-based knowledge testing system to that authorized entity. Once granted access to the online knowledge testing system, the authorized entity may administer the online knowledge test.

(d) A driver education program or authorized entity:

(1) must provide all computers and equipment for persons that take the online knowledge test;

(2) must provide appropriate proctors to monitor persons taking the online knowledge test; and

(3) may charge a fee of no more than $10 for administering the online knowledge test.

(e) For purposes of paragraph (d), clause (2), a proctor must be:

(1) an employee of the driver education program, authorized entity, or a state or local government;

(2) a driver's license agent; or

(3) a classroom teacher, school administrator, or paraprofessional at a public or private school, excluding a home school.

The proctor must be physically present at the location where the test is being administered. A proctor must not be a relative of the person taking the test. For purposes of this paragraph, a relative is a spouse, fiancee, fiance, grandparent, parent, child, sibling, or legal guardian, including adoptive, half, step, and in-law relationships.

EFFECTIVE DATE. This section is effective August 1, 2025.

Sec. 71. Minnesota Statutes 2022, section 171.16, subdivision 3, is amended to read:

Subd. 3. **Failure to pay fine.** The commissioner is prohibited from suspending a person's driver's license based solely on the fact that a person:

(1) has been convicted of:

(i) violating a law of this state or an ordinance of a political subdivision which regulates the operation or parking of motor vehicles~~,~~;

(ii) a violation under section 169.06, subdivision 10; or

(iii) a violation under section 169.14, subdivision 13;

(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.

Sec. 72. Minnesota Statutes 2023 Supplement, section 171.301, subdivision 3, is amended to read:

Subd. 3. **Fees prohibited.** (a) For a reintegration driver's license under this section:

(1) the commissioner must not impose:

(i) a fee, surcharge, or filing fee under section 171.06, subdivision 2; ~~or~~

(ii) a reinstatement fee under sections 171.20, subdivision 4, and 171.29, subdivision 2; or

(iii) an endorsement fee under section 171.06, subdivision 2a; and

(2) a driver's license agent must not impose a filing fee under section 171.061, subdivision 4.

(b) Issuance of a reintegration driver's license does not forgive or otherwise discharge any unpaid fees or fines.

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

Sec. 73. Minnesota Statutes 2023 Supplement, section 171.301, subdivision 6, is amended to read:

Subd. 6. **Issuance of regular driver's license.** (a) Notwithstanding any statute or rule to the contrary, the commissioner must issue a REAL ID-compliant or noncompliant license to a person who possesses a reintegration driver's license if:

(1) the person has possessed the reintegration driver's license for at least one full year;

(2) the reintegration driver's license has not been canceled under subdivision 4 and has not expired under subdivision 5;

(3) the person meets the application requirements under section 171.06, including payment of the applicable fees, surcharge, and filing fee under sections 171.06, subdivisions 2 and 2a, and 171.061, subdivision 4; and

(4) issuance of the license does not conflict with the requirements of the nonresident violator compact.

(b) The commissioner must forgive any outstanding balance due on a reinstatement fee or surcharge under ~~section~~ sections 171.20, subdivision 4, and 171.29, subdivision 2, for a person who is eligible and applies for a license under paragraph (a).

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

Sec. 74. Minnesota Statutes 2022, section 174.02, is amended by adding a subdivision to read:

Subd. 11. **Tribal worksite training program.** The commissioner must establish a Tribal worksite training program for state-funded construction projects. The commissioner may enter into an agreement with any private, public, or Tribal entity for the planning, designing, developing, and hosting of the program. The commissioner must not use trunk highway funds for the worksite training program if the state-funded construction project is not a highway construction project.

Sec. 75. Minnesota Statutes 2022, section 174.185, subdivision 2, is amended to read:

Subd. 2. **Required analysis.** For each project in the reconditioning, resurfacing, and road repair funding categories, the commissioner ~~shall~~ must perform a life-cycle cost analysis and ~~shall~~ document the lowest life-cycle costs and all alternatives considered. The commissioner ~~shall~~ must document the chosen pavement strategy and, if the lowest life cycle is not selected, document the justification for the chosen strategy. ~~A life-cycle cost analysis is required for projects to be constructed after July 1, 2011.~~

Sec. 76. Minnesota Statutes 2022, section 174.185, is amended by adding a subdivision to read:

Subd. 2a. **Review and collaboration.** (a) Before finalizing a pavement selection, the commissioner must post a draft of the life-cycle cost analysis and the draft pavement selection on the department's Office of Materials and Road Research website for 21 days. During this period, the commissioner must allow industry association representatives to submit questions and comments. The commissioner must collaborate with the person who submitted the question or comment, where necessary, to ensure the commissioner fully understands the question or comment. The commissioner must respond to each question or comment in writing, which must include a description of any associated changes that will be made to the life-cycle cost analysis.

(b) After the review period under paragraph (a) closes, the commissioner may make revisions, when deemed appropriate, to the life-cycle cost analysis in response to questions or comments received. If the commissioner revises the type of pavement from concrete to asphalt or from asphalt to concrete, the commissioner must post the revised life-cycle cost analysis for review in accordance with the requirements under paragraph (a).

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 77. Minnesota Statutes 2022, section 174.185, is amended by adding a subdivision to read:

Subd. 2b. **Selection.** (a) After the review period required in subdivision 2a and any subsequent changes to the analysis, the commissioner must select the pavement strategy and prepare a document of justification. At a minimum, the document of justification must:

(1) explain why the pavement strategy was selected;

(2) if the lowest life-cycle cost is not selected, justify why a strategy with a higher life-cycle cost was selected; and

(3) include all questions and comments received during the review period and the commissioner's responses to each.

(b) The commissioner must submit the analysis and document of justification to a licensed professional engineer for review. A life-cycle cost analysis is not considered final until it is certified and signed by a licensed professional engineer as provided by Minnesota Rules, part 1800.4200.

(c) For all projects that began construction on or after January 1, 2024, the commissioner must store all life-cycle cost analyses and documents of justification on the department's website in a manner that allows the public to easily access the documents.

(d) After completing the certification and signature requirements in paragraph (b) and the posting requirements in paragraph (c), the commissioner may advance the project to substantial plan development.

(e) For purposes of this subdivision, "substantial plan development" means the point in time during the plan development process after which any further activities would preclude any of the feasible pavement alternatives from being selected or constructed.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 78. Minnesota Statutes 2022, section 174.185, subdivision 3, is amended to read:

Subd. 3. **Report.** By January 31 of each year, the commissioner ~~shall~~ must report ~~annually~~ to the chairs and ranking minority members of the ~~senate and house of representatives~~ legislative committees with jurisdiction over transportation policy and finance on life-cycle cost analyses conducted under this section. At a minimum, the report must include information on the results of the analyses ~~required in~~ under subdivision 2, the public review under subdivision 2a, and the final selection and document of justification under subdivision 2b.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 79. Minnesota Statutes 2022, section 174.40, subdivision 3, is amended to read:

Subd. 3. **Safe routes to school accounts.** (a) A safe routes to school account is established in the bond proceeds fund. The account consists of state bond proceeds appropriated to the commissioner. Money in the account may only be expended on bond-eligible costs of a project receiving financial assistance as provided under this section. All uses of funds from the account must be for publicly owned property.

(b) A safe routes to school account is established in the ~~general~~ special revenue fund. The account consists of funds as provided by law, and any other money donated, allotted, transferred, or otherwise

provided to the account. Money in the account may only be expended on a project receiving financial assistance as provided under this section.

Sec. 80. Minnesota Statutes 2023 Supplement, section 174.49, subdivision 6, is amended to read:

Subd. 6. **Metropolitan counties; use of funds.** (a) A metropolitan county must use funds that are received under subdivision 5 as follows:

(1) 41.5 percent for active transportation and transportation corridor safety studies;

(2) 41.5 percent for:

(i) repair, preservation, and rehabilitation of transportation systems; and

(ii) roadway replacement to reconstruct, reclaim, or modernize a corridor without adding traffic capacity, except for auxiliary lanes with a length of less than 2,500 feet; and

(3) 17 percent for any of the following:

(i) transit purposes, including but not limited to operations, maintenance, capital maintenance, demand response service, and assistance to replacement service providers under section 473.388;

(ii) complete streets projects, as provided under section 174.75; and

(iii) projects, programs, or operations activities that meet the requirements of a mitigation action under section 161.178, subdivision 4.

(b) Funds under paragraph (a), clause (3), must supplement and not supplant existing sources of revenue.

(c) A metropolitan county may use funds that are received under subdivision 5 as debt service for obligations issued by the county in accordance with chapter 475, provided that the obligations are issued for a use allowable under this section.

Sec. 81. Minnesota Statutes 2023 Supplement, section 174.634, subdivision 2, is amended to read:

Subd. 2. **Passenger rail account; transfers; appropriation.** (a) A passenger rail account is established in the special revenue fund. The account consists of funds as provided in this subdivision and any other money donated, allotted, transferred, collected, or otherwise provided to the account.

(b) By July 15 annually beginning in calendar year 2027, the commissioner of revenue must transfer an amount from the general fund to the passenger rail account that equals 50 percent of the portion of the state general tax under section 275.025 levied on railroad operating property, as defined under section 273.13, subdivision 24, in the prior calendar year.

(c) Money in the account is annually appropriated to the commissioner of transportation for the ~~net~~ operating and capital maintenance costs of intercity passenger rail, which may include but are not limited to planning, designing, developing, constructing, equipping, administering, operating, promoting, maintaining, and improving passenger rail service within the state, after accounting for operating revenue, federal funds, and other sources.

(d) By November 1 each year, the commissioner must report on the passenger rail account to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance. The report must, at a minimum, include:

(1) the actual revenue and expenditures in each of the previous two fiscal years;

(2) the budgeted and forecasted revenue and expenditures in the current fiscal year and each fiscal year within the state forecast period;

(3) the plan for collection of fees and revenue, as defined and authorized under subdivision 3, in the current fiscal year and each fiscal year within the state forecast period; and

(4) the uses of expenditures or planned expenditures in each fiscal year included under clauses (1) and (2).

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

Sec. 82. Minnesota Statutes 2023 Supplement, section 174.634, is amended by adding a subdivision to read:

Subd. 3. **Fee and revenue collection authorized.** (a) For purposes of this subdivision, "fees and revenue" means:

(1) ridership fees or fares, including ticket sales;

(2) revenue from the sale of on-board commissary and convenience goods to the traveling public; and

(3) revenue from the sale of promotional goods related to passenger rail routes and corridors within Minnesota.

(b) The commissioner may, directly or through a contractor, vendor, operator, or partnership with a federal or state government entity, including Amtrak, collect fees and revenue related to passenger rail services within the state, as specified under this subdivision.

(c) Fees and revenue under this subdivision may be collected as determined by the commissioner and are not subject to section 16A.1283, except that, if priced exclusively by the commissioner, a ridership fee or fare must not exceed an annual five percent increase and the price of a commissary, convenience, or promotional good must not exceed an annual ten percent increase.

(d) Fees and revenue collected under this subdivision must be deposited in the passenger rail account in the special revenue fund.

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

Sec. 83. Minnesota Statutes 2022, section 174.75, subdivision 1, is amended to read:

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

(b) "Complete streets" is the planning, scoping, design, implementation, operation, and maintenance of roads in order to reasonably address the safety and accessibility needs of users of all ages and abilities. Complete streets considers the needs of motorists, pedestrians, transit users and vehicles, bicyclists, and commercial and emergency vehicles moving along and across roads, intersections, and crossings in a manner that is sensitive to the local context and recognizes that the needs vary in urban, suburban, and rural settings.

(c) "Vulnerable road user" has the meaning given in section 169.011, subdivision 92b.

Sec. 84. Minnesota Statutes 2022, section 174.75, subdivision 2, is amended to read:

Subd. 2. **Implementation.** (a) The commissioner ~~shall~~ must implement a complete streets policy after consultation with stakeholders, state and regional agencies, local governments, and road authorities. The commissioner, after such consultation, ~~shall~~ must address relevant protocols, guidance, standards, requirements, and training~~, and shall integrate~~.

(b) The complete streets policy must include but is not limited to:

(1) integration of related principles of context-sensitive solutions~~.~~;

(2) integration throughout the project development process;

(3) methods to evaluate inclusion of active transportation facilities in a project, which may include but are not limited to sidewalks, crosswalk markings, pedestrian accessibility, and bikeways; and

(4) consideration of consultation with other road authorities regarding existing and planned active transportation network connections.

Sec. 85. Minnesota Statutes 2022, section 174.75, is amended by adding a subdivision to read:

Subd. 2a. **Implementation guidance.** The commissioner must maintain guidance that accompanies the complete streets policy under this section. The guidance must include sections on:

(1) an analysis framework that provides for:

(i) identification of characteristics of a project;

(ii) highway system categorization based on context, including population density, land use, density and scale of surrounding development, volume of highway use, and the nature and extent of active transportation; and

(iii) relative emphasis for different road system users in each of the categories under item (ii) in a manner that supports safety and mobility of vulnerable road users, motorcyclists or other operators of two- or three-wheeled vehicles, and public transit users; and

(2) an analysis of speed limit reductions and associated roadway design modifications to support safety and mobility in active transportation.

Sec. 86. Minnesota Statutes 2022, section 216E.02, subdivision 1, is amended to read:

Subdivision 1. **Policy.** The legislature hereby declares it to be the policy of the state to locate large electric power facilities and high voltage transmission lines in an orderly manner compatible with environmental preservation and the efficient use of resources. In accordance with this policy, the commission shall choose locations that minimize adverse human and environmental impact while insuring continuing electric power system reliability and integrity and insuring that electric energy needs are met and fulfilled in an orderly and timely fashion.

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

Sec. 87. Minnesota Statutes 2023 Supplement, section 219.015, subdivision 2, is amended to read:

Subd. 2. **Railroad company assessment; account; appropriation.** (a) As provided in this subdivision, the commissioner must annually assess railroad companies that are (1) defined as common carriers under section 218.011; (2) classified by federal law or regulation as Class I Railroads, Class I Rail Carriers, Class II Railroads, or Class II Rail Carriers; and (3) operating in this state.

(b) The assessment must be calculated to allocate state rail safety inspection program costs proportionally among carriers based on route miles operated in Minnesota at the time of assessment. The commissioner must include in the assessment calculation all state rail safety inspection program costs to support up to six rail safety inspector positions, including but not limited to salary, administration, supervision, travel, equipment, training, and ongoing state rail inspector duties.

(c) The assessments collected under this subdivision must be deposited in a state rail safety inspection account, which is established in the special revenue fund. The account consists of funds provided by this subdivision and section 221.0255 and any other money donated, allotted, transferred, or otherwise provided to the account. Money in the account is appropriated to the commissioner to administer the state rail safety inspection program and for costs under section 221.0255.

Sec. 88. **[219.756] YARDMASTER HOURS OF SERVICE.**

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

(b) "Railroad" means a common carrier that is classified by federal law or regulation as a Class I railroad, Class II railroad, or Class III railroad.

(c) "Yardmaster" means an employee of a common carrier who is responsible for supervising and coordinating the control of trains and engines operating within a railyard, not including a dispatching service employee, signal employee, or train employee as those terms are defined in United States Code, title 49, section 21101.

Subd. 2. **Hours of service.** (a) A railroad operating in this state must not require or allow a yardmaster to remain or go on duty:

(1) in any month when the employee has spent a total of 276 hours on duty or in any other mandatory service for the carrier;

(2) for a period exceeding 12 consecutive hours; and

(3) unless the employee has had at least ten consecutive hours off duty during the prior 24 hours.

(b) A railroad operating in this state must not require or allow a yardmaster to remain or go on duty after the employee has initiated an on-duty period each day for six consecutive days unless the employee has had 48 consecutive hours off at the employee's home terminal, during which time the employee is unavailable for any service.

Sec. 89. Minnesota Statutes 2022, section 221.0255, subdivision 4, is amended to read:

Subd. 4. **Motor carrier of railroad employees; requirements.** (a) The motor carrier of railroad employees must implement a policy that provides for annual training and certification of the operator in:

(1) safe operation of the vehicle transporting railroad employees;

(2) knowing and understanding relevant laws, rules of the road, and safety policies;

(3) handling emergency situations;

(4) proper use of seat belts;

(5) performance of pretrip and posttrip vehicle inspections, and inspection record keeping; and

(6) proper maintenance of required records.

(b) The motor carrier of railroad employees must:

(1) confirm that the person is not disqualified under subdivision 6, by performing a criminal background check of the operator, which must include:

(i) a criminal history check of the state criminal records repository; and

(ii) if the operator has resided in Minnesota less than five years, a criminal history check from each state of residence for the previous five years;

(2) annually verify the operator's driver's license;

(3) document meeting the requirements in this subdivision, which must include maintaining at the carrier's business location:

(i) a driver qualification file on each operator who transports passengers under this section; and

(ii) records of pretrip and posttrip vehicle inspections as required under subdivision 3, paragraph (a), clause (3);

(4) maintain liability insurance in a minimum amount of $5,000,000 regardless of the seating capacity of the vehicle;

(5) maintain uninsured and underinsured coverage in a minimum amount of ~~$1,000,000~~ $2,000,000; and

(6) ensure inspection of each vehicle operated under this section as provided under section 169.781.

(c) A driver qualification file under paragraph (b), clause (3), must include:

(1) a copy of the operator's most recent medical examiner's certificate;

(2) a copy of the operator's current driver's license;

(3) documentation of annual license verification;

(4) documentation of annual training;

(5) documentation of any known violations of motor vehicle or traffic laws; and

(6) responses from previous employers, if required by the current employer.

(d) The driver qualification file must be retained for one year following the date of separation of employment of the driver from the carrier. A record of inspection under paragraph (b), clause (3), item (ii), must be retained for one year following the date of inspection.

(e) If a party contracts with the motor carrier on behalf of the railroad to transport the railroad employees, then the insurance requirements may be satisfied by either that party or the motor carrier, so long as the motor carrier is a named insured or additional insured under any policy.

EFFECTIVE DATE. This section is effective August 1, 2024.

Sec. 90. Minnesota Statutes 2022, section 221.0255, subdivision 9, is amended to read:

Subd. 9. **Inspection and investigation authority.** (a) Upon receipt of a complaint form or other information alleging a violation of this section, the commissioner must investigate the relevant matter. Representatives of the Department of Transportation and the State Patrol have the authority to enter, at a reasonable time and place, any vehicle or facility of the carrier for purposes of complaint investigations, random inspections, safety reviews, audits, or accident investigations.

(b) Failure of a railroad or motor carrier of railroad employees to permit a complaint investigation under this subdivision is grounds for issuance of a civil penalty under subdivision 10.

EFFECTIVE DATE. This section is effective August 1, 2024.

Sec. 91. Minnesota Statutes 2022, section 221.0255, is amended by adding a subdivision to read:

Subd. 10. **Civil penalty.** (a) After completion of an investigation or as provided in subdivision 9, paragraph (b), the commissioner may issue a civil penalty to a railroad or motor carrier of railroad employees that violates this section. A civil penalty issued under this paragraph is in the amount of:

(1) not less than $200 but not more than $500 for a first offense;

(2) not less than $500 but not more than $1,000 for a second offense; and

(3) not less than $1,000 but not more than $5,000 for a third or subsequent offense committed within three years of the first offense.

(b) The civil penalty amounts identified under paragraph (a) are for all violations identified in a single investigation and are not per violation.

(c) The recipient of a civil penalty under this subdivision has 30 days to notify the commissioner in writing of intent to contest the civil penalty. If within 30 days after receiving the civil penalty the recipient fails to notify the commissioner of intent to contest the penalty, the civil penalty is not subject to further review.

(d) Civil penalties assessed under this subdivision are subject to chapter 14 and may be recovered in a civil action.

(e) Civil penalties collected under this section must be deposited in the state rail safety inspection account in the special revenue fund.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to violations committed on or after that date.

Sec. 92. Minnesota Statutes 2022, section 297A.815, subdivision 3, is amended to read:

Subd. 3. **Motor vehicle lease sales tax revenue.** (a) On or before June 30 of each fiscal year, the commissioner of revenue must estimate the revenues, including interest and penalties and minus refunds, collected under this section for the current fiscal year.

(b) By July 15 of the subsequent fiscal year, the commissioner of management and budget must transfer the revenues estimated under paragraph (a) from the general fund as follows:

(1) 38 percent to the county state-aid highway fund;

(2) 38 percent to the greater Minnesota transit account;

(3) 13 percent to the ~~Minnesota state transportation fund~~ local bridge program account in the special revenue fund, which is hereby created; and

(4) 11 percent to the highway user tax distribution fund.

(c) Notwithstanding any other law to the contrary, the commissioner of transportation must allocate the funds transferred under paragraph (b), clause (1), to the counties in the metropolitan area, as defined in section 473.121, subdivision 4, excluding the counties of Hennepin and Ramsey, so that each county receives the percentage that its population, as defined in section 477A.011, subdivision 3, estimated or established by July 15 of the year prior to the current calendar year, bears to the total population of the counties receiving funds under this paragraph.

(d) ~~The amount transferred~~ Money in the local bridge program account under paragraph (b), clause (3), ~~must be used~~ is appropriated to the commissioner of transportation for the local bridge program under section 174.50, subdivisions 6 to 7.

(e) The revenues under this subdivision do not include the revenues, including interest and penalties and minus refunds, generated by the sales tax imposed under section 297A.62, subdivision 1a, which must be deposited as provided under the Minnesota Constitution, article XI, section 15.

Sec. 93. Minnesota Statutes 2023 Supplement, section 297A.993, subdivision 2a, is amended to read:

Subd. 2a. **Uses reporting.** By February 15 of each even-numbered year, a metropolitan county, as defined in section 473.121, subdivision 4, that imposes the taxes under this section must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance. At a minimum, the report must include:

(1) actual transportation sales tax collections by the county over the previous five calendar years;

(2) an estimation of the total sales tax revenue that is estimated to be collected by the county in the current year and for the next ten calendar years; and

(3) for each of the previous five calendar years, the current calendar year, and for the next ten calendar years:

(i) the amount of sales tax revenue expended or proposed to be expended for each of the following:

(A) planning, construction, operation, or maintenance of guideways, as defined in section 473.4485, subdivision 1, paragraph (d);

(B) nonguideway transit and active transportation uses;

(C) highway uses; and

(D) uses not otherwise specified in subitems (A) to (C); ~~and~~

(ii) completed, current, planned, and eligible projects for each category under item (i); and

(iii) an estimated balance of unspent or undesignated county sales tax revenue.

Sec. 94. Minnesota Statutes 2022, section 299E.01, subdivision 2, is amended to read:

Subd. 2. **Responsibilities.** (a) The division ~~shall be~~ is responsible and ~~shall~~ must utilize state employees for security and public information services in state-owned buildings and state leased-to-own buildings in the Capitol Area, as described in section 15B.02. It ~~shall~~ must provide personnel as are required by the circumstances to insure the orderly conduct of state business and the convenience of the public. Until July 1, 2026, it must provide emergency assistance and security escorts at any location within the Capitol Area, as described in section 15B.02, when requested by a state constitutional officer.

(b) As part of the division permanent staff, the director must establish the position of emergency manager that includes, at a minimum, the following duties:

(1) oversight of the consolidation, development, and maintenance of plans and procedures that provide continuity of security operations;

(2) the development and implementation of tenant training that addresses threats and emergency procedures; and

(3) the development and implementation of threat and emergency exercises.

(c) The director must provide a minimum of one state trooper assigned to the Capitol complex at all times.

(d) The director, in consultation with the advisory committee under section 299E.04, shall, at least annually, hold a meeting or meetings to discuss, among other issues, Capitol complex security, emergency planning, public safety, and public access to the Capitol complex. The meetings must include, at a minimum:

(1) Capitol complex tenants and state employees;

(2) nongovernmental entities, such as lobbyists, vendors, and the media; and

(3) the public and public advocacy groups.

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

Sec. 95. **[325F.661] SALE OF ELECTRIC-ASSISTED BICYCLES AND OTHER ELECTRIC CYCLES.**

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

(b) "Class 1 electric-assisted bicycle," "class 2 electric-assisted bicycle," and "class 3 electric-assisted bicycle" have the meanings given in section 169.011, subdivisions 15a, 15b, and 15c.

(c) "Electric-assisted bicycle" has the meaning given in section 169.011, subdivision 27.

(d) "Motorcycle" has the meaning given in section 169.011, subdivision 44.

(e) "Motorized bicycle" has the meaning given in section 169.011, subdivision 45.

(f) "Multiple mode electric-assisted bicycle" has the meaning given in section 169.011, subdivision 45a.

Subd. 2. **Electric-assisted bicycle.** Before a purchase is completed, a seller of an electric-assisted bicycle must disclose to a consumer in written form:

(1) the maximum motor power of the electric-assisted bicycle;

(2) the maximum speed of the electric-assisted bicycle, as evaluated using a test method matching the criteria specified in Code of Federal Regulations, title 16, section 1512.2(a)(2), or successor requirements; and

(3) whether the electric-assisted bicycle is a class 1, class 2, class 3, or multiple mode electric-assisted bicycle.

Subd. 3. **Other electric cycles.** (a) A seller of a motorized bicycle or motorcycle equipped with an electric motor for propulsion may not sell the vehicle or offer the vehicle for sale if it is labeled as a class 1, class 2, class 3, or multiple mode electric-assisted bicycle.

(b) Before a purchase is completed and in any advertising materials, a seller of a motorized bicycle or motorcycle equipped with an electric motor for propulsion who describes the vehicle as an "electric bicycle," "electric bike," "e-bike," or other similar term must disclose to a consumer:

(1) the name or classification of the vehicle under state law or the most likely classification following an intended or anticipated vehicle modification as defined in section 169.011, subdivision 27, paragraph (c); and

(2) the following statement:

"This vehicle is not an "electric-assisted bicycle" as defined in Minnesota law. It is instead a type of motor vehicle and subject to applicable motor vehicle laws if used on public roads or public lands. Your insurance policies might not provide coverage for crashes involving the use of this vehicle. To determine coverage, you should contact your insurance company or agent."

(c) Advertising materials under paragraph (b) include but are not limited to a website or social media post that identifies or promotes the vehicle.

(d) The disclosure under paragraph (b) must be (1) written, and (2) provided clearly and conspicuously and in a manner designed to attract the attention of a consumer.

Subd. 4. **Unlawful practices.** It is an unlawful practice under section 325F.69 to advertise, offer for sale, or sell a motorized bicycle or motorcycle equipped with an electric motor for propulsion:

(1) as an electric-assisted bicycle; or

(2) using the words "electric bicycle," "electric bike," "e-bike," or other similar term without providing the disclosure required under subdivision 3.

Sec. 96. Minnesota Statutes 2023 Supplement, section 357.021, subdivision 6, is amended to read:

Subd. 6. **Surcharges on criminal and traffic offenders.** (a) Except as provided in this subdivision, the court shall impose and the court administrator shall collect a $75 surcharge on every person convicted of any felony, gross misdemeanor, misdemeanor, or petty misdemeanor offense, other than a violation of: (1) a law or ordinance relating to vehicle parking, for which there is a $12 surcharge; and (2) section 609.855, subdivision 1, 3, or 3a, for which there is a $25 surcharge. When a defendant is convicted of more than one offense in a case, the surcharge shall be imposed only once in that case. In the Second Judicial District, the court shall impose, and the court administrator shall collect, an additional $1 surcharge on every person convicted of any felony, gross misdemeanor, misdemeanor, or petty misdemeanor offense, including a violation of a law or ordinance relating to vehicle parking, if the Ramsey County Board of Commissioners authorizes the $1 surcharge. The surcharge shall be imposed whether or not the person is sentenced to imprisonment or the sentence is stayed. The surcharge shall not be imposed when a person is convicted of a petty misdemeanor for which no fine is imposed.

(b) The court may reduce the amount or waive payment of the surcharge required under this subdivision on a showing of indigency or undue hardship upon the convicted person or the convicted person's immediate family. Additionally, the court may permit the defendant to perform community work service in lieu of a surcharge.

(c) The court administrator or other entity collecting a surcharge shall forward it to the commissioner of management and budget.

(d) If the convicted person is sentenced to imprisonment and has not paid the surcharge before the term of imprisonment begins, the chief executive officer of the correctional facility in which the convicted person is incarcerated shall collect the surcharge from any earnings the inmate accrues from work performed in the facility or while on conditional release. The chief executive officer shall forward the amount collected to the court administrator or other entity collecting the surcharge imposed by the court.

(e) A person who enters a diversion program, continuance without prosecution, continuance for dismissal, or stay of adjudication for a violation of chapter 169 must pay the surcharge described in this subdivision. A surcharge imposed under this paragraph shall be imposed only once per case.

(f) The surcharge does not apply to:

(1) citations issued pursuant to section 169.06, subdivision 10;

(2) citations issued pursuant to section 169.14, subdivision 13;

(3) administrative citations issued pursuant to section 169.999.; or

~~(g) The surcharge does not apply to~~ (4) administrative citations issued by transit rider investment program personnel pursuant to section 473.4075.

EFFECTIVE DATE. This section is effective August 1, 2025.

Sec. 97. **[430.001] DEFINITIONS.**

Subdivision 1. **Definitions.** For the purposes of this chapter, the following terms have the meanings given.

Subd. 2. **City.** "City" means a home rule charter or statutory city.

Subd. 3. **City council.** "City council" means the governing body of a city.

Subd. 4. **Residence district.** "Residence district" means the territory contiguous to and including a highway not comprising a business district when the property on such highway for a distance of 300 feet or more is predominantly improved with (1) residences, or (2) residences and buildings in use for business.

Subd. 5. **System of streets, parks, and parkways.** "System of streets, parks, and parkways" means a body of contiguous land designated to be used in part for streets and in part for parks or parkways.

Sec. 98. Minnesota Statutes 2022, section 430.01, subdivision 2, is amended to read:

Subd. 2. **Parking lots; pedestrian malls and uses.** The council of a city ~~of the first class~~ may by resolution designate land to be acquired, improved, and operated for motor vehicle parking lots. By resolution, the council may designate lands to be acquired, improved, and operated for pedestrian malls. By ordinance adopted under section 430.011, the council may designate ~~streets in central business districts~~ any property within a city right-of-way to be improved primarily for pedestrian uses.

Sec. 99. Minnesota Statutes 2022, section 430.011, subdivision 1, is amended to read:

Subdivision 1. **Legislative findings.** The legislature finds that: (1) increases in population and automobile usage have created traffic congestion in ~~central business districts of cities of the first class~~ cities; (2) those conditions endanger pedestrians and impede the movement of police and fire equipment, ambulances, and other emergency vehicles; (3) certain streets in ~~those central business districts~~ cities have been improved to their maximum width for sidewalk and roadway purposes and cannot be further widened without taking valuable buildings and improvements, substantially impairing the primary function of those city streets as pedestrian facilities, and impairing the cities' sources of tax revenue; and (4) limitation on the use of those streets by private vehicles may be found by the council of any city ~~of the first class~~ to be in the interest of the city and state, to be of benefit to adjoining properties, and to be essential to the effective use of the streets for street purposes.

Sec. 100. Minnesota Statutes 2022, section 430.011, subdivision 2, is amended to read:

Subd. 2. **Statement of policy.** It is the state's policy to permit the city council of any city ~~of the first class~~ to protect the public welfare and the interests of the public in the safe and effective movement of persons and to preserve and enhance the function and appearance of ~~the central business districts of cities of the first class~~ cities by adopting pedestrian mall ordinances under this section.

Sec. 101. Minnesota Statutes 2022, section 430.011, subdivision 3, is amended to read:

Subd. 3. **Pedestrian mall ordinances authorized.** (a) A pedestrian mall ordinance may be adopted if the city council finds that:

(1) a street or a part of a street (i) is not a part of any ~~state~~ trunk highway, (ii) is located ~~primarily in a central business district~~ within a city right-of-way, and (iii) is improved to its maximum width for roadway and sidewalk purposes, and (iv) ~~is congested during all or a substantial part of normal business hours~~ except for a city of the first class, is not part of a residence district;

(2) the movement of police and fire equipment and other emergency vehicles would not be impeded;

~~(2)~~ (3) reasonably convenient alternate routes exist for private vehicles to other parts of the city and state;

~~(3)~~ (4) continued unlimited use of the street or part of the street by private vehicles may endanger pedestrians;

~~(4)~~ (5) abutting properties can reasonably and adequately receive and deliver merchandise and materials from other streets and alleys or through arrangements for limited use of the streets by carriers of merchandise and materials; and

~~(5)~~ (6) it would be in the best interests of the city and the public and of benefit to adjacent properties to use the street primarily for pedestrian purposes and pedestrian use is the highest and best use of the street or part of it.

(b) In addition to meeting the criteria under paragraph (a), a pedestrian mall ordinance may be adopted relating to property that is immediately adjacent to at least one side of an intersection with a road that is under the jurisdiction of another road authority only if the city has consulted with the other road authority, which must include consideration of changes to traffic flow. If the other road authority is opposed to the location of the proposed pedestrian mall, the city must make publicly available a detailed written response to the road authority before adopting the ordinance. A pedestrian mall ordinance may be adopted relating to property that borders another city only if the city developing the ordinance has received the approval of the bordering city.

(c) As relevant, the city must collaborate with the state and local units of government in the pedestrian mall planning process.

Sec. 102. Minnesota Statutes 2022, section 430.023, is amended to read:

430.023 WHEN CLERK TO MAIL NOTICE IN CONDEMNATION PROCEEDING.

If a city ~~of the first class~~ is authorized in its charter to condemn property for public use and to appoint commissioners to assess damages or benefits on condemned property and is required by its charter to give notice of the filing of the commissioners' report, the city clerk shall give the required notice. Notice must be given by mailing it to the person whose name appears on the records of the auditor of the county in which the city is located as the person who last paid the taxes on the property proposed to be taken, within 48 hours after the filing of the commissioners' report.

Sec. 103. Minnesota Statutes 2022, section 430.031, subdivision 1, is amended to read:

Subdivision 1. **Limitation of actions.** No action may be commenced or maintained, and no defense interposed, questioning the validity, regularity, or legality of all or part of a pedestrian mall ordinance, or an amendment, to it adopted by a city ~~of the first class~~ under section 430.011, subdivision 3 or 13 except by an appeal to the district court of the county in which the city is located within 20 days after the final adoption and publication of the ordinance or amendment.

Sec. 104. Minnesota Statutes 2022, section 430.13, is amended to read:

430.13 ~~SCOPE OF CHAPTER; DEFINITION;~~ BONDED DEBT.

~~This chapter applies to cities of the first class.~~

~~The term "city council" means the governing body of a city.~~

Certificates or bonds that may be issued to finance an improvement under this chapter are part of the bonded debt of the city. In calculating the net indebtedness of the city due to the issue of certificates or

bonds, there may be deducted from the gross debt of the city the amount of certificates or bonds that are payable wholly or partly from collections of special assessments levied on property benefited by the improvements, including general obligations of the issuing city, if the city is entitled to reimbursement, in whole or in part, from the proceeds of special assessments levied upon property especially benefited by the improvements.

Sec. 105. Minnesota Statutes 2022, section 473.13, is amended by adding a subdivision to read:

Subd. 6. **Transportation financial review.** (a) Annually by January 15, the council must submit a financial review that details revenue and expenditures for the transportation components under the council's budget, as specified in paragraph (c). A financial review submitted under this paragraph must provide the information using state fiscal years.

(b) Annually by the earlier of the accounting close of a budget year or August 15, the council must submit a financial review update that provides the following for the most recent completed budget year: actual revenues; expenditures; transfers; reserves; balances; and a comparison between the budgeted and actual amounts. A financial review update under this paragraph must include the information specified in paragraph (d).

(c) At a minimum, a financial review must identify:

(1) the actual revenues, expenditures, transfers, reserves, and balances in each of the previous four years;

(2) budgeted and forecasted revenues, expenditures, transfers, reserves, and balances in the current year and each year within the state forecast period;

(3) for the most recent completed year, a comparison between the budgeted and actual amounts under clause (1); and

(4) for the most recent completed year, fund balances for each replacement service provider under section 473.388.

(d) The information under paragraph (c), clauses (1) to (3), must include:

(1) a breakdown by each transportation funding source identified by the council, including but not limited to legislative appropriations; federal funds; fare collections; property tax; and sales tax, including sales tax used for active transportation under section 473.4465, subdivision 2, paragraph (a), clause (1);

(2) a breakdown by 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; and

(3) data for operations, capital maintenance, and transit capital.

(e) A financial review under paragraph (a) or (b) must provide information or a methodology sufficient to establish a conversion between state fiscal years and budget years, summarize reserve policies, identify the methodology for cost allocation, and describe revenue assumptions and variables affecting the assumptions.

(f) The council must submit each financial review to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over transportation policy and finance and to the commissioner of management and budget.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 106. Minnesota Statutes 2022, section 473.3927, is amended to read:

473.3927 ZERO-EMISSION AND ELECTRIC TRANSIT VEHICLES.

Subdivision 1. **Transition plan required.** (a) The council must develop and maintain a zero-emission and electric transit vehicle transition plan.

(b) The council must ~~complete the initial~~ revise the plan by February 15, ~~2022~~ 2025, and revise the plan at least once every ~~five~~ three years following each prior revision.

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

(b) "Greenhouse gas emissions" includes those emissions described in section 216H.01, subdivision 2.

(c) "Qualified transit bus" means a motor vehicle that meets the requirements under paragraph (d), clauses (1) and (2).

(d) "Zero-emission transit bus" means a motor vehicle that:

(1) is designed for public transit service;

(2) has a capacity of more than 15 passengers, including the driver; and

(3) produces no exhaust-based greenhouse gas emissions from the onboard source of motive power of the vehicle under all operating conditions.

Subd. 2. **Plan development.** At a minimum, the plan must:

(1) establish ~~implementation~~ policies ~~and~~, guidance, and recommendations to implement the transition to a transit service fleet of exclusively zero-emission and electric transit vehicles, including for recipients of financial assistance under section 473.388;

(2) establish a bus procurement transition strategy so that beginning on January 1, 2035, any qualified transit bus purchased for regular route transit service or special transportation service under section 473.386 by the council is a zero-emission transit bus;

(3) consider methods for transit providers to maximize greenhouse gas reduction in addition to zero-emission transit bus procurement, including but not limited to service expansion, reliability improvements, and other transit service improvements;

(4) analyze greenhouse gas emission reduction from transit improvements identified under clause (3) in comparison to the zero-emission transit bus procurement strategy under clause (2);

(5) set transition milestones or performance measures, or both, which may include vehicle procurement goals over the transition period in conjunction with the strategy under clause (2);

~~(3)~~ (6) identify barriers, constraints, and risks, and determine objectives and strategies to address the issues identified;

~~(4)~~ (7) consider findings and best practices from other transit agencies;

~~(5)~~ (8) analyze zero-emission and electric transit vehicle technology impacts, including cold weather operation and emerging technologies;

(9) prioritize deployment of zero-emission transit buses based on the extent to which service is provided to environmental justice areas, as defined in section 116.065, subdivision 1;

~~(6)~~ (10) consider opportunities to prioritize the deployment of zero-emissions vehicles in areas with poor air quality;

(11) consider opportunities to prioritize deployment of zero-emission transit buses along arterial and highway bus rapid transit routes, including methods to maximize cost effectiveness with bus rapid transit construction projects;

~~(7)~~ (12) provide detailed estimates of implementation costs to implement the plan and achieve the transition under clause (2), which, to the extent feasible, must include a forecast of annual expenditures, identification of potential sources of funding, and a summary of any anticipated or planned activity to seek additional funds; ~~and~~

~~(8)~~ (13) examine capacity, constraints, and potential investments in the electric transmission and distribution grid, in consultation with appropriate public utilities;

(14) identify methods to coordinate necessary facility upgrades in a manner that maximizes cost effectiveness and overall system reliability;

(15) examine workforce impacts under the transition plan, including but not limited to changes in staffing complement; personnel skill gaps and needs; and employee training, retraining, or role transitions; and

(16) summarize updates to the plan from the most recent version.

Subd. 3. **Copy to legislature.** Upon completion or revision of the plan, the council must provide a copy to the chairs, ranking minority members, and staff of the legislative committees with jurisdiction over transportation policy and finance.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 107. Minnesota Statutes 2023 Supplement, section 473.3999, is amended to read:

473.3999 LIGHT RAIL TRANSIT CONSTRUCTION; COUNCIL AUTHORITY; STAFF ASSISTANCE; PROJECT MANAGER QUALIFICATIONS.

Subdivision 1. **Powers.** ~~(a)~~ The ~~Metropolitan~~ council may exercise the powers granted in this chapter and in other applicable law, as necessary, to plan, design, acquire, construct, and equip light rail transit facilities in the metropolitan area as defined in section 473.121, subdivision 2.

Subd. 2. **Staff and project assistance required; Department of Transportation.** ~~(b)~~ (a) Notwithstanding any cooperative agreement between the commissioner of transportation and the ~~Metropolitan~~ council in section 473.3994, subdivision 1a, if the council is the responsible authority, the commissioner of transportation must provide staff and project assistance to the council for review and oversight of the project's development. ~~To the extent practicable,~~ The ~~Metropolitan~~ council must utilize the Department of Transportation staff and project assistance for:

(1) the appropriate delivery method selection for the design, planning, acquisition, construction, and equipping of light rail transit projects;

(2) risk assessment analysis and cost analysis in the planning, designing, and construction of a light rail transit facility or a new light rail transit project, including but not limited to:

(i) a critical path schedule for the planning and design phases of a project developed jointly by the council and the commissioner of transportation;

(ii) peer reviews or value engineering reviews at various milestones established in the critical path schedule created under item (i); and

(iii) council participation in cost estimate reviews by third-party independent cost estimators in conformance with Federal Transit Administration regulations and guidance;

(3) contractor and subcontractor schedule analysis and contractual requirements, including but not limited to:

(i) development and review of requests for proposals and bid documents prior to advertisement and solicitation;

(ii) review of bids submitted prior to the award of bids;

(iii) review of draft contractual language prior to the execution of project contracts;

(iv) review of change orders for major cost items exceeding $500,000 and schedule delays of more than 30 calendar days prior to the execution of a change order; and

(v) participation in any dispute resolution process that may arise to address competing claims or disputes between a contractor and the council;

(4) light rail transit project cost management and budget analysis for the planning, designing, and construction of a light rail transit facility or new light rail transit project, including but not limited to:

(i) recommendations to address or manage cost overruns or discrepancies, funding sources, contingency funding sources and availability, and the management of state or county financial resources;

(ii) recommendations on appropriate contractual enforcement mechanisms and penalties for any council agreement with a contractor for a light rail transit project; and

(iii) the development of future cost estimates and communication of projected cost increases for a light rail transit project; and

(5) any other ~~technical~~ areas of expertise that the Department of Transportation may offer.

~~(c)~~ (b) The council must provide the commissioner of transportation all relevant information required by this section.

(c) Staff from the Department of Transportation providing project assistance to the council must report to the commissioner of transportation. Staff assistance from the Department of Transportation must include at least one licensed professional engineer.

(d) If the commissioner of transportation provides the council with staff and project assistance for the development of a light rail transit project as provided under this section, the commissioner must submit and detail all recommendations made to the council to the chairs and ranking minority members of the legislative

committees with jurisdiction over transportation policy and finance within 30 days of submitting its recommendations to the council.

(e) The council must give strong consideration to utilizing input or recommendations developed by the commissioner of transportation. If the council decides against utilizing input or recommendations from the department, the council must reconcile significant deviations to the extent practicable and that portion of the project cannot move forward from the critical path schedule's milestone until the recommendation is reconciled. If the council has sufficient reasoning to justify not utilizing input or recommendations from the department, the council must, within 30 business days, provide written notice and documentation of the decision to the department and the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance. The notice and documentation must provide the reasons why the council is not utilizing the input or recommendations provided by the department.

Subd. 3. **Project costs.** The project budget is responsible for costs incurred by the commissioner of transportation for duties required in this section. The council must only use direct appropriations in law or federal sources to pay its portion of light rail transit capital construction costs.

Subd. 4. **Project manager; qualifications.** If the Metropolitan Council is the responsible authority, the council must select a qualified project manager and lead project engineer with at least ten years' transportation industry experience to lead the planning, design, acquisition, construction, or equipping of a new light rail transit project.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment. Subdivision 2 does not apply to the Southwest light rail transit (Green Line Extension) project. This section applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 108. Minnesota Statutes 2023 Supplement, section 473.4051, is amended by adding a subdivision to read:

Subd. 4. **Bus rapid transit project scope; infrastructure.** (a) The council must design, fully scope, and construct each arterial bus rapid transit project with the following elements:

(1) sidewalk curb ramps and pedestrian signals that meet current Americans with Disabilities Act standards as of the time of engineering completion at the four intersection quadrants of an intersection adjacent to a bus rapid transit station;

(2) transit pavement markings, as applicable; and

(3) traffic signal transit priority modifications, where feasible and reasonable, to improve speed and efficiency of service.

(b) The requirements under paragraph (a), clause (1), include intersection infrastructure that serves the bus rapid transit station from the opposite side of a street. The requirements under paragraph (a), clause (1), exclude locations that are:

(1) compliant with current Americans with Disabilities Act standards as of the time of engineering completion for the project; or

(2) otherwise included in a programmed and colocated roadway construction project.

(c) For bus rapid transit project costs resulting from the requirements under paragraph (a), clause (1), the council must pay 50 percent of the costs and the unit of government with jurisdiction over the road must

pay 50 percent of the costs. The council must pay the project costs resulting from the requirements under paragraph (a), clauses (2) and (3).

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment for projects that first commence construction on or after that date. This section applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 109. Minnesota Statutes 2023 Supplement, section 473.412, subdivision 2, is amended to read:

Subd. 2. **Standards established.** (a) ~~By October 1, 2023,~~ The Metropolitan Council must adopt standards on cleanliness and repair of transit vehicles and stations. To the extent practicable, the standards must address:

(1) cleaning requirements for transit stations and vehicles operated by the council;

(2) a strategy for discovering and removing vandalism, graffiti, or other defacement to transit stations or vehicles operated by the council;

(3) a proposal for the timely repair of damage to transit stations and transit vehicle fixtures, structures, or other property used for the purpose of supporting public transit; and

(4) any other cleanliness standards necessary to provide a quality ridership experience for all transit users.

(b) ~~By February 1, 2024,~~ The Metropolitan Council must provide information on the council's website on how the council solicits public feedback on cleanliness and rider experience at transit stations and on transit vehicles. The council must post conspicuous notice of the public feedback options at each light rail transit station and bus rapid transit station operated by the council.

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

Sec. 110. Minnesota Statutes 2023 Supplement, section 473.412, subdivision 3, is amended to read:

Subd. 3. **Report required; cleaning standards and expenditures.** (a) By ~~October 1, 2023, and every two years~~ October 1, 2024, and every year thereafter, the Metropolitan Council must report to the chairs and ranking minority members of the legislative committees with jurisdiction over transit policy and finance on transit cleanliness and the ridership experience.

(b) The ~~first~~ report ~~due~~ under paragraph (a) must provide information on the council's ~~adopted~~ cleanliness standards required under subdivision 2, including whether the council adopted new cleanliness standards or revisions to current cleanliness standards. ~~The first report must also provide information on how the council developed the cleanliness standards, the stakeholders it consulted in drafting the cleanliness standards, and the financial resources needed to implement the cleaning and repair standards. The first report must also identify the council's proposal for soliciting public feedback on cleanliness and rider experience at transit stations and on transit vehicles operated by the council.~~ A report prepared under this subdivision must include information gathered from the required public feedback on cleanliness and rider experience required in subdivision 2, paragraph (b). The council must consider and recommend revisions to cleanliness standards based on the collection of public feedback and must summarize feedback received by the council in the report.

(c) ~~For reports submitted on October 1, 2025, and every two years thereafter, the report~~ A report submitted under this subdivision must include:

(1) the total expenditures for cleaning and repairing transit stations and transit vehicles;

(2) ~~a report on~~ the frequency, type, and location of repairs;

(3) ~~a report on~~ whether specific transit stations needed a higher proportion of cleaning or repairs and detail the council's strategy to resolve identified and persistent concerns at those locations;

(4) ~~a report on~~ recommendations to address workforce challenges for ~~maintaining the~~ the implementation and maintenance of cleanliness and repair standards adopted by the council, including whether the council maintained agreements with third-party services for cleaning and repair;

(5) whether the council has adopted preventative measures against vandalism or graffiti; and

(6) any recommendations for additions to the transit rider code of conduct ~~adopted by the council~~ under section 473.4065 or the transit rider investment program under section 473.4075.

~~(d) The council must collect and summarize the public comments it receives and incorporate those comments into the report required under paragraph (c).~~

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

Sec. 111. Minnesota Statutes 2023 Supplement, section 473.4465, subdivision 4, is amended to read:

Subd. 4. **Use of funds; metropolitan counties; reporting.** (a) A metropolitan county must use revenue from the regional transportation sales and use tax under section 297A.9915 in conformance with the requirements under section 174.49, subdivision 6.

(b) By February 15 of each even-numbered year, a metropolitan county must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance on the use of funds received under section 297A.9915. This report must be submitted in conjunction with the report required under section 297A.993, subdivision 2a. At a minimum, the report must include:

(1) actual sales tax collections allocated to the county over the previous five calendar years;

(2) an estimation of the total sales tax revenue that is estimated to be allocated to the county in the current year and for the next ten calendar years; and

(3) for each of the previous five calendar years, the current calendar year, and for the next ten calendar years:

(i) the amount of sales tax revenue expended or proposed to be expended for each of the allowable uses under section 174.49, subdivision 6;

(ii) completed, current, planned, and eligible projects or programs for each category under item (i); and

(iii) an estimated balance of unspent or undesignated regional transportation sales and use tax revenue.

Sec. 112. Minnesota Statutes 2022, section 473.452, is amended to read:

473.452 TRANSIT OPERATING RESERVES; REPORT.

(a) By ~~February 1~~ December 15 each year, each replacement service provider under section 473.388 must report to the council its projected total operating expenses for the current ~~calendar~~ state fiscal year and its projected operating reserve fund balance as of the previous ~~December~~ July 31.

(b) By ~~March 1~~ January 15 each year, the council must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance. The report must include:

(1) the information from each provider received under paragraph (a); and

(2) the council's projected total operating expenses for the current ~~calendar~~ state fiscal year and its projected operating reserve fund balance as of the previous ~~December~~ July 31.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 113. Minnesota Statutes 2022, section 480.15, is amended by adding a subdivision to read:

Subd. 10d. **Uniform collections policies and procedures; limitations.** The uniform collections policies and procedures under subdivision 10c must not allow collections of court debt, as defined in subdivision 10c, or referral of court debt to the Department of Revenue, that only arises from a single violation under section 169.06, subdivision 10, or 169.14, subdivision 13.

EFFECTIVE DATE. This section is effective August 1, 2025, and expires August 1, 2029.

Sec. 114. Laws 2023, chapter 68, article 4, section 108, is amended to read:

Sec. 108. **ADDITIONAL DEPUTY REGISTRAR OF MOTOR VEHICLES FOR RAMSEY COUNTY.**

Notwithstanding Minnesota Statutes, ~~section~~ sections 168.33 and 171.061, and rules adopted by the commissioner of public safety limiting sites for the office of deputy registrar or driver's license agent based on either the distance to an existing deputy registrar or driver's license agent office or the annual volume of transactions processed by any deputy registrar or driver's license agent within Ramsey County before or after the proposed appointment, the commissioner of public safety must appoint a new private deputy registrar of motor vehicles and driver's license agent to operate a new full-service office ~~of deputy registrar~~, with full authority to function as a registration and motor vehicle tax collection bureau or driver's license agent bureau, at or in the vicinity of the Hmong Village shopping center at 1001 Johnson Parkway in the city of St. Paul. The addition of a driver's license agent establishes the location as a full-service office with full authority to function as a registration and motor vehicle tax collection and driver's license bureau. All other provisions regarding the appointment and operation of a deputy registrar of motor vehicles and driver's license agent under Minnesota Statutes, ~~section~~ sections 168.33 and 171.061, and Minnesota Rules, ~~chapter~~ chapters 7404 and 7406, apply to the office.

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

Sec. 115. Laws 2023, chapter 68, article 4, section 126, is amended to read:

Sec. 126. **LEGISLATIVE REPORT; SPEED SAFETY CAMERAS.**

(a) By ~~November 1, 2024~~ January 15, 2025, the commissioner of public safety must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance that identifies a process and associated policies for issuance of a mailed citation to the owner or lessee of a motor vehicle that a speed safety camera system detects is operated in violation of a speed limit.

(b) The commissioner must convene a task force to assist in the development of the report. The task force must include the Advisory Council on Traffic Safety under Minnesota Statutes, section 4.076, a representative from the Minnesota County Attorneys Association, a representative from the judicial branch, and a person with expertise in data privacy and may include other members as the commissioner determines are necessary to develop the report.

(c) At a minimum, the report must include consideration and analysis of:

(1) methods to identify the owner, operator, and any lessee of the motor vehicle;

(2) compliance with federal enforcement requirements related to holders of a commercial driver's license;

(3) authority of individuals who are not peace officers to issue citations;

(4) authority of individuals who are not peace officers to issue citations electronically;

(5) judicial and court administrative capacity to process violations issued under the pilot program authorized in Minnesota Statutes, section 169.147;

(6) the appropriate legal classification of citations issued under a camera-based traffic enforcement system;

(7) data practices, including but not limited to concerns related to data privacy;

~~(5)~~ (8) due process, an appeals process, the judicial system, and other legal issues;

~~(6)~~ (9) technology options, constraints, and factors, including the implementation of electronic citations; and

~~(7)~~ (10) recommendations regarding implementation~~, including but not limited to any legislative proposal and information on implementation costs~~ of the pilot program authorized in Minnesota Statutes, section 169.147.

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

Sec. 116. **TRAFFIC SAFETY CAMERA SYSTEMS; EVALUATION AND REPORTING.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms and the terms defined in Minnesota Statutes, section 169.147, subdivision 1, have the meanings given.

(b) "Commissioner" means the commissioner of transportation.

(c) "Commissioners" means the commissioners of transportation and public safety.

(d) "Implementing authority" has the meaning given in Minnesota Statutes, section 169.147, subdivision 1, paragraph (e).

(e) "Pilot program" means the traffic safety camera system pilot project established in Minnesota Statutes, section 169.147.

(f) "Traffic safety camera system" has the meaning given in Minnesota Statutes, section 169.011, subdivision 85a.

Subd. 2. **Independent evaluation; general requirements.** (a) The commissioner must arrange for an independent evaluation of traffic safety camera systems that includes analysis of the pilot program. By December 31, 2028, the commissioner must submit a copy of the evaluation to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance.

(b) The evaluation must be performed outside the Departments of Transportation and Public Safety by an entity with qualifying experience in traffic safety research. The evaluation must include any monitoring sites established by an implementing authority.

(c) The commissioner must establish an evaluation methodology that provides standardized metrics and evaluation measures and enables valid statistical comparison across monitoring sites.

(d) At a minimum, the evaluation must:

(1) analyze the effectiveness of traffic safety camera systems in lowering travel speeds, reducing speed differentials, reducing violations of traffic-control signals, and meeting any other measures identified in the evaluation methodology;

(2) perform statistical analyses of traffic speeds, crashes, injuries, fatalities, and other measurable traffic incidents; and

(3) identify any changes in traffic congestion attributable to traffic safety camera systems.

Subd. 3. **Independent evaluation; implementing authorities.** (a) An implementing authority under the pilot program must follow the evaluation methodology established under subdivision 2.

(b) An implementing authority under the pilot program must provide information for the evaluation under subdivision 2 as requested and include the following:

(1) the total number of warnings issued;

(2) the total number of citations issued;

(3) the number of people who opted for diversion under Minnesota Statutes, sections 169.06, subdivision 10, paragraph (b), and 169.14, subdivision 13, paragraph (b);

(4) gross and net revenue received;

(5) expenditures incurred;

(6) a description of how the net revenue generated by the program was used;

(7) total amount of any payments made to a contractor;

(8) the number of employees involved in the pilot program;

(9) the type of traffic safety camera system used;

(10) the location of each monitoring site;

(11) the activation start and stop dates of the traffic safety camera system at each monitoring site;

(12) the number of citations issued, with a breakout by monitoring site;

(13) the number of instances in which a traffic enforcement agent reviewed recorded video or images for a potential violation but did not issue a resulting citation; and

(14) details on traffic safety camera system inspection and maintenance activities.

Subd. 4. **Pilot program reporting.** (a) An implementing authority that operates a traffic safety camera system in a calendar year must publish a report on the authority's website on the implementation for that calendar year. The report is due by March 1 of the following calendar year.

(b) At a minimum, the report must summarize the activities of the implementing authority and provide the information required under subdivision 3, paragraph (b).

Subd. 5. **Legislative report.** By January 15, 2029, the commissioners must submit a report on traffic safety camera systems to the members of the legislative committees with jurisdiction over transportation policy and finance. At a minimum, the report must:

(1) provide a review of the pilot program;

(2) provide data on citations issued under the pilot program, with breakouts by year and location;

(3) summarize the results of the independent evaluation under subdivision 2;

(4) evaluate any disparities in impacts under the pilot programs, including by income, by race, and in communities that are historically underrepresented in transportation planning;

(5) identify fiscal impacts of implementation of traffic safety camera systems; and

(6) make any recommendations regarding ongoing traffic safety camera implementation, including but not limited to any draft legislative proposal.

Sec. 117. **REPORT; WORK ZONE SAFETY PILOT PROJECT RESULTS.**

(a) By October 1, 2029, the commissioners of transportation and public safety must submit a report on the results and findings of the work zone pilot project that utilized camera-based speed enforcement to issue warnings as provided in Minnesota Statutes, section 169.147, subdivision 17.

(b) At a minimum, the report must:

(1) provide a review of the work zone pilot project;

(2) provide data on warning notices issued by the pilot project, with breakouts by year, location, and trunk highway type;

(3) evaluate any disparities in impacts under the work zone pilot project;

(4) make recommendations on the calibration, installation, enforcement, administration, adjudication, and implementation of speed camera traffic enforcement in trunk highway work zones, including any statutory or legislative changes needed; and

(5) make recommendations on how to integrate trunk highway work zone speed camera enforcement into the commissioner's strategies, practices, and methods to reduce vehicle speeds and enhance worker safety in work zones.

EFFECTIVE DATE. This section is effective August 1, 2025.

Sec. 118. **ANTIDISPLACEMENT COMMUNITY PROSPERITY PROGRAM BOARD.**

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

(b) "Antidisplacement community prosperity program" or "program" means the antidisplacement community prosperity program established under section 119.

(c) "Blue Line light rail transit extension corridor" or "corridor" has the meaning given in section 119.

(d) "Board" means the Antidisplacement Community Prosperity Program Board established in this section.

Subd. 2. **Creation.** The Antidisplacement Community Prosperity Program Board is established to implement the antidisplacement community prosperity program.

Subd. 3. **Membership.** Subject to modification as provided in the bylaws adopted under subdivision 8, the board consists of the members of the Blue Line Extension Anti-Displacement Working Group established by Hennepin County and the Metropolitan Council, as specified in the Blue Line Extension Anti-Displacement Recommendations report published in April 2023 by the Center for Urban and Regional Affairs at the University of Minnesota.

Subd. 4. **Chair; other officers.** The chair of the Metropolitan Council, or a designee, is responsible for chairing the first meeting of the board. The board must elect from among its members a chair and vice-chair at the first meeting.

Subd. 5. **Duties.** (a) The board must establish an application process to review and approve proposed expenditures for the antidisplacement community prosperity program. An application for a proposed expenditure must receive approval from a majority of board members. The board may request information on financial disclosures from any entity or individual seeking funds under the program, including a complete independent financial audit of the entity. The board must not approve an expenditure that would violate the standard under subdivision 8, paragraph (a), clause (2).

(b) The application process must evaluate proposed expenditures to determine whether the expenditure is for a qualifying purpose under section 119, subdivision 3, whether an equal amount of funds have been secured from nonstate sources as required in section 119, and whether the expenditure benefits the people along the Blue Line light rail transit extension corridor.

(c) The Metropolitan Council and state and metropolitan agencies must cooperate with the board and provide information on the Blue Line light rail transit extension project in a timely manner to assist the board in conducting its business and reviewing applications for program expenditures.

(d) The board must review and consult with the Minnesota Housing Finance Agency, the Department of Employment and Economic Development, the Department of Labor and Industry, and the Metropolitan Council on applications for prospective expenditures to identify areas of need along the project corridor and ensure expenditures achieve the qualifying purpose established in section 119, subdivision 3.

Subd. 6. **Expiration.** The Antidisplacement Community Prosperity Program Board expires on June 30, 2030.

Subd. 7. **Administration.** By August 1, 2024, the board must be convened and meet a minimum of three times. On or after January 1, 2025, the board must meet at least quarterly to consider, review, and approve proposed expenditures.

Subd. 8. **Bylaws; requirements.** (a) The board must adopt bylaws related to board governance. The bylaws must establish:

(1) procedures for board appointments and appointing authorities, membership, terms, removal, and vacancies; and

(2) a standard and procedures for recusal and conflicts of interest.

(b) Appointments to the board must not include a member of the legislature.

(c) The board may adopt procedures to carry out the requirements of the program and as needed to review, approve, and facilitate applications for eligible program expenditures under section 119, subdivision 3.

Subd. 9. **Compensation.** Board member compensation and reimbursement for expenses are governed by Minnesota Statutes, section 15.0575, subdivision 3.

Subd. 10. **Administrative support; staff.** Hennepin County must provide meeting space, administrative support, and staff support for the board. The board must hold its meetings within one mile of the Blue Line light rail transit extension project corridor.

Subd. 11. **Open meeting law.** Meetings of the board are subject to Minnesota Statutes, chapter 13D.

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

Sec. 119. **BLUE LINE LIGHT RAIL TRANSIT EXTENSION ANTIDISPLACEMENT COMMUNITY PROSPERITY PROGRAM.**

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

(b) "Antidisplacement community prosperity program" or "program" means the program established under subdivision 2.

(c) "Antidisplacement community prosperity program money" or "program money" means the money allocated to the program from the state.

(d) "Blue Line light rail transit extension corridor" or "corridor" means the neighborhoods and communities within one mile of the route selected for the Blue Line light rail transit extension project and the neighborhoods and communities within one mile of the former Blue Line light rail transit extension project route.

Subd. 2. **Establishment.** The antidisplacement community prosperity program is established to preserve and enhance affordable housing, small business support, job training and placement, and economic vitality and to benefit the people and sense of community along the Blue Line light rail transit extension corridor. Proposed program expenditures are reviewed and approved by the Antidisplacement Community Prosperity Program Board under section 118.

Subd. 3. **Qualifying purposes.** Program money must only be expended for the following purposes:

(1) affordable housing to support:

(i) existing residents staying in place along the project corridor; and

(ii) development, preservation, and access to safe affordable housing and house choice;

(2) small business and community ownership support to:

(i) incentivize community institutions, businesses, and community members to own property along the corridor and preserve cultural heritage;

(ii) connect business owners, community institutions, and community members in the corridor to other commercial nodes;

(iii) improve the business climate before, during, and after construction in the corridor;

(iv) prioritize the development of spaces for small businesses;

(v) support opportunities for existing businesses to stay in place and feel supported; and

(vi) create opportunities for further community ownership in the corridor while preserving existing levels of ownership;

(3) public space infrastructure enhancements to:

(i) improve infrastructure around the project and corridor;

(ii) enhance community connections to the corridor; and

(iii) preserve cultural heritage in the corridor; and

(4) job training and placement to increase corridor resident participation in the Blue Line light rail transit extension project and program initiatives.

Subd. 4. **Program governance.** Expenditures funded under this section must be reviewed and approved by the Antidisplacement Community Prosperity Program Board established in section 118. The board's review must determine whether a prospective expenditure is for a qualifying purpose as provided in subdivision 3. The board must not approve an expenditure for any purpose unless the purpose has received an equal amount of funding from nonstate sources, including federal, local, Metropolitan Council, or philanthropic funding. The board is responsible for administering the program expenditure to the approved entity or individual.

Subd. 5. **Report.** By February 1 of each year, the Antidisplacement Community Prosperity Program Board must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance. The report must include a complete review and summary of antidisplacement community programming, including:

(1) a detailed fiscal review of all expenditures, including a report on expenditures not approved by the board;

(2) the criteria for determining whether a prospective expenditure is for a qualifying purpose, including a detailed analysis of the decision-making process in applying the factors set forth in subdivision 3;

(3) a description of programs or activities funded with expenditures approved by the board, including any measurable outcomes achieved as a result of the funding;

(4) the source and amount of money collected and distributed by the board;

(5) an explanation of administrative expenses and staffing costs related to the board's administration of the program, including identifying each board member's role and responsibility;

(6) detailed financial information of nonstate funding received by the board;

(7) a detailed financial review of instances when the board required a complete, independent financial audit to the extent allowed under law; and

(8) documentation of any identified misuse of expenditures or expenditures not deemed to be a qualified purpose under the criteria of subdivision 3.

Subd. 6. **Expiration.** The antidisplacement community prosperity program expires on June 30, 2030.

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

Sec. 120. **COMMUNITY ROADSIDE LANDSCAPE PARTNERSHIPS.**

Subject to available funds, the commissioner of transportation must assess and undertake methods to improve and expand the Department of Transportation's community roadside landscape partnership program, including:

(1) identifying and evaluating locations for partnership opportunities throughout the state where there is high traffic volume and minimal existing vegetation coverage in the form of trees or large shrubs;

(2) performing outreach and engagement about the program with eligible community partners;

(3) prioritizing roadsides where vegetation could reduce neighborhood noise impacts or improve aesthetics for neighborhoods that border interstate highways without regard to whether there are existing noise walls; and

(4) analyzing methods to include cost sharing between the department and participating community partners for ongoing landscape maintenance.

Sec. 121. **MINNESOTA ADVISORY COUNCIL ON INFRASTRUCTURE IMPLEMENTATION ACTIVITIES.**

(a) Appointing authorities under Minnesota Statutes, section 16B.357, subdivision 2, must make initial appointments by May 1, 2025.

(b) By May 1, 2025, the commissioner of administration must hire an executive director as provided under Minnesota Statutes, section 16B.359.

(c) Following the appointments under paragraph (a) and hiring an executive director under paragraph (b), the Minnesota Advisory Council on Infrastructure established under Minnesota Statutes, section 16B.357, must undertake community engagement efforts throughout the state that include hearings to obtain comments and information related to providing for effective and efficient management of infrastructure and preserving and extending the longevity of Minnesota's public and privately owned infrastructure.

Sec. 122. **PUBLIC EDUCATION CAMPAIGN; MOTORCYCLE OPERATIONS.**

The commissioner of public safety must implement a statewide public education campaign to alert drivers and the public on how motorcycles may safely overtake and pass a vehicle within the same lane or between parallel lanes. The information must be consistent with the requirements of Minnesota Statutes, section 169.974, subdivision 5.

Sec. 123. **DRIVER AND VEHICLE SERVICES; MATERIALS IN A LANGUAGE OTHER THAN ENGLISH.**

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

(b) "Commissioner" means the commissioner of public safety.

(c) "Deputy registrar" means a public or private deputy registrar appointed by the commissioner under Minnesota Statutes, section 168.33.

(d) "Driver's license agent" means a public or private driver's license agent appointed by the commissioner under Minnesota Statutes, section 171.061.

(e) "Equivalent materials" means written materials such as forms, applications, questionnaires, letters, or notices that are used to ask or order a person to provide information or to give a person information on provisions relevant to a person's rights, duties, or privileges under Minnesota Statutes, chapters 168, 168A, and 171, offered in a qualifying language.

(f) "Qualifying language" means a language not in English and must include Spanish, Hmong, Somali, Karen, Russian, Vietnamese, and any other language used by significant populations within Minnesota as determined in subdivision 2.

(g) "Substantial number" means 20 percent of the total number of transactions or office visits at a given deputy registrar or driver's license agent location.

Subd. 2. **Offering of translated materials required.** (a) The commissioner must produce equivalent materials for distribution and use by a deputy registrar or driver's license agent to a non-English speaking person seeking the service of a deputy registrar or driver's license agent. The commissioner must translate materials in English into a qualifying language and prioritize translation of material that is distributed most frequently to the public.

(b) The commissioner, in consultation with the commissioner of administration and the organizations specified in paragraph (c), must determine whether a location of an appointed deputy registrar or driver's license agent serves a substantial number of non-English speaking people and whether the non-English speaking population has access to equivalent materials in a qualifying language. If the commissioner determines a location serves a substantial number of non-English speaking people, the commissioner must notify the location and provide the equivalent materials in all qualifying languages to the deputy registrar

or driver's license agent free of charge. If the commissioner determines a location serves a substantial number of non-English speaking people but the language spoken is not a qualifying language, the commissioner must produce equivalent materials for distribution and use by the location in the nonqualifying language within 30 days of its determination.

(c) The commissioner must consult with the Minnesota Council on Latino Affairs, the Minnesota Council on Asian Pacific Minnesotans, the Council for Minnesotans of African Heritage, and other organizations representing other non-English speaking people on the extent of services offered by a deputy registrar or driver's license agent location and whether there is need for equivalent materials at that location. The commissioner must periodically consult with the organizations specified in this paragraph to determine whether:

(1) equivalent materials are required in new, nonqualifying additional languages spoken by populations within Minnesota; and

(2) existing deputy registrar or driver's license agent locations are meeting the needs of non-English speaking populations in qualifying and nonqualifying languages.

(d) If a non-English speaking person seeks the services of a deputy registrar or driver's license agent but the language spoken by the person is not determined to be a qualifying language, the deputy registrar or driver's license agent must determine whether the Department of Public Safety has produced those materials in the language spoken by the person. If the materials are not yet available, the Division of Driver and Vehicle Services must be notified and provide the equivalent materials in the new language within 30 days. The equivalent materials must be provided free of charge to the requester.

(e) If the commissioner determines that equivalent materials are required in a new language, the commissioner must notify the organizations specified in paragraph (c) and provide notice to deputy registrars and driver's license agents of the availability of equivalent materials. The commissioner, in consultation with the commissioner of administration, must establish administrative support procedures for assisting deputy registrars and driver's license agents with requests for equivalent materials in a qualifying or nonqualifying language.

Subd. 3. **Report required.** By February 1, 2026, the commissioner must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance. The report must detail the efforts of the Division of Driver and Vehicle Services to implement the requirements of this section and must include the following:

(1) the locations of deputy registrars and driver's license agents who serve a substantial number of non-English speaking people on a yearly basis;

(2) the different languages requested at locations serving a substantial number of non-English speaking people;

(3) how many requests for equivalent materials in languages other than English were made but not at locations that serve a substantial number of non-English speaking people on a yearly basis;

(4) the expenditures used on producing equivalent materials in languages other than English;

(5) any recommended legislative changes needed to produce equivalent materials in languages other than English statewide;

(6) any information or feedback from deputy registrars and driver's license agents; and

(7) any information or feedback from persons who requested equivalent materials under this section.

EFFECTIVE DATE. This section is effective October 1, 2024.

Sec. 124. **STUDY; DYNAMIC TRANSPORTATION OPTIONS; GREATER MINNESOTA TRANSIT PLAN; REPORT.**

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

(1) "commissioner" means the commissioner of transportation;

(2) "dynamic transportation options" includes but is not limited to nonfixed route options, prearranged and dial-a-ride options arranged via telephone, digital application, or website; demand response microtransit service for last-mile connection; and private transportation companies, including but not limited to transportation network companies or taxi companies;

(3) "nonmetropolitan county" means any Minnesota county other than those under Minnesota Statutes, section 473.121, subdivision 4; and

(4) "wheelchair accessible vehicle" means a vehicle equipped with a ramp or lift capable of transporting nonfolding motorized wheelchairs, mobility scooters, or other mobility devices.

Subd. 2. **Study required; pilot program proposal.** (a) The commissioner must study, in collaboration with identified stakeholders in subdivision 3, increasing access to transit and transportation options, including ridesharing or other dynamic transportation options in rural, nonmetropolitan areas. The report must identify existing gaps in transportation service in greater Minnesota. The commissioner may include the results of the report required under this section in the 2025 Greater Minnesota transit investment plan provided in Minnesota Statutes, section 174.24, subdivision 1a.

(b) The commissioner must outline and make recommendations on establishing a proposed rural dynamic transportation options pilot program in coordination with a rural transportation coordinating council. The proposed pilot program must attempt to increase service in the rural transportation coordinating council's area by identifying gaps in service and propose options to increase mobility, including but not limited to the use of transportation network companies or taxis with access to wheelchair accessible vehicles. The proposed pilot project plan must compare the regional transportation coordinating council's current service area versus its proposed new service area, the cost differential, and the anticipated new users of the pilot program. The proposed pilot project plan must include a timeline for deployment and what resources may be needed to implement the pilot for at least two years.

Subd. 3. **Stakeholders.** (a) The commissioner must develop the study in consultation with:

(1) one representative from the Minnesota Council on Disability;

(2) two representatives, who must be jointly selected by the American Council of the Blind of Minnesota, the National Federation of the Blind of Minnesota, and the Minnesota DeafBlind Association;

(3) one representative from a transportation network company, as defined in Minnesota Statutes, section 65B.472, subdivision 1;

(4) one representative from a taxicab company;

(5) one representative with familiarity and experience in transit vehicle dispatching services and route connection expertise;

(6) the executive director of the Minnesota Council on Transportation Access or a designee;

(7) two representatives from a Minnesota regional transportation coordination council, one of whom must be a volunteer driver who transports persons or goods on behalf of a nonprofit organization or governmental unit using their own private passenger vehicle or a volunteer driver coordinator;

(8) one county commissioner from a nonmetropolitan county;

(9) a private transit or transportation services provider;

(10) one representative from a transit provider who provides transportation services in a small urban area and receives funds under United States Code, title 49, section 5307; and

(11) one representative from a transit provider who provides transportation services in a rural area and receives funds under United States Code, title 49, section 5311.

(b) The commissioner may convene an in-person meeting of stakeholders to develop the report's contents and recommendations. The commissioner is responsible for providing accessible meeting space and administrative and technical support for any stakeholder meeting to develop the report. Public members of the working group serve without compensation or payment of expenses.

(c) If the groups specified in paragraph (a), clause (2), are unable to select a member to participate in the development of the report, the commissioner may appoint two members of the public who:

(1) are blind, partially blind, or deafblind; and

(2) possess relevant experience in transportation or transit policy or as a rider of special transportation services.

Subd. 4. **Duties.** At a minimum, the commissioner and the stakeholders provided in subdivision 3 must identify and analyze:

(1) inefficiencies in route connections and demand response;

(2) improvements in coordination across different public, private, and individual sources of transportation;

(3) existing gaps in service in Greater Minnesota, including but not limited to:

(i) crossing county lines;

(ii) collaboration between counties;

(iii) resolving local funding share issues; and

(iv) vehicle availability, operating funds, staffing, and other capital issues;

(4) improvements in dispatch and service time for public and private service, including an analysis of digital and voice technology commercially available to transportation providers;

(5) areas of coordination to maximize the availability and use of vehicles for ambulatory people and maximizing the number of wheelchair-accessible vehicles in the program;

(6) the impact of Federal Transit Administration rules on mobility service improvements;

(7) the impact of Medicare services on transportation availability and options;

(8) nonemergency medical transportation issues;

(9) the impact of the commissioner's shared mobility work with the Moving Greater Minnesota Forward program; and

(10) rural and small urban transportation funding sources and their limitations for use of each relevant source.

Subd. 5. **Report.** By February 15, 2025, the commissioner of transportation must report the results of the study to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance.

Subd. 6. **Expiration.** The requirement for collaboration between the stakeholders and the commissioner expires on May 15, 2025, or upon submission of the report required under subdivision 5, whichever is earlier.

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

Sec. 125. **STUDY; METRO MOBILITY ENHANCEMENTS; REPORT.**

(a) The commissioner of transportation must, in consultation with the chair of the Metropolitan Council, perform a Metro Mobility enhancement and service study and develop recommendations to improve the efficiency, effectiveness, reliability, dignity, and experience of riders of the special transportation service under Minnesota Statutes, section 473.386.

(b) The study must include:

(1) an evaluation of the Metropolitan Council's efforts to deliver improvements in the reliability, effectiveness, and efficiency of services as required by state and federal law, including workforce and procurement efforts to meet the demand for Metro Mobility services;

(2) an analysis of the extent to which Metro Mobility can fully meet demand for its services in both the federally defined and state-defined services areas, including a comprehensive examination of the Metropolitan Council's on-demand taxi alternative for Metro Mobility-certified riders and Metro Move services;

(3) an evaluation of whether Metro Mobility met performance goals for the fulfillment of ride requests in the state-mandated service area under Minnesota Statutes, section 473.386, subdivision 1, paragraph (a);

(4) an analysis of whether state service requirements in law should be amended to prohibit or restrict the denial of ride requests in the state-mandated service area and whether such a requirement in service can be met with existing resources;

(5) suggested improvements to the Metropolitan Council's oversight and management of its reservation and dispatch structure and a detailed analysis and recommendations on a Metropolitan Council-operated centralized reservation system;

(6) a comprehensive analysis of the Metropolitan Council's oversight and management of transit providers contracted to provide rides for Metro Mobility, including services plans, payment and bonus structure, and performance standards;

(7) recommendations on the adequacy of the Metro Mobility complaints process and an evaluation of whether the Metropolitan Council receives all rider concerns and whether concerns are addressed appropriately;

(8) an evaluation of the Metro Mobility enhancement pilot program instituted under Laws 2023, chapter 68, article 4, section 121;

(9) an evaluation and assessment of how to implement the use of transportation network companies or taxi services to provide an enhanced service option in which riders may pay a higher fare than other users of Metro Mobility services;

(10) an evaluation of the feasibility of nonsubsidized, subsidized, and tiered ride services handled by a dispatching service provider; and

(11) an analysis of and recommendations for comprehensive improvements in route coordination, call sequencing and customer service, integration with transportation network company applications, and cataloging rides for maximum efficiency and driver compensation.

(c) The Metropolitan Council must cooperate with the Department of Transportation and provide information requested in a timely fashion to implement and conduct the study.

(d) The commissioner must consult with interested parties and stakeholders in conducting the service study and report, including representatives from the Minnesota Council on Disability, American Council of the Blind of Minnesota, the Minnesota DeafBlind Association, the National Federation of the Blind's Minnesota chapter, metro-area private transportation companies, identified riders of Metro Mobility, transit providers, Metro Mobility drivers, the Board on Aging, the Department of Human Services, and any other interested party with experience in providing mobility services for disabled persons.

(e) By February 15, 2026, the commissioner must submit the report and findings to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance.

Sec. 126. **STUDY; HIGHWAY DESIGNATION REVIEW COMMITTEE.**

(a) By December 15, 2024, the commissioner of transportation must conduct a study on the establishment of a standing committee to evaluate and authorize designations of highways and bridges on the trunk highway system.

(b) At a minimum, the study required in paragraph (a) must:

(1) evaluate the feasibility and effectiveness of establishing a standing committee with authority to review proposals for designation of memorial highways and bridges on the trunk highway system and approve a designation without enactment of a law that specifies the designation in the manner under Minnesota Statutes, section 161.14;

(2) propose criteria for a standing committee to evaluate each designation proposal, with consideration of public interest, community support, and the locations of existing designations;

(3) examine whether other states have adopted similar review committees and identify any best practices or other considerations;

(4) evaluate the potential costs or benefits to authorizing establishment of designations as provided under clause (1);

(5) assess the required resources, staffing, and administrative support needed to establish and maintain the standing committee; and

(6) recommend draft legislation.

(c) The commissioner must submit the results of the study to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance.

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

Sec. 127. **STUDY; ELECTRIC-ASSISTED BICYCLE YOUTH OPERATION.**

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

(b) "Active transportation advisory committee" means the committee established in Minnesota Statutes, section 174.375.

(c) "Advisory Council on Traffic Safety" means the advisory council established in Minnesota Statutes, section 4.076.

(d) "Commissioners" means the commissioner of public safety and the commissioner of transportation.

(e) "Electric-assisted bicycle" has the meaning given in Minnesota Statutes, section 169.011, subdivision 27.

Subd. 2. **Electric-assisted bicycles study.** (a) The commissioners must conduct a study and develop recommendations on the operation of electric-assisted bicycles by persons under the age of 18 to increase the safety of riders, other cyclists, and all other users of active transportation infrastructure. The commissioners must conduct the study jointly with the active transportation advisory committee and the Advisory Council on Traffic Safety.

(b) The study required under paragraph (a) must:

(1) identify challenges to the safe operation of electric-assisted bicycles by those under the age of 18;

(2) evaluate existing legal authority for strategies, practices, and methods to reduce the availability of modifications to the electric motor of electric-assisted bicycles;

(3) make recommendations on whether to change state law to improve electric-assisted bicycle safety on roads, trails, and other areas where safe operation of electric-assisted bicycles is needed; and

(4) propose educational and public awareness campaigns to educate the public about electric-assisted bicycles, promote their safe operation, and raise awareness of their unique characteristics when operating on roadways.

(c) In conducting the study with the Advisory Council on Traffic Safety and the active transportation advisory committee, the commissioners must consult with interested stakeholders, including but not limited to:

(1) active transportation and bicycling advocates;

(2) local elected officials;

(3) retailers and manufacturers of electric-assisted bicycles;

(4) the Department of Natural Resources;

(5) the Department of Commerce;

(6) E-12 educators with experience in active transportation safety training;

(7) medical professionals and emergency medical technicians;

(8) the State Patrol and local law enforcement; and

(9) consumer protection advocates.

Subd. 3. **Report.** By February 1, 2026, the commissioners must submit the study conducted under this section to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance.

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

Sec. 128. **STUDY; DEPUTY REGISTRAR AND DRIVER'S LICENSE AGENT LOCATIONS COMPETITIVE BIDDING.**

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

(b) "Commissioner" means the commissioner of public safety.

(c) "Deputy registrar" means a public or private deputy registrar appointed by the commissioner under Minnesota Statutes, section 168.33.

(d) "Driver's license agent" means a public or private driver's license agent appointed by the commissioner under Minnesota Statutes, section 171.061.

Subd. 2. **Study required.** The commissioner must conduct a driver's license agent and deputy registrar open bidding process study. The study must evaluate and analyze the appointment process for a replacement deputy registrar or driver's license agent when an appointed deputy registrar or driver's license agent closes an approved office location. At a minimum, the study must evaluate the requirements established in Minnesota Statutes, sections 168.33, subdivision 8b, and 171.061, subdivision 5a, and must include:

(1) the commissioner's proposal to establish a competitive bidding process to appoint a replacement deputy registrar or driver's license agent at an existing approved office location or approved replacement location;

(2) recommended legislation to establish, implement, administer, and enforce a competitive bidding process and its requirements in statute;

(3) an analysis of how the competitive bidding process would interact with the commissioner's existing rules on deputy registrar and driver's license agent office locations and propose recommendations to reconcile any issues;

(4) the effect of a competitive bidding process on service outcomes, financial sustainability, and needed financial assistance for deputy registrars and driver's license agents;

(5) how a competitive bidding process would initiate business development for persons who are seeking appointment as a deputy registrar or driver's license agent;

(6) the expected fiscal impact for creating and administering a competitive bidding process;

(7) an evaluation and recommendations on the impact of implementing a competitive bidding process on existing deputy registrar and driver's license agent locations; and

(8) feedback solicited from existing deputy registrars and driver's license agents on the commissioner's proposal.

Subd. 3. **Report.** By February 1, 2025, the commissioner must complete the study and report the results of the study to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance. The report must include proposed legislation to establish and implement the competitive bidding process required in Minnesota Statutes, sections 168.33, subdivision 8b, and 171.061, subdivision 5a.

Sec. 129. **STUDY; WAYSIDE DETECTORS.**

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

(1) "commissioner" means the commissioner of transportation; and

(2) "wayside detector" or "wayside detector system" means one or more electronic devices that:

(i) perform automated scanning of passing trains, rolling stock, and on-track equipment to detect defects or precursors to defects in equipment or component parts; and

(ii) provide notification to individuals of a defect or precursor to a defect.

(b) The commissioner must conduct a comprehensive study on wayside detector systems and other rail inspection technologies. The commissioner must engage with the governor's Council on Freight Rail under Executive Order 24-02 to consider and review issues related to wayside detectors, including analyzing existing federal regulations and guidance, incidents and performance data, safety complaints, and best practices.

(c) The study must:

(1) identify current practices for defect notification to train crews;

(2) identify current practices for wayside detector systems or other inspection technology deployment and maintenance;

(3) analyze deployed and emerging wayside detector system technology, including known detector types and quantities and may include but is not limited to the following inspection technologies:

(i) acoustic bearing detectors;

(ii) hot box detectors;

(iii) wheel tread inspection detectors;

(iv) wheel impact load detectors;

(v) wheel temperature detectors;

(vi) wheel profile detectors; and

(vii) machine vision systems;

(4) analyze wayside detector systems' impacts on railroad safety and identify accidents and incident trends of rolling stock or other conditions monitored by wayside detectors;

(5) estimate costs of requiring wayside detector systems for Class II and Class III railroads and rail carriers and identify potential state funding mechanisms to institute the requirements;

(6) include a federal preemption analysis of mandating wayside detector systems under state law that includes an analysis and examination of federal law, case law, and federal guidance;

(7) analyze the costs and impacts, if any, on the transport of goods on certain Minnesota industries and sectors, including agriculture, taconite mining, manufacturing, timber, retail, and automotive, if implementation of a wayside detector system is required in Minnesota; and

(8) review current and anticipated Federal Railroad Administration efforts to regulate wayside detector systems, including guidance from the federal Railroad Safety Advisory Committee on wayside detectors.

(d) By January 15, 2026, the commissioner must submit a joint report with the governor's Council on Freight Rail on the study to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation, commerce, and civil law policy and finance.

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

Sec. 130. **STUDY; COMMERCIAL DRIVER WORKFORCE.**

(a) The commissioners of public safety and transportation must jointly conduct a study to address commercial driver shortages in transportation and transit sectors and propose recommendations to address the challenges posed by driver shortages and the attrition rate of commercial vehicle drivers in Minnesota. The study must comprehensively examine challenges in test access, workforce development, driver compensation and retention, training and certification offered by postsecondary institutions, and how each of those challenges may be addressed by the legislature or other state regulatory action.

(b) In conducting the study, the commissioners must consult with stakeholders involved in the training, certification, licensing, development, and education of commercial drivers, including but not limited to representatives from trucking companies, freight and logistics companies, transit and bus operators, labor unions representing commercial motor vehicle drivers, public and private commercial driver's license testing providers and behind-the-wheel instructors, or any other entity that may assist the commissioners in conducting the study. Stakeholders must assist the commissioners to identify key issues or policies that warrant further examination, address or clarify competing claims across industries, provide analysis on the reasons behind an operator shortage in Minnesota, and identify ways to increase driver access, participation, and retention in commercial driving operations.

(c) The commissioners must also consult with the commissioners of labor and industry, commerce, and employment and economic development; Metro Transit; the Center for Transportation Studies at the University of Minnesota; and the Board of Trustees of the State Colleges and Universities of Minnesota in conducting the study and developing the report to the legislature.

(d) The commissioners must convene an initial meeting with stakeholders and representatives from the agencies specified in paragraph (c) by July 15, 2024, to prepare for the study, identify areas of examination, and establish a solicitation process for public comment on the report. The public notification process required under this paragraph must attempt to solicit participation from the public on commercial driver shortage and

workforce issues and include those comments in the report required under paragraph (f). The commissioners must convene at least six meetings before publication of the report.

(e) The commissioner of transportation is responsible for providing meeting space and administrative services for meetings with stakeholders in developing the report required under this section. Public members of the working group serve without compensation or payment of expenses. The commissioner of transportation must host the public notification, participation, and comment requirements under paragraph (d) on its website and use the information in preparing the study.

(f) By February 15, 2025, the commissioners must submit the results of the study, stakeholder and public comments, and recommended legislative changes to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance.

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

Sec. 131. **STUDY; SPECIAL LICENSE PLATE REVIEW COMMITTEE.**

(a) By February 15, 2025, the commissioner of public safety must conduct a comprehensive study on the establishment of a standing committee in the Division of Driver and Vehicle Services to review and approve proposals for special license plates. The study must also evaluate potential improvements to the current statutory and legislative process for approving specialty license plates, including removal and delegation of legislative authority in the approval of new special license plates.

(b) The study required in paragraph (a) must:

(1) evaluate the feasibility and effectiveness of establishing a standing committee tasked with reviewing and approving proposals for special license plates;

(2) propose criteria for a standing committee to evaluate each special license plate proposal based on criteria such as public interest, community support, relevance to the purpose of special license plates, and potential revenue generation;

(3) assess the current statutory process for approving special license plates, including Minnesota Statutes, section 168.1293, and include suggested improvements to the statutory language to improve transparency, accountability, and public input in the special license plate process;

(4) analyze the roles and responsibilities of relevant stakeholders, including the legislature, the Department of Public Safety, community organizations, or other interested parties involved in the current approval, creation, and distribution of special license plates in Minnesota;

(5) examine other states that have adopted similar review committees for special license plates;

(6) evaluate the potential costs or benefits to removing legislative authority to approve special license plates, including a detailed analysis of fiscal considerations;

(7) evaluate whether the creation of a standing committee for review of special license plates would have any impact on rules currently adopted and enforced by the commissioner, including Minnesota Rules, part 7403.0500;

(8) evaluate whether the standing committee should be responsible for monitoring the implementation and usage of approved special license plates and recommend any necessary modifications or discontinuations to existing special license plates;

(9) assess the required resources, staffing, and administrative support needed to establish and maintain the standing committee; and

(10) provide any other recommendations to the potential improvement to the special license plate process, including design, implementation, and public engagement.

(c) The commissioner must submit the results of the study to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance.

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

Sec. 132. **REVISOR INSTRUCTION.**

(a) The revisor of statutes must recodify Minnesota Statutes, section 169.21, subdivision 6, as Minnesota Statutes, section 171.0701, subdivision 1b. The revisor must correct any cross-references made necessary by this recodification.

(b) The revisor of statutes must recodify Minnesota Statutes, section 473.3927, subdivision 1, as Minnesota Statutes, section 473.3927, subdivision 1b. The revisor must correct any cross-references made necessary by this recodification.

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

Sec. 133. **REPEALER.**

Minnesota Statutes 2022, section 168.1297, is repealed.

ARTICLE 4

LABOR APPROPRIATIONS

Section 1. **APPROPRIATIONS.**

The sums shown in the columns under "Appropriations" are added to the appropriations in Laws 2023, chapter 53, or other law to the specified agency. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2024" and "2025" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2024, or June 30, 2025, respectively. "The first year" is fiscal year 2024. "The second year" is fiscal year 2025. "The biennium" is fiscal years 2024 and 2025.

	APPROPRIATIONS Available for the Year Ending June 30	
	2024	2025
Sec. 2. **DEPARTMENT OF HEALTH**	$ -0-	$ 174,000

$174,000 the second year is for technical assistance for rulemaking for acceptable blood lead levels for

workers. This is a onetime appropriation and is available until June 30, 2026.

Sec. 3. **DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT** **$ -0- $ 9,651,000**

(a) $9,000,000 the second year is for a grant to Tending the Soil, to design, redesign, renovate, construct, furnish, and equip the Rise Up Center, a building located in Minneapolis, that will house a workforce development and job training center, administrative offices, and a public gathering space. This is a onetime appropriation and is available until June 30, 2029. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner may use up to one percent of this appropriation for administrative costs.

(b) $651,000 the second year is for implementation of the broadband provisions in article 13.

Sec. 4. **PUBLIC UTILITIES COMMISSION** **$ -0- $ 39,000**

$39,000 the second year is for investigation and enforcement of conduct by or on behalf of telecommunications carriers, telephone companies, or cable communications system providers that impacts public utility or cooperative electric association infrastructure.

Sec. 5. **DEPARTMENT OF REVENUE** **$ -0- $ 143,000**

$143,000 the second year is for the disclosure and records management unit to work on agency-to-agency data-sharing agreements related to worker misclassification. This is a onetime appropriation.

Sec. 6. **ATTORNEY GENERAL** **$ -0- $ 49,000**

$49,000 the second year is to represent the Department of Labor and Industry in contested case hearings related to worker misclassification. This appropriation is available until June 30, 2026. The base for this appropriation is $98,000 in fiscal year 2027 and each year thereafter.

Sec. 7. Laws 2023, chapter 53, article 14, section 1, is amended to read:

Section 1. **EARNED SICK AND SAFE TIME APPROPRIATIONS.**

(a) $1,445,000 in fiscal year 2024 and ~~$2,209,000~~ $1,899,000 in fiscal year 2025 are appropriated from the general fund to the commissioner of labor and industry for enforcement and other duties regarding earned sick and safe time under Minnesota Statutes, sections 181.9445 to 181.9448, and chapter 177. ~~The base for this appropriation is $1,899,000 for fiscal year 2026 and each year thereafter.~~

(b) $300,000 in fiscal year 2024 and $300,000 in fiscal year 2025 are appropriated from the general fund to the commissioner of labor and industry for grants to community organizations under Minnesota Statutes, section 177.50, subdivision 4. This is a onetime appropriation.

(c) $310,000 in fiscal year 2025 is appropriated from the general fund to the commissioner of labor and industry for rulemaking related to earned sick and safe time under Minnesota Statutes, sections 181.9445 to 181.9448, and chapter 177. This is a onetime appropriation and is available until June 30, 2027.

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

Sec. 8. Laws 2023, chapter 53, article 19, section 2, subdivision 1, is amended to read:

Subdivision 1. **Total Appropriation**	**$**	**47,710,000**	**$** **~~44,044,000~~ 45,017,000**

Appropriations by Fund

	2024	2025
General	7,200,000	~~4,889,000~~ 5,522,000
Workers' Compensation	30,599,000	~~32,390,000~~ 32,669,000
Workforce Development	9,911,000	~~6,765,000~~ 6,826,000

The amounts that may be spent for each purpose are specified in the following subdivisions. The general fund base for this appropriation is ~~$4,936,000~~ $5,150,000 in fiscal year 2026 and ~~$4,958,000~~ $5,169,000 in fiscal year 2027 and each year thereafter. The workers compensation fund base is ~~$32,749,000~~ $32,892,000 in fiscal year 2026 and $32,458,000 in fiscal year 2027 and each year thereafter. The workforce development fund base is ~~$6,765,000~~ $6,826,000 in fiscal year 2026 and each year thereafter.

Sec. 9. Laws 2023, chapter 53, article 19, section 2, subdivision 3, is amended to read:

			~~6,270,000~~
Subd. 3. **Labor Standards**		6,520,000	6,964,000

Appropriations by Fund

		~~4,635,000~~
General	4,957,000	5,268,000
		~~1,635,000~~
Workforce Development	1,563,000	1,696,000

The general fund base for this appropriation is ~~$4,682,000~~ $4,896,000 in fiscal year 2026 and ~~$4,704,000~~ $4,915,000 in fiscal year 2027 and each year thereafter.

(a) $2,046,000 each year is for wage theft prevention.

(b) $1,563,000 the first year and ~~$1,635,000~~ $1,696,000 the second year are from the workforce development fund for prevailing wage enforcement.

(c) $134,000 the first year and $134,000 the second year are for outreach and enforcement efforts related to changes to the nursing mothers, lactating employees, and pregnancy accommodations law.

(d) $661,000 the first year and $357,000 the second year are to perform work for the Nursing Home Workforce Standards Board. The base for this appropriation is $404,000 in fiscal year 2026 and $357,000 in fiscal year 2027.

(e) $225,000 the first year and $169,000 the second year are for the purposes of the Safe Workplaces for Meat and Poultry Processing Workers Act.

(f) $27,000 the first year is for the creation and distribution of a veterans' benefits and services poster under Minnesota Statutes, section 181.536.

(g) $141,000 the second year is to inform and educate employers relating to Minnesota Statutes, section 181.960.

(h) $56,000 the second year is for education and training related to employee misclassification. The base for this appropriation is $70,000 in fiscal year 2026 and each fiscal year thereafter.

(i) From the general fund appropriation for this purpose, $436,000 in the second year is available through June 30, 2027.

Sec. 10. Laws 2023, chapter 53, article 19, section 2, subdivision 5, is amended to read:

		~~7,559,000~~
Subd. 5. **Workplace Safety**	8,644,000	7,838,000

Appropriations by Fund		~~7,559,000~~
General	2,000,000	-0-
Workers' Compensation	6,644,000	7,838,000

The workers compensation fund base for this appropriation is ~~$7,918,000~~ $8,061,000 in fiscal year 2026 and $7,627,000 in fiscal year 2027 and each year thereafter.

$2,000,000 the first year is for the ergonomics safety grant program. This appropriation is available until June 30, 2026. This is a onetime appropriation.

Sec. 11. Laws 2023, chapter 53, article 19, section 4, is amended to read:

Sec. 4. **BUREAU OF MEDIATION SERVICES**	**$**	**3,707,000**	**$**	**3,789,000**

~~(a)~~ $750,000 each year is for purposes of the Public Employment Relations Board under Minnesota Statutes, section 179A.041.

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

~~(c) $47,000 each year is for rulemaking, staffing, and other costs associated with peace officer grievance procedures.~~

EFFECTIVE DATE. This section is effective retroactively from July 1, 2023.

ARTICLE 5

COMBATIVE SPORTS

Section 1. Minnesota Statutes 2023 Supplement, section 341.25, is amended to read:

341.25 RULES.

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

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

(c) The most recent version of the Unified Rules of Mixed Martial Arts, as promulgated by the Association of Boxing Commissions, is incorporated by reference and made a part of this chapter except as qualified by this chapter and Minnesota Rules, chapter 2202. In the event of a conflict between this chapter and the Unified Rules, this chapter must govern.

(d) The most recent version of the Unified Rules of Boxing, as promulgated by the Association of Boxing Commissions, is incorporated by reference and made a part of this chapter except as qualified by this chapter and Minnesota Rules, chapter 2201. In the event of a conflict between this chapter and the Unified Rules, this chapter must govern.

(e) The most recent version of the Unified Rules of Kickboxing and Unified Rules of Muay Thai, as promulgated by the Association of Boxing Commissions, ~~is~~ are incorporated by reference and made a part of this chapter except as qualified by this chapter and any applicable Minnesota Rules. In the event of a conflict between this chapter and ~~the Unified Rules~~ those rules, this chapter must govern. If a promoter seeks to hold a kickboxing event governed by a different set of kickboxing rules, the promoter must send the commissioner a copy of the rules under which the proposed bouts will be conducted at least 45 days before the event. The commissioner may approve or deny the use of the alternative rules at the commissioner's discretion. If the alternative rules are approved for an event, this chapter and any applicable Minnesota Rules, except of those incorporating the Unified Rules of Kickboxing and Unified Rules of Muay Thai, must govern if there is a conflict between the rules and Minnesota law.

Sec. 2. Minnesota Statutes 2023 Supplement, section 341.28, subdivision 5, is amended to read:

Subd. 5. **Regulatory authority; martial arts and amateur boxing.** (a) Unless this chapter specifically states otherwise, contests or exhibitions for martial arts and amateur boxing are exempt from the requirements of this chapter and officials at these events are not required to be licensed under this chapter.

(b) Martial arts and amateur boxing contests, unless subject to the exceptions set forth in subdivision 6 or 7, must be regulated by a nationally recognized organization approved by the commissioner. The organization must have a set of written standards, procedures, or rules used to sanction the combative sports it oversees.

(c) Any regulatory body overseeing a martial arts or amateur boxing event must submit bout results to the commissioner within 72 hours after the event. If the regulatory body issues suspensions, the regulatory body must submit to the commissioner a list of any suspensions resulting from the event within 72 hours after the event. Regulatory bodies that oversee combative sports or martial arts contests under subdivision 6 or 7 are not subject to this paragraph.

Sec. 3. Minnesota Statutes 2022, section 341.28, is amended by adding a subdivision to read:

Subd. 7. **Regulatory authority; youth competition.** Combative sports or martial arts contests between individuals under the age of 18 years are exempt from the requirements of this chapter and officials at these events are not required to be licensed under this chapter. A contest under this subdivision must be regulated by (1) a widely recognized organization that regularly oversees youth competition, or (2) a local government.

Sec. 4. Minnesota Statutes 2022, section 341.29, is amended to read:

341.29 JURISDICTION OF COMMISSIONER.

The commissioner shall:

(1) have sole direction, supervision, regulation, control, and jurisdiction over all combative sport contests that are held within this state unless a contest is exempt from the application of this chapter under federal law;

(2) have sole control, authority, and jurisdiction over all licenses required by this chapter;

(3) grant a license to an applicant if, in the judgment of the commissioner, the financial responsibility, experience, character, and general fitness of the applicant are consistent with the public interest~~, convenience, or necessity~~ and in the best interests of combative sports and conforms with this chapter and the commissioner's rules;

(4) deny, suspend, or revoke a license using the enforcement provisions of section 326B.082, except that the licensing reapplication time frames remain within the sole discretion of the commissioner; and

(5) serve final nonlicensing orders in performing the duties of this chapter which are subject to the contested case procedures provided in sections 14.57 to 14.69.

Sec. 5. Minnesota Statutes 2023 Supplement, section 341.30, subdivision 4, is amended to read:

Subd. 4. **Prelicensure requirements.** (a) Before the commissioner issues a promoter's license to an individual, corporation, or other business entity, the applicant shall complete a licensing application on the Office of Combative Sports website or on forms prescribed by the commissioner and shall:

(1) show on the licensing application the owner or owners of the applicant entity and the percentage of interest held by each owner holding a 25 percent or more interest in the applicant;

(2) provide the commissioner with a copy of the latest financial statement of the applicant;

(3) provide proof, where applicable, of authorization to do business in the state of Minnesota; and

(4) deposit with the commissioner a surety bond in an amount set by the commissioner, which must not be less than $10,000. The bond shall be executed in favor of this state and shall be conditioned on the faithful performance by the promoter of the promoter's obligations under this chapter and the rules adopted under it.

(b) Before the commissioner issues a license to a combatant, the applicant shall:

(1) submit to the commissioner the results of current medical examinations on forms prescribed by the commissioner that state that the combatant is cleared to participate in a combative sport contest. The applicant

must undergo and submit the results of the following medical examinations, which do not exempt a combatant from the requirements in section 341.33:

(i) a physical examination performed by a licensed medical doctor, doctor of osteopathic medicine, advance practice nurse practitioner, or a physician assistant. Physical examinations are valid for one year from the date of the exam;

(ii) an ophthalmological examination performed by an ophthalmologist or optometrist that includes dilation designed to detect any retinal defects or other damage or a condition of the eye that could be aggravated by combative sports. Ophthalmological examinations are valid for one year from the date of the exam;

(iii) blood work results for HBsAg (Hepatitis B surface antigen), HCV (Hepatitis C antibody), and HIV. Blood work results are good for one year from the date blood was drawn. The commissioner shall not issue a license to an applicant submitting positive test results for HBsAg, HCV, or HIV; and

(iv) other appropriate neurological or physical examinations before any contest, if the commissioner determines that the examination is desirable to protect the health of the combatant;

(2) complete a licensing application on the Office of Combative Sports website or on forms prescribed by the commissioner; and

(3) provide proof that the applicant is 18 years of age. Acceptable proof is a photo driver's license, state photo identification card, passport, or birth certificate combined with additional photo identification.

(c) Before the commissioner issues an amateur combatant license to an individual, the applicant must submit proof of qualifications that includes at a minimum: (1) an applicant's prior bout history and evidence showing that the applicant has completed at least six months of training in a combative sport; or (2) a letter of recommendation from a coach or trainer.

(d) Before the commissioner issues a professional combatant license to an individual, the applicant must submit proof of qualifications that includes an applicant's prior bout history showing the applicant has competed in at least four sanctioned combative sports contests. If the applicant has not competed in at least four sanctioned combative sports contests, the commissioner may still grant the applicant a license if the applicant provides evidence demonstrating that the applicant has sufficient skills and experience in combative sports or martial arts to compete as a professional combatant.

~~(c)~~ (e) Before the commissioner issues a license to a referee, judge, or timekeeper, the applicant must submit proof of qualifications that may include certified training from the Association of Boxing Commissions, licensure with other regulatory bodies, professional references, or a log of bouts worked.

~~(d)~~ (f) Before the commissioner issues a license to a ringside physician, the applicant must submit proof that they are licensed to practice medicine in the state of Minnesota and in good standing.

Sec. 6. Minnesota Statutes 2023 Supplement, section 341.321, is amended to read:

341.321 FEE SCHEDULE.

(a) The fee schedule for professional and amateur licenses issued by the commissioner is as follows:

(1) referees, $25;

(2) promoters, $700;

(3) judges and knockdown judges, $25;

(4) trainers and seconds, $40;

(5) timekeepers, $25;

(6) professional combatants, $70;

(7) amateur combatants, $35; and

(8) ringside physicians, $25.

All license fees shall be paid no later than the weigh-in prior to the contest. No license may be issued until all prelicensure requirements in section 341.30 are satisfied and fees are paid.

(b) A promoter or event organizer of an event regulated by the Department of Labor and Industry must pay, per event, a combative sport contest fee ~~of~~.

(c) If the promoter sells tickets for the event, the event fee is $1,500 ~~per event~~ or four percent of the gross ticket sales, whichever is greater. The fee must be paid as follows:

(1) $500 at the time the combative sport contest is scheduled, which is nonrefundable;

(2) $1,000 at the weigh-in prior to the contest;

(3) if four percent of the gross ticket sales is greater than $1,500, the balance is due to the commissioner within 14 days of the completed contest; and

(4) the value of all complimentary tickets distributed for an event, to the extent they exceed five percent of total event attendance, counts toward gross tickets sales for the purposes of determining a combative sports contest fee. For purposes of this clause, the lowest advertised ticket price shall be used to calculate the value of complimentary tickets.

(d) If the promoter does not sell tickets and receives only a flat payment from a venue to administer the event, the event fee is $1,500 per event or four percent of the flat payment, whichever is greater. The fee must be paid as follows:

(1) $500 at the time the combative sport contest is scheduled, which is nonrefundable;

(2) $1,000 at the weigh-in prior to the contest; and

(3) if four percent of the flat payment is greater than $1,500, the balance is due to the commissioner within 14 days of the completed contest.

~~(c)~~ (e) All fees and penalties collected by the commissioner must be deposited in the commissioner account in the special revenue fund.

Sec. 7. Minnesota Statutes 2023 Supplement, section 341.33, is amended by adding a subdivision to read:

Subd. 3. **Medical records.** The commissioner may, if the commissioner determines that doing so would be desirable to protect the health of a combatant, provide the combatant's medical information collected under this chapter to the physician conducting a prebout exam under this section or to the ringside physician or physicians assigned to the combatant's combative sports contest.

Sec. 8. **[341.352] DATA PRIVACY.**

All health records collected, created, or maintained under this chapter are private data on individuals, as defined in section 13.02, subdivision 12.

Sec. 9. Minnesota Statutes 2023 Supplement, section 341.355, is amended to read:

341.355 CIVIL PENALTIES.

When the commissioner finds that a person has violated one or more provisions of any statute, rule, or order that the commissioner is empowered to regulate, enforce, or issue, the commissioner may impose, for each violation, a civil penalty of up to $10,000 for each violation, or a civil penalty that deprives the person of any economic advantage gained by the violation, or both. The commissioner may also impose these penalties against a person who has violated section 341.28, subdivision 5, paragraph (b) or (c), or subdivision 7.

ARTICLE 6

CONSTRUCTION CODES AND LICENSING

Section 1. Minnesota Statutes 2023 Supplement, section 326B.106, subdivision 1, is amended to read:

Subdivision 1. **Adoption of code.** (a) Subject to paragraphs (c) and (d) and sections 326B.101 to 326B.194, the commissioner shall by rule and in consultation with the Construction Codes Advisory Council establish a code of standards for the construction, reconstruction, alteration, and repair of buildings, governing matters of structural materials, design and construction, fire protection, health, sanitation, and safety, including design and construction standards regarding heat loss control, illumination, and climate control. The code must also include duties and responsibilities for code administration, including procedures for administrative action, penalties, and suspension and revocation of certification. The code must conform insofar as practicable to model building codes generally accepted and in use throughout the United States, including a code for building conservation. In the preparation of the code, consideration must be given to the existing statewide specialty codes presently in use in the state. Model codes with necessary modifications and statewide specialty codes may be adopted by reference. The code must be based on the application of scientific principles, approved tests, and professional judgment. To the extent possible, the code must be adopted in terms of desired results instead of the means of achieving those results, avoiding wherever possible the incorporation of specifications of particular methods or materials. To that end the code must encourage the use of new methods and new materials. Except as otherwise provided in sections 326B.101 to 326B.194, the commissioner shall administer and enforce the provisions of those sections.

(b) The commissioner shall develop rules addressing the plan review fee assessed to similar buildings without significant modifications including provisions for use of building systems as specified in the industrial/modular program specified in section 326B.194. Additional plan review fees associated with similar plans must be based on costs commensurate with the direct and indirect costs of the service.

(c) Beginning with the 2018 edition of the model building codes and every six years thereafter, the commissioner shall review the new model building codes and adopt the model codes as amended for use in Minnesota, within two years of the published edition date. The commissioner may adopt amendments to the building codes prior to the adoption of the new building codes to advance construction methods, technology, or materials, or, where necessary to protect the health, safety, and welfare of the public, or to improve the efficiency or the use of a building.

(d) Notwithstanding paragraph (c), the commissioner shall act on each new model residential energy code and the new model commercial energy code in accordance with federal law for which the United States Department of Energy has issued an affirmative determination in compliance with United States Code, title 42, section 6833. The commissioner may adopt amendments prior to adoption of the new energy codes, as amended for use in Minnesota, to advance construction methods, technology, or materials, or, where necessary to protect the health, safety, and welfare of the public, or to improve the efficiency or use of a building.

(e) Beginning in 2024, the commissioner shall act on the new model commercial energy code by adopting each new published edition of ASHRAE 90.1 or a more efficient standard. The commercial energy code in effect in 2036 and thereafter must achieve an 80 percent reduction in annual net energy consumption or greater, using the ASHRAE 90.1-2004 as a baseline. The commissioner shall adopt commercial energy codes from 2024 to 2036 that incrementally move toward achieving the 80 percent reduction in annual net energy consumption. By January 15 of the year following each new code adoption, the commissioner shall make a report on progress under this section to the legislative committees with jurisdiction over the energy code.

(f) Nothing in this section shall be interpreted to limit the ability of a public utility to offer code support programs, or to claim energy savings resulting from such programs, through its energy conservation and optimization plans approved by the commissioner of commerce under section 216B.241 or an energy conservation and optimization plan filed by a consumer-owned utility under section 216B.2403.

(g) Beginning in 2026, the commissioner shall act on the new model residential energy code by adopting each new published edition of the International Energy Conservation Code or a more efficient standard. The residential energy code in effect in 2038 and thereafter must achieve a 70 percent reduction in annual net energy consumption or greater, using the 2006 International Energy Conservation Code State Level Residential Codes Energy Use Index for Minnesota, as published by the United States Department of Energy's Building Energy Codes Program, as a baseline. The commissioner shall adopt residential energy codes from 2026 to 2038 that incrementally move toward achieving the 70 percent reduction in annual net energy consumption. By January 15 of the year following each new code adoption, the commissioner shall submit a report on progress under this section to the legislative committees with jurisdiction over the energy code.

Sec. 2. Minnesota Statutes 2022, section 326B.89, subdivision 5, is amended to read:

Subd. 5. **Payment limitations.** The commissioner shall not pay compensation from the fund to an owner or a lessee in an amount greater than ~~$75,000~~ $100,000 per licensee. The commissioner shall not pay compensation from the fund to owners and lessees in an amount that totals more than $550,000 per licensee. The commissioner shall only pay compensation from the fund for a final judgment that is based on a contract directly between the licensee and the homeowner or lessee that was entered into prior to the cause of action and that requires licensure as a residential building contractor or residential remodeler.

EFFECTIVE DATE. This section is effective July 1, 2024.

ARTICLE 7

BUREAU OF MEDIATION SERVICES

Section 1. Minnesota Statutes 2022, section 626.892, subdivision 10, is amended to read:

Subd. 10. **Training.** (a) A person appointed to the arbitrator roster under this section must complete training as required by the commissioner during the person's appointment. At a minimum, an initial training must include:

(1) at least six hours on the topics of cultural competency, racism, implicit bias, and recognizing and valuing community diversity and cultural differences; and

(2) at least six hours on topics related to the daily experience of peace officers, which may include ride-alongs with on-duty officers or other activities that provide exposure to the environments, choices, and judgments required of officers in the field.

(b) The commissioner may adopt rules establishing training requirements consistent with this subdivision.

~~(b) An arbitrator appointed to the roster of arbitrators in 2020 must complete the required initial training by July 1, 2021.~~ (c) An arbitrator appointed to the roster of arbitrators after 2020 must complete the required initial training within six months of the arbitrator's appointment.

~~(c)~~ (d) The Bureau of Mediation Services must pay for all costs associated with the required training ~~must be borne by the arbitrator~~.

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

Sec. 2. **REPEALER.**

(a) Minnesota Statutes 2022, sections 179.81; 179.82; 179.83, subdivision 1; 179.84, subdivision 1; and 179.85, are repealed.

(b) Minnesota Rules, parts 5520.0100; 5520.0110; 5520.0120, subparts 1, 2, 3, 4, 5, 6, and 7; 5520.0200; 5520.0250, subparts 1, 2, and 4; 5520.0300; 5520.0500, subparts 1, 2, 3, 4, 5, and 6; 5520.0520; 5520.0540; 5520.0560; 5520.0600; 5520.0620; 5520.0700; 5520.0710; and 5520.0800, are repealed.

ARTICLE 8

PUBLIC EMPLOYEE LABOR RELATIONS (PELRA)

Section 1. Minnesota Statutes 2023 Supplement, section 13.43, subdivision 6, is amended to read:

Subd. 6. **Access by labor organizations, Bureau of Mediation Services, Public Employment Relations Board.** (a) Notwithstanding classification by any other provision of this chapter upon request from an exclusive representative, personnel data must be disseminated to labor organizations and the Public Employment Relations Board to the extent necessary to conduct elections, investigate and process grievances, and implement the provisions of chapters 179 and 179A.

(b) Personnel data shall be disseminated to labor organizations, the Public Employment Relations Board, and the Bureau of Mediation Services to the extent the dissemination is ordered or authorized by the commissioner of the Bureau of Mediation Services or the Public Employment Relations Board or its employees

or agents. Employee Social Security numbers are not necessary to implement the provisions of chapters 179 and 179A.

~~(b)~~ (c) Personnel data described under section 179A.07, subdivision 8, must be disseminated to an exclusive representative under the terms of that subdivision.

~~(c)~~ (d) An employer who disseminates personnel data to a labor organization pursuant to this subdivision shall not be subject to liability under section 13.08. Nothing in this paragraph shall impair or limit any remedies available under section 325E.61.

~~(d)~~ (e) The home addresses, nonemployer issued phone numbers and email addresses, dates of birth, and emails or other communications between exclusive representatives and their members, prospective members, and nonmembers are private data on individuals.

Sec. 2. Minnesota Statutes 2023 Supplement, section 179A.03, subdivision 14, is amended to read:

Subd. 14. **Public employee or employee.** (a) "Public employee" or "employee" means any person appointed or employed by a public employer except:

(1) elected public officials;

(2) election officers;

(3) commissioned or enlisted personnel of the Minnesota National Guard;

(4) emergency employees who are employed for emergency work caused by natural disaster;

(5) part-time employees whose service does not exceed the lesser of 14 hours per week or 35 percent of the normal work week in the employee's appropriate unit;

(6) employees, other than those working in a school as a paraprofessional or other noninstructional position, whose positions are ~~basically~~ temporary or seasonal in character and~~: (i)~~ are not for more than 67 working days in any calendar year~~; (ii) are not working for a Minnesota school district or charter school; or (iii) are not for more than 100 working days in any calendar year and the employees are~~.

(7) full-time students under the age of 22, ~~are full-time students~~ enrolled in a nonprofit or public educational institution prior to being hired by the employer, excluding employment by the Board of Regents of the University of Minnesota, whose positions are temporary or seasonal in character and are not for more than 100 working days in any calendar year, and who have indicated, either in an application for employment or by being enrolled at an educational institution for the next academic year or term, an intention to continue as students during or after their temporary employment;

~~(7)~~ (8) employees providing services for not more than two consecutive quarters to the Board of Trustees of the Minnesota State Colleges and Universities under the terms of a professional or technical services contract as defined in section 16C.08, subdivision 1;

~~(8)~~ (9) employees of charitable hospitals as defined by section 179.35, subdivision 3, except that employees of charitable hospitals as defined by section 179.35, subdivision 3, are public employees for purposes of sections 179A.051, 179A.052, and 179A.13;

~~(9)~~ (10) full-time undergraduate students employed by the school, excluding employment by the Board of Regents of the University of Minnesota, which they attend under a work-study program or in connection with the receipt of financial aid, irrespective of number of hours of service per week;

~~(10)~~ (11) an individual who is employed for less than 300 hours in a fiscal year as an instructor in an adult vocational education program;

~~(11)~~ (12) with respect to court employees:

(i) personal secretaries to judges;

(ii) law clerks;

(iii) managerial employees;

(iv) confidential employees; and

(v) supervisory employees; or

~~(12)~~ (13) with respect to employees of Hennepin Healthcare System, Inc., managerial, supervisory, and confidential employees.

(b) The following individuals are public employees regardless of the exclusions of paragraph (a), clauses (5) to ~~(7)~~ (8) and (10):

(1) an employee hired by a school district or the Board of Trustees of the Minnesota State Colleges and Universities except at the university established in the Twin Cities metropolitan area under section 136F.10 or for community services or community education instruction offered on a noncredit basis: (i) to replace an absent teacher or faculty member who is a public employee, where the replacement employee is employed more than 30 working days as a replacement for that teacher or faculty member; or (ii) to take a teaching position created due to increased enrollment, curriculum expansion, courses which are a part of the curriculum whether offered annually or not, or other appropriate reasons;

(2) an employee hired for a position under paragraph (a), clause (6), ~~item (i),~~ if that same position has already been filled under paragraph (a), clause (6), ~~item (i),~~ in the same calendar year and the cumulative number of days worked in that same position by all employees exceeds 67 calendar days in that year. For the purpose of this paragraph, "same position" includes a substantially equivalent position if it is not the same position solely due to a change in the classification or title of the position;

(3) an early childhood family education teacher employed by a school district; ~~and~~

(4) an individual hired by the Board of Trustees of the Minnesota State Colleges and Universities or the University of Minnesota as the instructor of record to teach (i) one class for more than three credits in a fiscal year, or (ii) two or more credit-bearing classes in a fiscal year~~.~~; and

(5) an individual who: (i) is paid by the Board of Regents of the University of Minnesota for work performed at the direction of the university or any of its employees or contractors; and (ii) is enrolled in three or more university credit-bearing classes or one semester as a full-time student or postdoctoral fellow during the fiscal year in which the work is performed. For purposes of this section, work paid by the university includes but is not limited to work that is required as a condition of receiving a stipend or tuition benefit, whether or not the individual also receives educational benefit from performing that work. Individuals who perform supervisory functions in regard to any individuals who are employees under this clause are not considered supervisory employees for the purpose of section 179A.06, subdivision 2.

Sec. 3. Minnesota Statutes 2023 Supplement, section 179A.03, subdivision 18, is amended to read:

Subd. 18. **Teacher.** "Teacher" means any public employee other than a superintendent or assistant superintendent, principal, assistant principal, or a supervisory or confidential employee, employed by a school district:

(1) in a position for which the person must be licensed by the Professional Educator Licensing and Standards Board or the commissioner of education;

(2) in a position as a physical therapist, occupational therapist, art therapist, music therapist, or audiologist; or

(3) in a position creating and delivering instruction to children in a preschool, school readiness, school readiness plus, or prekindergarten program or other school district or charter school-based early education program, except that ~~an employee~~ employees in a bargaining unit certified before January 1, 2023, may remain in a bargaining unit that does not include teachers unless an exclusive representative files a petition for a unit clarification on the status of a preschool, school readiness, school readiness plus, or prekindergarten program or other school district or charter school-based early education program position ~~or to transfer exclusive representative status~~.

Sec. 4. Minnesota Statutes 2022, section 179A.041, subdivision 2, is amended to read:

Subd. 2. **Alternate members.** (a) The appointing authorities shall appoint alternate members to serve ~~only~~ in the ~~case~~ event of a member having a conflict of interest or being unavailable for a meeting under subdivision 9, as follows:

(1) one alternate, appointed by the governor, who is an officer or employee of an exclusive representative of public employees, to serve as an alternate to the member appointed by the governor who is an officer or employee of an exclusive representative of public employees. This alternate must not be an officer or employee of the same exclusive representative of public employees as the member for whom the alternate serves;

(2) one alternate, appointed by the governor, who is a representative of public employers, to serve as an alternate to the member appointed by the governor who is a representative of public employers. This alternate must not represent the same public employer as the member for whom the alternate serves; and

(3) one alternate, appointed by the member who is an officer or employee of an exclusive representative of public employees and the member who is a representative of public employers, who is not an officer or employee of an exclusive representative of public employees, or a representative of a public employer, to serve as an alternate for the member that represents the public at large.

(b) Each alternate member shall serve a term that is coterminous with the term of the member for whom the alternate member serves as an alternate.

Sec. 5. Minnesota Statutes 2023 Supplement, section 179A.041, subdivision 10, is amended to read:

Subd. 10. **Open Meeting Law; exceptions.** Chapter 13D does not apply to ~~meetings of the~~ a board meeting when ~~it~~ the board is:

(1) deliberating on the merits of an unfair labor practice ~~charges~~ charge under sections 179.11, 179.12, and 179A.13;

(2) reviewing a hearing officer's recommended decision and order ~~of a hearing officer~~ under section 179A.13; or

(3) reviewing ~~decisions of the~~ a commissioner ~~of the Bureau of Mediation Services relating to~~ decision on an unfair labor ~~practices~~ practice under section 179A.12, subdivision 11.

Sec. 6. Minnesota Statutes 2023 Supplement, section 179A.06, subdivision 6, is amended to read:

Subd. 6. **Payroll deduction, authorization, and remittance.** (a) ~~Public employees have the right to~~ A public employee may request ~~and be allowed~~ payroll deduction for the exclusive representative that represents the employee's position and ~~the~~ its associated political fund ~~associated with the exclusive representative and registered pursuant to~~ under section 10A.12. If no exclusive representative represents an employee's position, the public employee may request payroll deduction for the organization of the employee's choice. A public employer must provide payroll deduction according to any public employee's request under this paragraph.

(b) A public employer must rely on a certification from ~~any~~ an exclusive representative requesting remittance of a deduction that the organization has and will maintain an authorization~~,~~ signed, either by hand or electronically according to section 325L.02, paragraph (h), by the public employee from whose salary or wages the deduction is to be made~~, which may include an electronic signature by the public employee as defined in section 325L.02, paragraph (h)~~. An exclusive representative making ~~such~~ a certification ~~must not be~~ is not required to provide the public employer a copy of the authorization unless a dispute arises about the authorization's existence or terms ~~of the authorization~~. ~~The exclusive representative must indemnify the public employer for any successful claims made by the employee for unauthorized deductions in reliance on the certification.~~

~~(b)~~ (c) A ~~dues~~ payroll deduction authorization ~~remains in effect~~ is effective until the exclusive representative notifies the employer ~~receives notice from the exclusive representative~~ that a public employee has changed or canceled ~~their~~ the employee's authorization in writing in accordance with the terms of the original ~~authorizing document, and~~ authorization. When determining whether deductions have been properly changed or canceled, a public employer must rely on information from the exclusive representative receiving remittance of the deduction ~~regarding whether the deductions have been properly changed or canceled. The exclusive representative must indemnify the public employer, including any reasonable attorney fees and litigation costs, for any successful claims made by the employee for unauthorized deductions made in reliance on such information~~.

~~(c)~~ (d) Deduction authorization under this section is:

(1) independent from the public employee's membership status in the organization to which payment is remitted; and ~~is~~

(2) effective regardless of whether a collective bargaining agreement authorizes the deduction.

~~(d) Employers~~ (e) An employer must ~~commence~~:

(1) begin deductions within 30 days ~~of notice of authorization from the~~ after an exclusive representative submits a certification under paragraph (b); and ~~must~~

(2) remit the deductions to the exclusive representative within 30 days of the deduction. ~~The failure of an employer to comply with the provisions of this paragraph shall be an unfair labor practice under section~~

~~179A.13, the relief for which shall be reimbursement by the employer of deductions that should have been made or remitted based on a valid authorization given by the employee or employees.~~

~~(e) In the absence of an exclusive representative, public employees have the right to request and be allowed payroll deduction for the organization of their choice.~~

(f) An exclusive representative must indemnify a public employer:

(1) for any successful employee claim for unauthorized employer deductions made by relying on an exclusive representative's certification under paragraph (b); and

(2) for any successful employee claim for unauthorized employer deductions made by relying on information for changing or canceling deductions under paragraph (c), with indemnification including any reasonable attorney fees and litigation costs.

~~(f)~~ (g) Any dispute under this subdivision must be resolved through an unfair labor practice proceeding under section 179A.13. It is an unfair labor practice if an employer fails to comply with paragraph (e), and the employer must reimburse deductions that should have been made or remitted based on a valid authorization given by the employee or employees.

Sec. 7. Minnesota Statutes 2023 Supplement, section 179A.07, subdivision 8, is amended to read:

Subd. 8. **Bargaining unit information.** (a) Within 20 calendar days ~~from the date of hire of~~ after a bargaining unit employee is hired, a public employer must provide the following ~~contact~~ information on the employee to ~~an~~ the unit's exclusive representative or its affiliate in an Excel file format or other format agreed to by the exclusive representative:

(1) name;

(2) job title;

(3) worksite location, including location ~~within~~ in a facility when appropriate;

(4) home address;

(5) work telephone number;

(6) home and personal cell phone numbers on file with the public employer;

(7) date of hire; and

(8) work email address and personal email address on file with the public employer.

(b) Every 120 calendar days ~~beginning on January 1, 2024~~, a public employer must provide to ~~an~~ a bargaining unit's exclusive representative in an Excel file or similar format agreed to by the exclusive representative the ~~following~~ information under paragraph (a) for all bargaining unit employees~~: name; job title; worksite location, including location within a facility when appropriate; home address; work telephone number; home and personal cell phone numbers on file with the public employer; date of hire; and work email address and personal email address on file with the public employer~~.

(c) ~~A public employer must notify an exclusive representative within 20 calendar days of the separation of~~ If a bargaining unit employee separates from employment or ~~transfer~~ transfers out of ~~the bargaining unit of~~ a bargaining unit ~~employee~~, the employee's public employer must notify the employee's exclusive

representative within 20 calendar days after the separation or transfer, including whether the unit departure was due to a transfer, promotion, demotion, discharge, resignation, or retirement.

Sec. 8. Minnesota Statutes 2023 Supplement, section 179A.07, subdivision 9, is amended to read:

Subd. 9. **Access.** (a) A public employer must allow an exclusive representative or the representative's agent to meet in person with a newly hired ~~employees, without charge to the pay or leave time of the employees, for 30 minutes,~~ employee within 30 calendar days from the date of hire~~,~~ during new employee orientations or, if the employer does not conduct new employee orientations, at individual or group meetings arranged by the employer in coordination with the exclusive representative or the representative's agent during the newly hired employees' regular working hours. For an orientation or meeting under this paragraph, an employer must allow the employee and exclusive representative up to 30 minutes to meet and must not charge the employee's pay or leave time during the orientation or meeting, or the pay or leave time of an employee of the public employer acting as an agent of the exclusive representative using time off under subdivision 6. An orientation or meeting may be held virtually or for longer than 30 minutes only by mutual agreement of the employer and exclusive representative.

(b) An exclusive representative ~~shall~~ must receive ~~no less than~~ at least ten days' notice ~~in advance~~ of an orientation, ~~except that~~ but a shorter notice may be provided ~~where~~ if there is an urgent need critical to the employer's operations ~~of the public employer~~ that was not reasonably foreseeable. Notice of and attendance at new employee orientations and other meetings under this paragraph ~~must be~~ and paragraph (a) are limited to ~~the public employer,~~:

(1) the employees~~,~~;

(2) the exclusive representative~~, and~~;

(3) any vendor contracted to provide a service for ~~purposes of~~ the meeting~~. Meetings may be held virtually or for longer than 30 minutes~~; and

(4) the public employer or its designee, who may attend only by mutual agreement of the public employer and exclusive representative.

~~(b)~~ (c) A public employer must allow an exclusive representative to communicate with bargaining unit members ~~using their employer-issued email addresses regarding~~ by email on:

(1) collective bargaining~~,~~;

(2) the administration of collective bargaining agreements~~,~~;

(3) the investigation of grievances~~,~~ and other workplace-related complaints and issues~~,~~; and

(4) internal matters involving the governance or business of the exclusive representative~~, consistent with the employer's generally applicable technology use policies~~.

(d) An exclusive representative may communicate with bargaining unit members under paragraph (c) via the members' employer-issued email addresses, but the communication must be consistent with the employer's generally applicable technology use policies.

~~(c)~~ (e) A public employer must allow an exclusive representative to meet with bargaining unit members in facilities owned or leased by the public employer ~~regarding~~ to communicate on:

(1) collective bargaining~~,~~;

(2) the administration of collective bargaining agreements~~,~~;

(3) the investigation of grievances and other workplace-related complaints and issues~~,~~; and

(4) internal matters involving the governance or business of the exclusive representative~~, provided the use does not interfere with governmental operations and the exclusive representative complies with worksite security protocols established by the public employer. Meetings conducted~~.

(f) The following applies for a meeting under paragraph (e):

(1) a meeting cannot interfere with government operations;

(2) the exclusive representative must comply with employer-established worksite security protocols;

(3) a meeting in a government ~~buildings pursuant to this paragraph must not~~ building cannot be for ~~the purpose of~~ supporting or opposing any candidate for partisan political office or for ~~the purpose of~~ distributing literature or information ~~regarding~~ on partisan elections~~.~~; and

(4) an exclusive representative conducting a meeting in a government building or other government facility ~~pursuant to this subdivision~~ may be charged for maintenance, security, and other costs related to ~~the use of~~ using the government building or facility that would not otherwise be incurred by the government entity.

Sec. 9. Minnesota Statutes 2022, section 179A.09, is amended by adding a subdivision to read:

Subd. 4. **Unit mergers.** At any time upon the request of an exclusive representative for bargaining units other than those defined in section 179A.10, subdivision 2, the commissioner must designate as a single unit two or more bargaining units represented by the exclusive representative, subject to subdivision 2 as well as any other statutory bargaining unit designation.

Sec. 10. Minnesota Statutes 2022, section 179A.09, is amended by adding a subdivision to read:

Subd. 5. **Position classifications.** For the purpose of determining whether a new position should be included in an existing bargaining unit, the position shall be analyzed with respect to its assigned duties, without regard to title or telework status.

Sec. 11. Minnesota Statutes 2023 Supplement, section 179A.10, subdivision 2, is amended to read:

Subd. 2. **State employees.** (a) Unclassified employees, unless otherwise excluded, are included within the units ~~which~~ that include the classifications to which they are assigned for purposes of compensation. Supervisory employees ~~shall only~~ can be assigned only to ~~units~~ unit 12 ~~and~~ or 16. The following units are the appropriate units of executive branch state employees:

(1) law enforcement unit;

(2) craft, maintenance, and labor unit;

(3) service unit;

(4) health care nonprofessional unit;

(5) health care professional unit;

(6) clerical and office unit;

(7) technical unit;

(8) correctional guards unit;

(9) state university instructional unit;

(10) state college instructional unit;

(11) state university administrative unit;

(12) professional engineering unit;

(13) health treatment unit;

(14) general professional unit;

(15) professional state residential instructional unit;

(16) supervisory employees unit;

(17) public safety radio communications operator unit;

(18) licensed peace officer special unit; and

(19) licensed peace officer leader unit.

~~Each unit consists of the classifications or positions assigned to it in the schedule of state employee job classification and positions maintained by the commissioner. The commissioner may only make changes in the schedule in existence on the day prior to August 1, 1984, as required by law or as provided in subdivision 4.~~

(b) The following positions are included in the licensed peace officer special unit:

(1) State Patrol lieutenant;

(2) NR district supervisor - enforcement;

(3) assistant special agent in charge;

(4) corrections investigation assistant director 2;

(5) corrections investigation supervisor; and

(6) commerce supervisor special agent.

(c) The following positions are included in the licensed peace officer leader unit:

(1) State Patrol captain;

(2) NR program manager 2 enforcement; and

(3) special agent in charge.

(d) Each unit consists of the classifications or positions assigned to it in the schedule of state employee job classification and positions maintained by the commissioner. The commissioner may make changes in the schedule in existence on the day before August 1, 1984, only:

(1) as required by law; or

(2) as provided in subdivision 4.

Sec. 12. Minnesota Statutes 2023 Supplement, section 179A.12, subdivision 2a, is amended to read:

Subd. 2a. **Majority verification procedure.** (a) ~~Notwithstanding any other provision of this section,~~ An employee organization may file a petition with the commissioner requesting certification as the exclusive representative of ~~an~~ a proposed appropriate unit ~~based on a verification that~~ for which there is no currently certified exclusive representative. The petition must include over 50 percent of the employees in the proposed appropriate unit who wish to be represented by the ~~petitioner~~ organization. ~~The commissioner shall require dated representation authorization signatures of affected employees as verification of the employee organization's claim of majority status.~~

(b) ~~Upon receipt of an employee organization's petition, accompanied by employee authorization signatures under this subdivision, the commissioner shall investigate the petition.~~ If the commissioner determines that over 50 percent of the employees in ~~an~~ the appropriate unit have provided authorization signatures designating the petitioning employee organization ~~specified in the petition~~ as their exclusive representative, the commissioner ~~shall not order an election but shall~~ must certify the employee organization as the employees' exclusive representative without ordering an election under this section.

Sec. 13. Minnesota Statutes 2022, section 179A.12, subdivision 5, is amended to read:

Subd. 5. **Commissioner to investigate.** ~~The commissioner shall,~~ Upon ~~receipt of an employee organization's~~ receiving a petition ~~to the commissioner~~ under subdivision ~~3~~ 1a or 2a, the commissioner must:

(1) investigate to determine if sufficient evidence of a question of representation exists; and

(2) hold hearings necessary to determine the appropriate unit and other matters necessary to determine the representation rights of the affected employees and employer.

Sec. 14. Minnesota Statutes 2023 Supplement, section 179A.12, subdivision 6, is amended to read:

Subd. 6. **Authorization signatures.** ~~In~~ (a) When determining the numerical status of an employee organization for purposes of this section, the commissioner ~~shall~~ must require a dated representation authorization ~~signatures of affected employees~~ signature of each affected employee as verification of the statements contained in the ~~joint request or petitions~~ petition. ~~These~~

(b) An authorization ~~signatures shall be~~ signature is privileged and confidential information available to the commissioner only. An electronic ~~signatures~~ signature, as defined in section 325L.02, paragraph (h), ~~shall be~~ is valid as an authorization ~~signatures~~ signature.

(c) An authorization ~~signatures shall be~~ signature is valid for ~~a period of~~ one year following the signature date ~~of signature~~.

Sec. 15. Minnesota Statutes 2023 Supplement, section 179A.12, subdivision 11, is amended to read:

Subd. 11. **Unfair labor practices.** The commissioner may void the result of an election or majority verification procedure and order a new election or procedure if the commissioner finds ~~that~~ one of the following:

(1) there was an unfair labor practice that:

(i) was committed by an employer ~~or~~, a representative candidate ~~or~~, an employee, or a group of employees~~,~~; and ~~that the unfair labor practice~~

(ii) affected the result of ~~an~~ the election or the majority verification procedure ~~pursuant to subdivision 2a,~~; or ~~that~~

(2) procedural or other irregularities in the conduct of the election or majority verification procedure may have substantially affected ~~its~~ the results~~, the commissioner may void the result and order a new election or majority verification procedure~~.

Sec. 16. Minnesota Statutes 2022, section 179A.13, subdivision 1, is amended to read:

Subdivision 1. **Actions.** (a) The practices specified in this section are unfair labor practices. Any employee, employer, employee or employer organization, exclusive representative, or any other person or organization aggrieved by an unfair labor practice as defined in this section may file an unfair labor practice charge with the board.

(b) Whenever it is charged that any party has engaged in or is engaging in any unfair labor practice, an investigator designated by the board shall promptly conduct an investigation of the charge. Unless after the investigation the board finds that the charge has no reasonable basis in law or fact, the board shall promptly issue a complaint and cause to be served upon the party a complaint stating the charges, accompanied by a notice of hearing before a qualified hearing officer designated by the board at the offices of the bureau or other location as the board deems appropriate, not ~~less than five days nor more than 20 days~~ more than 30 days after serving the complaint absent mutual agreement of the parties, provided that no complaint shall be issued based upon any unfair labor practice occurring more than six months prior to the filing of a charge. A complaint issued under this subdivision may be amended by the board at any time prior to the issuance of an order based thereon. The party who is the subject of the complaint has the right to file an answer to the original or amended complaint prior to hearing and to appear in person or by a representative and give testimony at the place and time fixed in the complaint. In the discretion of the hearing officer conducting the hearing or the board, any other party may be allowed to intervene in the proceeding and to present testimony. The board or designated hearing officers shall not be bound by the rules of evidence applicable to courts, except as to the rules of privilege recognized by law.

(c) Designated investigators must conduct the investigation of charges.

(d) Hearing officers must ~~be licensed to practice law in the state of Minnesota~~ have a juris doctor and must conduct the hearings and issue recommended decisions and orders.

(e) The board or its designees shall have the power to issue subpoenas and administer oaths. If any party willfully fails or neglects to appear or testify or to produce books, papers, and records pursuant to the issuance of a subpoena, the board may apply to a court of competent jurisdiction to request that the party be ordered to appear to testify or produce the requested evidence.

(f) A full and complete record shall be kept of all proceedings before the board or designated hearing officer and shall be transcribed by a reporter appointed by the board.

(g) The party on whom the burden of proof rests shall be required to sustain the burden by a preponderance of the evidence.

(h) At any time prior to the close of a hearing, the parties may by mutual agreement request referral to mediation, at which time the commissioner shall appoint a mediator, and the hearing shall be suspended pending the results of the mediation.

(i) If, upon a preponderance of the evidence taken, the hearing officer determines that any party named in the charge has engaged in or is engaging in an unfair labor practice, then a recommended decision and order shall be issued stating findings of fact and conclusions, and requiring the party to cease and desist from the unfair labor practice, to post a cease-and-desist notice in the workplace, and ordering any appropriate relief to effectuate the policies of this section, including but not limited to reinstatement, back pay, and any other remedies that make a charging party whole. If back pay is awarded, the award must include interest at the rate of seven percent per annum. The order further may require the party to make reports from time to time, and demonstrate the extent to which the party has complied with the order.

(j) If there is no preponderance of evidence that the party named in the charge has engaged in or is engaging in the unfair labor practice, then the hearing officer shall issue a recommended decision and order stating findings of fact and dismissing the complaint.

(k) Parties may file exceptions to the hearing officer's recommended decision and order with the board no later than 30 days after service of the recommended decision and order. The board shall review the recommended decision and order upon timely filing of exceptions or upon its own motion. If no timely exceptions have been filed, the parties must be deemed to have waived their exceptions. Unless the board reviews the recommended decision and order upon its own motion, it must not be legal precedent and must be final and binding only on the parties to the proceeding as issued in an order issued by the board. If the board does review the recommended decision and order, the board may adopt all, part, or none of the recommended decision and order, depending on the extent to which it is consistent with the record and applicable laws. The board shall issue and serve on all parties its decision and order. The board shall retain jurisdiction over the case to ensure the parties' compliance with the board's order. Unless overturned by the board, the parties must comply with the recommended decision and order.

(l) Until the record has been filed in the court of appeals or district court, the board at any time, upon reasonable notice and in a manner it deems appropriate, may modify or set aside, in whole or in part, any finding or order made or issued by it.

(m) Upon a final order that an unfair labor practice has been committed, the board or the charging party may petition the district court for the enforcement of the order and for appropriate temporary relief or a restraining order. When the board petitions the court, the charging party may intervene as a matter of right.

(n) Whenever it appears that any party has violated a final order of the board issued pursuant to this section, the board must petition the district court for an order directing the party and its officers, agents, servants, successors, and assigns to comply with the order of the board. The board shall be represented in this action by its general counsel, who has been appointed by the board. The court may grant or refuse, in whole or in part, the relief sought, provided that the court also may stay an order of the board pending disposition of the proceedings. The court may punish a violation of its order as in civil contempt.

(o) The board shall have power, upon issuance of an unfair labor practice complaint alleging that a party has engaged in or is engaging in an unfair labor practice, to petition the district court for appropriate temporary relief or a restraining order. Upon the filing of any such petition, the court shall cause notice thereof to be served upon such parties, and thereupon shall have jurisdiction to grant to the board or commissioner temporary relief or a restraining order as it deems appropriate. Nothing in this paragraph precludes a charging party from seeking injunctive relief in district court after filing the unfair labor practice charge.

(p) The proceedings in paragraphs (m), (n), and (o) shall be commenced in the district court for the county in which the unfair labor practice which is the subject of the order or administrative complaint was committed, or where a party alleged to have committed the unfair labor practice resides or transacts business.

Sec. 17. Minnesota Statutes 2022, section 179A.13, subdivision 2, is amended to read:

Subd. 2. **Employers.** Public employers, their agents and representatives are prohibited from:

(1) interfering, restraining, or coercing employees in the exercise of the rights guaranteed in sections 179A.01 to 179A.25;

(2) dominating or interfering with the formation, existence, or administration of any employee organization or contributing other support to it;

(3) discriminating in regard to hire or tenure to encourage or discourage membership in an employee organization;

(4) discharging or otherwise discriminating against an employee because the employee has signed or filed an affidavit, petition, or complaint or given information or testimony under sections 179A.01 to 179A.25;

(5) refusing to meet and negotiate in good faith with the exclusive representative of its employees in an appropriate unit;

(6) refusing to comply with grievance procedures contained in an agreement;

(7) distributing or circulating a blacklist of individuals exercising a legal right or of members of a labor organization for the purpose of preventing blacklisted individuals from obtaining or retaining employment;

(8) violating rules established by the commissioner regulating the conduct of representation elections;

(9) refusing to comply with a valid decision of a binding arbitration panel or arbitrator;

(10) violating or refusing to comply with any lawful order or decision issued by the commissioner or the board;

(11) refusing to provide, upon the request of the exclusive representative, all information pertaining to the public employer's budget both present and proposed, revenues, and other financing information provided that in the executive branch of state government this clause may not be considered contrary to the budgetary requirements of sections 16A.10 and 16A.11; ~~or~~

(12) granting or offering to grant the status of permanent replacement employee to a person for performing bargaining unit work for the employer during a lockout of employees in an employee organization or during a strike authorized by an employee organization that is an exclusive representative~~.~~;

(13) failing or refusing to provide information that is relevant to enforcement or negotiation of a contract as soon as reasonable after receiving a request by an exclusive representative, not to exceed 30 days for

information relevant to contract enforcement or 60 days for information relevant to contract negotiation absent mutual agreement by the parties, provided that a state agency may request and the commissioner may extend these timelines based upon estimated need and after consultation with the exclusive representative; or

(14) refusing to reassign a position after the commissioner has determined the position was not placed into the correct bargaining unit.

Sec. 18. Minnesota Statutes 2022, section 179A.40, subdivision 1, is amended to read:

Subdivision 1. **Units.** The following are the appropriate employee units of the Hennepin Healthcare System, Inc. All units shall exclude supervisors, managerial employees, and confidential employees. No additional units of Hennepin Healthcare System, Inc., shall be eligible to be certified for the purpose of meeting and negotiating with an exclusive representative. The units include all:

(1) registered nurses;

(2) physicians except those employed as interns, residents, or fellows;

(3) professionals except for registered nurses and physicians;

(4) technical and paraprofessional employees;

(5) carpenters, electricians, painters, and plumbers;

(6) health general service employees;

(7) interpreters;

(8) emergency medical technicians/emergency medical dispatchers (EMT/EMD), and paramedics;

(9) bioelectronics specialists, bioelectronics technicians, and electronics technicians;

(10) skilled maintenance employees; ~~and~~

(11) clerical employees~~.~~; and

(12) physicians employed as interns, residents, and fellows.

Sec. 19. Minnesota Statutes 2022, section 179A.54, subdivision 5, is amended to read:

Subd. 5. ~~**Legislative action on**~~ **Collective bargaining agreements.** ~~Any agreement reached between the state and the exclusive representative of individual providers under chapter 179A shall be submitted to the legislature to be accepted or rejected in accordance with sections 3.855 and 179A.22~~ The commissioner of management and budget is authorized to enter into and implement agreements, including interest arbitration decisions, with the exclusive representative of individual providers as provided in section 179A.22, subdivision 4, except for terms and conditions requiring appropriations, changes to state law, or approval from the federal government which shall be contingent upon and executed following receipt of appropriations and state and federal approval.

Sec. 20. **RULEMAKING.**

The commissioner of the Bureau of Mediation Services must adopt rules on petitions for majority verification, including technical changes needed for consistency with Minnesota Statutes, section 179A.12, and the commissioner may use the expedited rulemaking process under Minnesota Statutes, section 14.389.

Sec. 21. **REVISOR INSTRUCTION.**

The revisor of statutes must renumber Minnesota Statutes, section 179A.12, subdivision 3, as Minnesota Statutes, section 179A.12, subdivision 1a.

ARTICLE 9

MISCELLANEOUS LABOR PROVISIONS

Section 1. Minnesota Statutes 2023 Supplement, section 116J.871, subdivision 1, as amended by Laws 2024, chapter 85, section 15, is amended to read:

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

(b) "Economic development" means financial assistance provided to a person directly or to a local unit of government or nonprofit organization on behalf of a person who is engaged in the manufacture or sale of goods and services. Economic development does not include (1) financial assistance for rehabilitation of existing housing; (2) financial assistance for new housing construction in which total financial assistance at a single project site is less than $100,000; or (3) financial assistance for the new construction of fully detached single-family affordable homeownership units for which the financial assistance covers no more than ten fully detached single-family affordable homeownership units. For purposes of this paragraph, "affordable homeownership" means housing targeted at households with incomes, at initial occupancy, at or below 115 percent of the state or area median income, whichever is greater, as determined by the United States Department of Housing and Urban Development.

(c) "Financial assistance" means (1) a grant awarded by a state agency or allocating agency for economic development related purposes if a single business receives $200,000 or more of the grant proceeds; (2) a loan or the guaranty or purchase of a loan made by a state agency or allocating agency for economic development related purposes if a single business receives $500,000 or more of the loan proceeds; or (3) a reduction, credit, or abatement of a tax assessed under chapter 297A where the tax reduction, credit, or abatement applies to a geographic area smaller than the entire state and was granted for economic development related purposes; or (4) allocations or awards of low-income housing credits by all allocating agencies as provided in section 462A.222, for which tax credits are used for multifamily housing projects consisting of more than ten units.. Financial assistance does not include payments by the state of aids and credits under chapter 273 or 477A to a political subdivision.

(d) "Project site" means the location where improvements are made that are financed in whole or in part by the financial assistance; or the location of employees that receive financial assistance in the form of employment and training services as defined in section 116L.19, subdivision 4, or customized training from a technical college.

(e) "State agency" means any agency defined under section 16B.01, subdivision 2, Enterprise Minnesota, Inc., and the Department of Iron Range Resources and Rehabilitation.

(f) "Allocating agency" has the meaning given in section 462A.221, subdivision 1a.

EFFECTIVE DATE. This section is effective for developments selected for tax credit awards or allocations on or after January 1, 2025.

Sec. 2. Minnesota Statutes 2023 Supplement, section 116J.871, subdivision 2, is amended to read:

Subd. 2. **Prevailing wage required.** (a) A state agency or allocating agency may provide financial assistance to a person only if the person receiving or benefiting from the financial assistance certifies to the commissioner of labor and industry that laborers and mechanics at the project site during construction, installation, remodeling, and repairs for which the financial assistance was provided will be paid the prevailing wage rate as defined in section 177.42, subdivision 6. The person receiving or benefiting from the financial assistance is also subject to the requirements and enforcement provisions of sections 177.27, 177.30, 177.32, 177.41 to 177.435, and 177.45.

(b) For purposes of complying with section 177.30, paragraph (a), clauses (6) and (7), the state agency or allocating agency awarding the financial assistance is considered the contracting authority and the project is considered a public works project. The person receiving or benefiting from the financial assistance shall notify all employers on the project of the record keeping and reporting requirements in section 177.30, paragraph (a), clauses (6) and (7). Each employer shall submit the required information to the contracting authority.

Sec. 3. Minnesota Statutes 2022, section 116J.871, subdivision 4, is amended to read:

Subd. 4. **Notification.** A state agency or allocating agency shall notify any person applying for financial assistance from the state agency or allocating agency of the requirements under subdivision 2 and of the penalties under subdivision 3.

Sec. 4. Minnesota Statutes 2022, section 181.960, subdivision 3, is amended to read:

Subd. 3. **Employer.** "Employer" means a person who has ~~20~~ one or more employees. Employer does not include a state agency, statewide system, political subdivision, or advisory board or commission that is subject to chapter 13.

Sec. 5. **[462A.051] WAGE THEFT PREVENTION AND USE OF RESPONSIBLE CONTRACTORS.**

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

(b) "Project sponsor" means an individual, legal entity, or nonprofit board that exercises control, financial responsibility, and decision-making authority over a housing development.

(c) "Developer" means an individual, legal entity, or nonprofit board that is responsible for the coordination of financing and building of a housing development.

(c) "Funding" means all forms of financial assistance or the allocation or award of federal low-income housing tax credits.

Subd. 2. **Application.** This section applies to all forms of financial assistance provided by the Minnesota Housing Finance Agency, as well as the allocation and award of federal low-income housing credits, for

the development, construction, rehabilitation, renovation, or retrofitting of multiunit residential housing, including loans, grants, tax credits, loan guarantees, loan insurance, and other financial assistance.

Subd. 3. **Disclosures.** An applicant for funding under this chapter shall disclose in the application any conviction, court judgment, agency determination, legal settlement, ongoing criminal or civil investigation, or lawsuit involving alleged violations of sections 177.24, 177.25, 177.32, 177.41 to 177.44, 181.03, 181.101, 181.13, 181.14, 181.722, 181.723, 181A.01 to 181A.12, or 609.52, subdivision 2, paragraph (a), clause (19), or United States Code, title 29, sections 201 to 219, or title 40, sections 3141 to 3148, arising or occurring within the preceding five years on a construction project owned or managed by the developer, project sponsor, or owner of the proposed project, the intended general contractor for the proposed project, or any of their respective parent companies, subsidiaries, or other affiliated companies. An applicant for funding shall make the disclosures required by this subdivision available within 14 calendar days to any member of the public who submits a request by mail or electronic correspondence. The applicant shall designate a public information officer who will serve as a point of contact for public inquiries.

Subd. 4. **Responsible contractors required.** As a condition of receiving funding from the agency during the application process, the project sponsor shall verify that every contractor or subcontractor of any tier performing work on the proposed project meets the minimum criteria to be a responsible contractor under section 16C.285, subdivision 3. This verification must meet the criteria defined in section 16C.285, subdivision 4.

Subd. 5. **Certified contractor lists.** As a condition of receiving funding, the project applicant shall have available at the development site main office, a list of every contractor and subcontractor of any tier that performs work or is expected to perform work on the proposed project, as described in section 16C.285, subdivision 5, including the following information for each contractor and subcontractor: business name, scope of work, Department of Labor and Industry registration number, business name of the entity contracting its services, business telephone number and email address, and actual or anticipated number of workers on the project. The project sponsor shall establish the initial contractor list 30 days before the start of construction and shall update the list each month thereafter until construction is complete. The project sponsor shall post the contractor list in a conspicuous location at the project site and make the contractor list available to members of the public upon request.

Subd. 6. **Wage theft remedy.** If any contractor or subcontractor of any tier is found to have failed to pay statutorily required wages under section 609.52, subdivision 1, clause (13), on a project receiving funding from or through the agency, the contractor or subcontractor with the finding is responsible for correcting the violation.

Subd. 7. **Wage theft prevention plans; disqualification.** (a) If any contractor or subcontractor of any tier fails to pay statutorily required wages on a project receiving funding from or through the agency as determined by an enforcement entity, the project sponsor of the project must have a wage theft prevention plan to be eligible for further funding from the agency. The project sponsor's wage theft prevention plan must describe detailed measures that the project sponsor and its general contractor have taken and are committed to take to prevent wage theft on the project, including provisions in any construction contracts and subcontracts on the project. The plan must be submitted to the Department of Labor and Industry for review. The Department of Labor and Industry may require the project sponsor to amend the plan or adopt policies or protocols in the plan. Once approved by the Department of Labor and Industry, the wage theft prevention plan must be submitted by the project sponsor to the agency with any subsequent application for funding from the agency. Such wage theft prevention plans shall be made available to members of the public by the agency upon request.

(b) A project sponsor is disqualified from receiving funding from or through the agency for three years if any of the project sponsor's contractors or subcontractors of any tier are found by an enforcement agency to have, within three years after entering into a wage theft prevention plan under paragraph (a), failed to pay statutorily required wages on a project receiving financial assistance from or through the agency for a total underpayment of $50,000 or more.

Subd. 8. **Enforcement.** The agency must deny an application for funding that does not comply with this section or if the project sponsor refuses to enter into the agreements required by this section. The agency may withhold funding that has been previously approved if the agency determines that the project sponsor has engaged in unacceptable practices by failing to comply with this section until the violation is cured.

EFFECTIVE DATE. This section is effective for applications for funding submitted after August 1, 2024.

Sec. 6. **RULEMAKING; ACCEPTABLE BLOOD LEAD LEVELS FOR WORKERS.**

The commissioner of labor and industry, in consultation with the commissioner of health, shall adopt rules to:

(1) lower the acceptable blood lead levels above which require mandatory removal of workers from the lead exposure; and

(2) lower the blood lead levels required before a worker is allowed to return to work. The thresholds established must be based on the most recent public health information on the safety of lead exposure.

ARTICLE 10

EMPLOYEE MISCLASSIFICATION PROHIBITED

Section 1. Minnesota Statutes 2023 Supplement, section 177.27, subdivision 1, is amended to read:

Subdivision 1. **Examination of records.** The commissioner may enter during reasonable office hours or upon request and inspect the place of business or employment of any employer of employees working in the state, to examine and inspect books, registers, payrolls, and other records of any employer that in any way relate to wages, hours, and other conditions of employment of any employees. The commissioner may transcribe any or all of the books, registers, payrolls, and other records as the commissioner deems necessary or appropriate and may question the employer, employees, and other persons to ascertain compliance with any of the sections ~~177.21 to 177.435 and 181.165~~ listed in subdivision 4. The commissioner may investigate wage claims or complaints by an employee against an employer if the failure to pay a wage may violate Minnesota law or an order or rule of the department.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 2. Minnesota Statutes 2023 Supplement, section 177.27, subdivision 2, is amended to read:

Subd. 2. **Submission of records; penalty.** The commissioner may require the employer of employees working in the state to submit to the commissioner photocopies, certified copies, or, if necessary, the originals of ~~employment~~ records that relate to employment or employment status which the commissioner deems necessary or appropriate. The records which may be required include full and correct statements in writing, including sworn statements by the employer, containing information relating to wages, hours, names,

addresses, and any other information pertaining to the employer's employees and the conditions of their employment as the commissioner deems necessary or appropriate.

The commissioner may require the records to be submitted by certified mail delivery or, if necessary, by personal delivery by the employer or a representative of the employer, as authorized by the employer in writing.

The commissioner may fine the employer up to $10,000 for each failure to submit or deliver records as required by this section. This penalty is in addition to any penalties provided under section 177.32, subdivision 1. In determining the amount of a civil penalty under this subdivision, the appropriateness of such penalty to the size of the employer's business and the gravity of the violation shall be considered.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 3. Minnesota Statutes 2022, section 177.27, subdivision 3, is amended to read:

Subd. 3. **Adequacy of records.** If the records maintained by the employer do not provide sufficient information to determine the exact amount of back wages due an employee, the commissioner may make a determination of wages due based on available evidence ~~and mediate a settlement with the employer~~.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 4. Minnesota Statutes 2023 Supplement, section 177.27, subdivision 4, is amended to read:

Subd. 4. **Compliance orders.** The commissioner may issue an order requiring an employer to comply with sections 177.21 to 177.435, 179.86, 181.02, 181.03, 181.031, 181.032, 181.101, 181.11, 181.13, 181.14, 181.145, 181.15, 181.165, 181.172, paragraph (a) or (d), 181.214 to 181.217, 181.275, subdivision 2a, 181.635, 181.722, 181.723, 181.79, 181.85 to 181.89, 181.939 to 181.943, 181.9445 to 181.9448, 181.987, 181.991, 268B.09, subdivisions 1 to 6, and 268B.14, subdivision 3, with any rule promulgated under section 177.28, 181.213, or 181.215. The commissioner shall issue an order requiring an employer to comply with sections 177.41 to 177.435, 181.165, or 181.987 if the violation is repeated. For purposes of this subdivision only, a violation is repeated if at any time during the two years that preceded the date of violation, the commissioner issued an order to the employer for violation of sections 177.41 to 177.435, 181.165, or 181.987 and the order is final or the commissioner and the employer have entered into a settlement agreement that required the employer to pay back wages that were required by sections 177.41 to 177.435. The department shall serve the order upon the employer or the employer's authorized representative in person or by certified mail at the employer's place of business. An employer who wishes to contest the order must file written notice of objection to the order with the commissioner within 15 calendar days after being served with the order. A contested case proceeding must then be held in accordance with sections 14.57 to 14.69 or 181.165. If, within 15 calendar days after being served with the order, the employer fails to file a written notice of objection with the commissioner, the order becomes a final order of the commissioner. For the purposes of this subdivision, an employer includes a contractor that has assumed a subcontractor's liability within the meaning of section 181.165.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 5. Minnesota Statutes 2023 Supplement, section 177.27, subdivision 7, is amended to read:

Subd. 7. **Employer liability.** If an employer is found by the commissioner to have violated a section identified in subdivision 4, or any rule adopted under section 177.28, 181.213, or 181.215, and the commissioner issues an order to comply, the commissioner shall order the employer to cease and desist from

engaging in the violative practice and to take such affirmative steps that in the judgment of the commissioner will effectuate the purposes of the section or rule violated. In addition to remedies, damages, and penalties provided for in the violated section, the commissioner shall order the employer to pay to the aggrieved parties back pay, gratuities, and compensatory damages, less any amount actually paid to the ~~employee~~ aggrieved parties by the employer, and for an additional equal amount as liquidated damages. Any employer who is found by the commissioner to have repeatedly or willfully violated a section or sections identified in subdivision 4 shall be subject to ~~a~~ an additional civil penalty of up to $10,000 for each violation for each employee. In determining the amount of a civil penalty under this subdivision, the appropriateness of such penalty to the size of the employer's business and the gravity of the violation shall be considered. In addition, the commissioner may order the employer to reimburse the department and the attorney general for all appropriate litigation and hearing costs expended in preparation for and in conducting the contested case proceeding, unless payment of costs would impose extreme financial hardship on the employer. If the employer is able to establish extreme financial hardship, then the commissioner may order the employer to pay a percentage of the total costs that will not cause extreme financial hardship. Costs include but are not limited to the costs of services rendered by the attorney general, private attorneys if engaged by the department, administrative law judges, court reporters, and expert witnesses as well as the cost of transcripts. Interest shall accrue on, and be added to, the unpaid balance of a commissioner's order from the date the order is signed by the commissioner until it is paid, at an annual rate provided in section 549.09, subdivision 1, paragraph (c). The commissioner may establish escrow accounts for purposes of distributing remedies and damages.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 6. Minnesota Statutes 2022, section 181.171, subdivision 1, is amended to read:

Subdivision 1. **Civil action; damages.** A person may bring a civil action seeking redress for violations of sections 181.02, 181.03, 181.031, 181.032, 181.08, 181.09, 181.10, 181.101, 181.11, 181.13, 181.14, 181.145, ~~and~~ 181.15, 181.722, and 181.723 directly to district court. An employer who is found to have violated the above sections is liable to the aggrieved party for the civil penalties or damages provided for in the section violated. An employer who is found to have violated the above sections shall also be liable for compensatory damages and other appropriate relief including but not limited to injunctive relief.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 7. Minnesota Statutes 2022, section 181.722, is amended to read:

181.722 ~~MISREPRESENTATION~~ MISCLASSIFICATION OF ~~EMPLOYMENT RELATIONSHIP PROHIBITED~~ EMPLOYEES.

Subdivision 1. **~~Prohibition~~ Prohibited activities related to employment status.** ~~No employer shall misrepresent the nature of its employment relationship with its employees to any federal, state, or local government unit; to other employers; or to its employees. An employer misrepresents the nature of its employment relationship with its employees if it makes any statement regarding the nature of the relationship that the employer knows or has reason to know is untrue and if it fails to report individuals as employees when legally required to do so.~~

(a) A person shall not:

(1) fail to classify, represent, or treat an individual who is the person's employee pursuant to subdivision 3 as an employee in accordance with the requirements of any applicable local, state, or federal law. A violation under this clause is in addition to any violation of local, state, or federal law;

(2) fail to report or disclose to any person or to any local, state, or federal government agency an individual who is the person's employee pursuant to subdivision 3 as an employee when required to do so under any applicable local, state, or federal law. Each failure to report or disclose an individual as an employee shall constitute a separate violation of this clause; or

(3) require or request an individual who is the person's employee pursuant to subdivision 3 to enter into any agreement or complete any document that misclassifies, misrepresents, or treats the individual as an independent contractor or otherwise does not reflect that the individual is the person's employee pursuant to subdivision 3. Each agreement or completed document constitutes a separate violation of this provision.

(b) An owner, partner, principal, member, officer, or agent, on behalf of the person, who knowingly or repeatedly engaged in any of the prohibited activities in this subdivision may be held individually liable.

(c) An order issued by the commissioner to a person for engaging in any of the prohibited activities in this subdivision is in effect against any successor person. A person is a successor person if the person shares three or more of the following with the person to whom the order was issued:

(1) has one or more of the same owners, members, principals, officers, or managers;

(2) performs similar work within the state of Minnesota;

(3) has one or more of the same telephone or fax numbers;

(4) has one or more of the same email addresses or websites;

(5) employs or engages substantially the same individuals to provide or perform services;

(6) utilizes substantially the same vehicles, facilities, or equipment; or

(7) lists or advertises substantially the same project experience and portfolio of work.

Subd. 1a. **Definitions.** (a) "Person" means any individual, sole proprietor, limited liability company, limited liability partnership, corporation, partnership, incorporated or unincorporated association, joint stock company, or any other legal or commercial entity.

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

(c) "Commissioner" means the commissioner of labor and industry or a duly designated representative of the commissioner who is either an employee of the Department of Labor and Industry or a person working under contract with the Department of Labor and Industry.

(d) "Individual" means a human being.

(e) "Knowingly" means knew or could have known with the exercise of reasonable diligence.

~~Subd. 2. **Agreements to misclassify prohibited.** No employer shall require or request any employee to enter into any agreement, or sign any document, that results in misclassification of the employee as an independent contractor or otherwise does not accurately reflect the employment relationship with the employer.~~

Subd. 3. **Determination of employment relationship.** For purposes of this section, the nature of an employment relationship is determined using the same tests and in the same manner as employee status is determined under the applicable workers' compensation and unemployment insurance program laws and rules.

Subd. 4. ~~**Civil remedy**~~ **Damages and penalties.** ~~A construction worker, as defined in section 179.254, who is not an independent contractor and has been injured by a violation of this section, may bring a civil action for damages against the violator. If the construction worker injured is an employee of the violator of this section, the employee's representative, as defined in section 179.01, subdivision 5, may bring a civil action for damages against the violator on behalf of the employee. The court may award attorney fees, costs, and disbursements to a construction worker recovering under this section.~~

(a) The following damages and penalties may be imposed for a violation of this section:

(1) compensatory damages to the individual the person has failed to classify, represent, or treat as an employee pursuant to subdivision 3. Compensatory damages includes but is not limited to the value of supplemental pay including minimum wage; overtime; shift differentials; vacation pay, sick pay, and other forms of paid time off; health insurance; life and disability insurance; retirement plans; savings plans and any other form of benefit; employer contributions to unemployment insurance; Social Security and Medicare; and any costs and expenses incurred by the individual resulting from the person's failure to classify, represent, or treat the individual as an employee;

(2) a penalty of up to $10,000 for each individual the person failed to classify, represent, or treat as an employee pursuant to subdivision 3;

(3) a penalty of up to $10,000 for each violation of subdivision 1; and

(4) a penalty of $1,000 for each person who delays, obstructs, or otherwise fails to cooperate with the commissioner's investigation. Each day of delay, obstruction, or failure to cooperate constitutes a separate violation.

(b) This section may be investigated and enforced under the commissioner's authority under state law.

Subd. 5. **Reporting of violations.** Any court finding that a violation of this section has occurred shall transmit a copy of its findings of fact and conclusions of law to the commissioner of labor and industry. The commissioner of labor and industry shall report the finding to relevant local, state, and federal agencies, including the commissioner of commerce, the commissioner of employment and economic development, the commissioner of revenue, the federal Internal Revenue Service, and the United States Department of Labor.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 8. Minnesota Statutes 2022, section 181.723, is amended to read:

181.723 MISCLASSIFICATION OF CONSTRUCTION ~~CONTRACTORS~~ EMPLOYEES.

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

(a) "Person" means any individual, sole proprietor, limited liability company, limited liability partnership, corporation, partnership, incorporated or unincorporated association, ~~sole proprietorship,~~ joint stock company, or any other legal or commercial entity.

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

(c) "Commissioner" means the commissioner of labor and industry or a duly designated representative of the commissioner who is either an employee of the Department of Labor and Industry or person working under contract with the Department of Labor and Industry.

(d) "Individual" means a human being.

(e) "Day" means calendar day unless otherwise provided.

(f) "Knowingly" means knew or could have known with the exercise of reasonable diligence.

(g) "Business entity" means a person ~~other than an individual or a sole proprietor~~ as that term is defined in paragraph (a), except the term does not include an individual.

(h) "Independent contractor" means a business entity that meets all the requirements under subdivision 4, paragraph (a).

Subd. 2. **Limited application.** This section only applies to ~~individuals~~ persons providing or performing ~~public or private sector commercial or residential~~ building construction or improvement services. Building construction ~~and~~ or improvement services ~~do not~~ include all public or private sector commercial or residential building construction or improvement services except for: (1) the manufacture, supply, or sale of products, materials, or merchandise; (2) landscaping services for the maintenance or removal of existing plants, shrubs, trees, and other vegetation, whether or not the services are provided as part of a contract for the building construction or improvement services; and (3) all other landscaping services, unless the other landscaping services are provided as part of a contract for the building construction or improvement services.

Subd. 3. **Employee-employer relationship.** Except as provided in subdivision 4, for purposes of chapters 176, 177, 181, 181A, 182, ~~and~~ 268, ~~as of January 1, 2009~~ and 326B, an individual who provides or performs building construction or improvement services for a person that are in the course of the person's trade, business, profession, or occupation is an employee of that person and that person is an employer of the individual.

Subd. 4. **Independent contractor.** (a) An individual is an independent contractor and not an employee of the person for whom the individual is providing or performing services in the course of the person's trade, business, profession, or occupation only if the individual is operating as a business entity that meets all of the following requirements at the time the services were provided or performed:

~~(1) maintains a separate business with the individual's own office, equipment, materials, and other facilities;~~

~~(2)(i) holds or has applied for a federal employer identification number or (ii) has filed business or self-employment income tax returns with the federal Internal Revenue Service if the individual has performed services in the previous year;~~

~~(3) is operating under contract to perform the specific services for the person for specific amounts of money and under which the individual controls the means of performing the services;~~

~~(4) is incurring the main expenses related to the services that the individual is performing for the person under the contract;~~

~~(5) is responsible for the satisfactory completion of the services that the individual has contracted to perform for the person and is liable for a failure to complete the services;~~

~~(6) receives compensation from the person for the services performed under the contract on a commission or per-job or competitive bid basis and not on any other basis;~~

~~(7) may realize a profit or suffer a loss under the contract to perform services for the person;~~

~~(8) has continuing or recurring business liabilities or obligations; and~~

~~(9) the success or failure of the individual's business depends on the relationship of business receipts to expenditures.~~

~~An individual who is not registered, if required by section 326B.701, is presumed to be an employee of a person for whom the individual performs services in the course of the person's trade, business, profession, or occupation. The person for whom the services were performed may rebut this presumption by showing that the unregistered individual met all nine factors in this paragraph at the time the services were performed.~~

~~(b) If an individual is an owner or partial owner of a business entity, the individual is an employee of the person for whom the individual is performing services in the course of the person's trade, business, profession, or occupation, and is not an employee of the business entity in which the individual has an ownership interest, unless:~~

~~(1) the business entity meets the nine factors in paragraph (a);~~

~~(2) invoices and payments are in the name of the business entity; and~~

~~(3) the business entity is registered with the secretary of state, if required.~~

~~If the business entity in which the individual has an ownership interest is not registered, if required by section 326B.701, the individual is presumed to be an employee of a person for whom the individual performs services and not an employee of the business entity in which the individual has an ownership interest. The person for whom the services were performed may rebut the presumption by showing that the business entity met the requirements of clauses (1) to (3) at the time the services were performed.~~

(1) was established and maintained separately from and independently of the person for whom the services were provided or performed;

(2) owns, rents, or leases equipment, tools, vehicles, materials, supplies, office space, or other facilities that are used by the business entity to provide or perform building construction or improvement services;

(3) provides or performs, or offers to provide or perform, the same or similar building construction or improvement services for multiple persons or the general public;

(4) is in compliance with all of the following:

(i) holds a federal employer identification number if required by federal law;

(ii) holds a Minnesota tax identification number if required by Minnesota law;

(iii) has received and retained 1099 forms for income received for building construction or improvement services provided or performed, if required by Minnesota or federal law;

(iv) has filed business or self-employment income tax returns, including estimated tax filings, with the federal Internal Revenue Service and the Department of Revenue, as the business entity or as a self-employed individual reporting income earned, for providing or performing building construction or improvement services, if any, in the previous 12 months; and

(v) has completed and provided a W-9 federal income tax form to the person for whom the services were provided or performed if required by federal law;

(5) is in good standing as defined by section 5.26, if applicable;

(6) has a Minnesota unemployment insurance account if required by chapter 268;

(7) has obtained required workers' compensation insurance coverage if required by chapter 176;

(8) holds current business licenses, registrations, and certifications if required by chapter 326B and sections 327.31 to 327.36;

(9) is operating under a written contract to provide or perform the specific services for the person that:

(i) is signed and dated by both an authorized representative of the business entity and of the person for whom the services are being provided or performed;

(ii) is fully executed no later than 30 days after the date work commences;

(iii) identifies the specific services to be provided or performed under the contract;

(iv) provides for compensation from the person for the services provided or performed under the contract on a commission or per-job or competitive bid basis and not on any other basis; and

(v) the requirements of item (ii) shall not apply to change orders;

(10) submits invoices and receives payments for completion of the specific services provided or performed under the written proposal, contract, or change order in the name of the business entity. Payments made in cash do not meet this requirement;

(11) the terms of the written proposal, contract, or change order provide the business entity control over the means of providing or performing the specific services, and the business entity in fact controls the provision or performance of the specific services;

(12) incurs the main expenses and costs related to providing or performing the specific services under the written proposal, contract, or change order;

(13) is responsible for the completion of the specific services to be provided or performed under the written proposal, contract, or change order and is responsible, as provided under the written proposal, contract, or change order, for failure to complete the specific services; and

(14) may realize additional profit or suffer a loss, if costs and expenses to provide or perform the specific services under the written proposal, contract, or change order are less than or greater than the compensation provided under the written proposal, contract, or change order.

(b)(1) Any individual providing or performing the services as or for a business entity is an employee of the person who engaged the business entity, unless the business entity meets all of the requirements under subdivision 4, paragraph (a).

(2) Any individual who is determined to be the person's employee is acting as an agent of and in the interest of the person when engaging any other individual or business entity to provide or perform any portion of the services that the business entity was engaged by the person to provide or perform.

(3) Any individual engaged by an employee of the person, at any tier under the person, is also the person's employee, unless the individual is providing or performing the services as or for a business entity that meets the requirements of subdivision 4, paragraph (a).

(4) Clauses (1) to (3) do not create an employee-employer relationship between a person and an individual if: (i) there is an intervening business entity in the contractual chain between the person and the individual that meets the requirements of subdivision 4, paragraph (a); or (ii) the person establishes that an intervening business entity treats and classifies the individual as an employee for purposes of, and in compliance with, chapters 176, 177, 181, 181A, 268, 268B, 270C, and 290.

Subd. 7. **Prohibited activities related to independent contractor status.** (a) The prohibited activities in ~~this subdivision~~ paragraphs (b) and (c) are in addition to ~~those~~ the activities prohibited in sections 326B.081 to 326B.085.

(b) An individual providing or performing building construction or improvement services shall not ~~hold himself or herself out~~ represent themselves as an independent contractor unless the individual is operating as a business entity that meets all the requirements of subdivision 4, paragraph (a).

(c) A person who provides or performs building construction or improvement services in the course of the person's trade, business, occupation, or profession shall not:

(1) as a condition of payment for services provided or performed, require an individual ~~through coercion, misrepresentation, or fraudulent means~~, who is an employee pursuant to this section, to register as a construction contractor under section 326B.701, or to adopt or agree to being classified, represented, or treated as an independent contractor ~~status~~ or form a business entity. Each instance of conditioning payment to an individual who is an employee on one of these conditions shall constitute a separate violation of this provision;

(2) ~~knowingly misrepresent or misclassify an individual as an independent contractor.~~ fail to classify, represent, or treat an individual who is an employee pursuant to this section as an employee in accordance with the requirements of any of the chapters listed in subdivision 3. Failure to classify, represent, or treat an individual who is an employee pursuant to this section as an employee in accordance with each requirement of a chapter listed in subdivision 3 shall constitute a separate violation of this provision;

(3) fail to report or disclose to any person or to any local, state, or federal government agency an individual who is an employee pursuant to subdivision 3, as an employee when required to do so under any applicable local, state, or federal law. Each failure to report or disclose an individual as an employee shall constitute a separate violation of this provision;

(4) require or request an individual who is an employee pursuant to this section to enter into any agreement or complete any document that misclassifies, misrepresents, or treats the individual as an independent contractor or otherwise does not reflect that the individual is an employee pursuant to this section. Each agreement or completed document shall constitute a separate violation of this provision; or

(5) require an individual who is an employee under this section to register under section 326B.701.

(d) In addition to the person providing or performing building construction or improvement services in the course of the person's trade, business, occupation, or profession, any owner, partner, principal, member, officer, or agent who engaged in any of the prohibited activities in this subdivision knowingly or repeatedly may be held individually liable.

(e) An order issued by the commissioner to a person for engaging in any of the prohibited activities in this subdivision is in effect against any successor person. A person is a successor person if the person shares three or more of the following with the person to whom the order was issued:

(1) has one or more of the same owners, members, principals, officers, or managers;

(2) performs similar work within the state of Minnesota;

(3) has one or more of the same telephone or fax numbers;

(4) has one or more of the same email addresses or websites;

(5) employs or engages substantially the same individuals to provide or perform building construction or improvement services;

(6) utilizes substantially the same vehicles, facilities, or equipment; or

(7) lists or advertises substantially the same project experience and portfolio of work.

(f) If a person who has engaged an individual to provide or perform building construction or improvement services that are in the course of the person's trade, business, profession, or occupation, classifies, represents, treats, reports, or discloses the individual as an independent contractor, the person shall maintain, for at least three years, and in a manner that may be readily produced to the commissioner upon demand, all the information and documentation upon which the person based the determination that the individual met all the requirements under subdivision 4, paragraph (a), at the time the individual was engaged and at the time the services were provided or performed.

(g) The following damages and penalties may be imposed for a violation of this section:

(1) compensatory damages to the individual the person failed to classify, represent, or treat as an employee pursuant to this section. Compensatory damages include but are not limited to the value of supplemental pay including minimum wage; overtime; shift differentials; vacation pay; sick pay; and other forms of paid time off; health insurance; life and disability insurance; retirement plans; saving plans and any other form of benefit; employer contributions to unemployment insurance; Social Security and Medicare and any costs and expenses incurred by the individual resulting from the person's failure to classify, represent, or treat the individual as an employee;

(2) a penalty of up to $10,000 for each individual the person failed to classify, represent, or treat as an employee pursuant to this section;

(3) a penalty of up to $10,000 for each violation of this subdivision; and

(4) a penalty of $1,000 for any person who delays, obstructs, or otherwise fails to cooperate with the commissioner's investigation. Each day of delay, obstruction, or failure to cooperate constitutes a separate violation.

(h) This section may be investigated and enforced under the commissioner's authority under state law.

Subd. 13. **Rulemaking.** The commissioner may, in consultation with the commissioner of revenue and the commissioner of employment and economic development, adopt, amend, suspend, and repeal rules under the rulemaking provisions of chapter 14 that relate to the commissioner's responsibilities under this section. ~~This subdivision is effective May 26, 2007.~~

Subd. 15. **Notice and review by commissioners of revenue and employment and economic development.** When the commissioner has reason to believe that a person has violated subdivision 7, ~~paragraph (b); or (c), clause (1) or (2),~~ the commissioner must notify the commissioner of revenue and the commissioner of employment and economic development. Upon receipt of notification from the commissioner, the commissioner of revenue must review the information returns required under section 6041A of the Internal Revenue Code. The commissioner of revenue shall also review the submitted certification that is applicable to returns audited or investigated under section 289A.35.

EFFECTIVE DATE. This section is effective July 1, 2024, except that the amendments to subdivision 4 are effective for building construction or improvement services provided or performed on or after March 1, 2025.

Sec. 9. **[181.724] INTERGOVERNMENTAL MISCLASSIFICATION ENFORCEMENT AND EDUCATION PARTNERSHIP ACT.**

Subdivision 1. **Citation.** This section and section 181.725 may be cited as the "Intergovernmental Misclassification Enforcement and Education Partnership Act."

Subd. 2. **Policy and statement of purpose.** It is the policy of the state of Minnesota to prevent employers from misclassifying workers, because employee misclassification allows an employer to illegally evade obligations under state labor, employment, and tax laws, including but not limited to the laws governing minimum wage, overtime, unemployment insurance, paid family medical leave, earned sick and safe time, workers' compensation insurance, temporary disability insurance, the payment of wages, and payroll taxes.

Subd. 3. **Definitions.** (a) For the purposes of this section and section 181.725, the following terms have the meanings given, unless the language or context clearly indicates that a different meaning is intended.

(b) "Partnership entity" means one of the following governmental entities with jurisdiction over employee misclassification in Minnesota:

(1) the Department of Labor and Industry;

(2) the Department of Revenue;

(3) the Department of Employment and Economic Development;

(4) the Department of Commerce; and

(5) the attorney general in the attorney general's enforcement capacity under sections 177.45 and 181.1721.

(c) "Employee misclassification" means the practice by an employer of not properly classifying workers as employees.

Subd. 4. **Coordination, collaboration, and information sharing.** For purposes of this section, a partnership entity:

(1) shall communicate with other entities to help detect and investigate instances of employee misclassification;

(2) may request from, provide to, or receive from the other partnership entities data necessary for the purpose of detecting and investigating employee misclassification, unless prohibited by federal law; and

(3) may collaborate with one another when investigating employee misclassification, unless prohibited by federal law. Collaboration includes but is not limited to referrals, strategic enforcement, and joint investigations by two or more partnership entities.

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

Sec. 10. **[181.725] INTERGOVERNMENTAL MISCLASSIFICATION ENFORCEMENT AND EDUCATION PARTNERSHIP.**

Subdivision 1. **Composition.** The Intergovernmental Misclassification Enforcement and Education Partnership is composed of the following members or their designees, who shall serve on behalf of their respective partnership entities:

(1) the commissioner of labor and industry;

(2) the commissioner of revenue;

(3) the commissioner of employment and economic development;

(4) the commissioner of commerce; and

(5) the attorney general.

Subd. 2. **Meetings.** The commissioner of labor and industry, in consultation with other members of the partnership, shall convene and lead meetings of the partnership to discuss issues related to the investigation of employee misclassification and public outreach. Members of the partnership may select a designee to attend any such meeting. Meetings must occur at least quarterly.

Subd. 2a. **Additional meetings.** (a) In addition to regular quarterly meetings under subdivision 2, the commissioner of labor and industry, in consultation with members of the partnership, may convene and lead additional meetings for the purpose of discussing and making recommendations under subdivision 4a.

(b) This subdivision expires July 31, 2025, unless a different expiration date is specified in law.

Subd. 3. **Roles.** Each partnership entity may use the information received through its participation in the partnership to investigate employee misclassification within their relevant jurisdictions as follows:

(1) the Department of Labor and Industry in its enforcement authority under chapters 176, 177, and 181;

(2) the Department of Revenue in its enforcement authority under chapters 289A and 290;

(3) the Department of Employment and Economic Development in its enforcement authority under chapters 268 and 268B;

(4) the Department of Commerce in its enforcement authority under chapters 45, 60A, 60K, 79, and 79A; and

(5) the attorney general in the attorney general's enforcement authority under sections 177.45 and 181.1721.

Subd. 4. **Annual presentation to the legislature.** At the request of the chairs, the Intergovernmental Misclassification Enforcement and Education Partnership shall present annually to members of the house of representatives and senate committees with jurisdiction over labor. The presentation shall include information about how the partnership carried out its duties during the preceding calendar year.

Subd. 4a. **First presentation.** (a) By March 1, 2025, the Intergovernmental Misclassification Enforcement and Education Partnership shall make its first presentation to members of the house of representatives and senate committees with jurisdiction over labor. The first presentation may be made in a form and manner determined by the partnership. In addition to providing information about how the partnership carried out its duties in its first year, the presentation shall include the following information and recommendations, including any budget requests to carry out the recommendations:

(1) consider any staffing recommendations for the partnership and each partnership entity to carry out the duties and responsibilities under this section;

(2) provide a summary of the industries, areas, and employers with high numbers of misclassification violations and recommendations for proactive review and enforcement efforts;

(3) propose a system for making cross referrals between partnership entities;

(4) identify cross-training needs and a proposed cross-training plan; and

(5) propose a metric or plan for monitoring and assessing:

(i) the number and severity of employee misclassification violations; and

(ii) the adequacy and effectiveness of the partnership's duties related to employee misclassification, including but not limited to the partnership's efforts on education, outreach, detection, investigation, deterrence, and enforcement of employee misclassification.

(b) This subdivision expires July 31, 2025, unless a different expiration date is specified in law.

Subd. 5. **Separation.** The Intergovernmental Misclassification Enforcement and Education Partnership is not a separate agency or board and is not subject to chapter 13D. Data shared or created by the partnership entities under this section or section 181.724 are subject to chapter 13 and hold the data classification prescribed by law.

Subd. 6. **Duties.** The Intergovernmental Misclassification Enforcement and Education Partnership shall:

(1) set goals to maximize Minnesota's efforts to detect, investigate, and deter employee misclassification;

(2) share information to facilitate the detection and investigation of employee misclassification;

(3) develop a process or procedure that provides a person with relevant information and connects them with relevant partnership entities, regardless of which partnership entity that person contacts for assistance;

(4) identify best practices in investigating employee misclassification;

(5) identify resources needed for better enforcement of employee misclassification;

(6) inform and educate stakeholders on rights and responsibilities related to employee misclassification;

(7) serve as a unified point of contact for workers, businesses, and the public impacted by misclassification;

(8) inform the public on enforcement actions taken by the partnership entities; and

(9) perform other duties as necessary to:

(i) increase the effectiveness of detection, investigation, enforcement, and deterrence of employee misclassification; and

(ii) carry out the purposes of the partnership.

Subd. 7. **Public outreach.** (a) The commissioner of labor and industry shall maintain on the department's website information about the Intergovernmental Misclassification Enforcement and Education Partnership, including information about how to file a complaint related to employee misclassification.

(b) Each partnership entity shall maintain on its website information about worker classification laws, including requirements for employers and employees, consequences for misclassifying workers, and contact information for other partnership entities.

Subd. 8. **No limitation of other duties.** This section does not limit the duties or authorities of a partnership entity, or any other government entity, under state law.

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

Sec. 11. Minnesota Statutes 2022, section 270B.14, subdivision 17, is amended to read:

Subd. 17. **Disclosure to Department of Commerce.** (a) The commissioner may disclose to the commissioner of commerce information required to administer the Uniform Disposition of Unclaimed Property Act in sections 345.31 to 345.60, including the Social Security numbers of the taxpayers whose refunds are on the report of abandoned property submitted by the commissioner to the commissioner of commerce under section 345.41. Except for data published under section 345.42, the information received that is private or nonpublic data retains its classification, and can be used by the commissioner of commerce only for the purpose of verifying that the persons claiming the refunds are the owners.

(b) The commissioner may disclose a return or return information to the commissioner of commerce under section 45.0135 to the extent necessary to investigate employer compliance with section 176.181.

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

Sec. 12. Minnesota Statutes 2022, section 270B.14, is amended by adding a subdivision to read:

Subd. 23. **Disclosure to the attorney general.** The commissioner may disclose a return or return information to the attorney general for the purpose of determining whether a business is an employer and to the extent necessary to enforce section 177.45 or 181.1721.

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

Sec. 13. Minnesota Statutes 2022, section 326B.081, subdivision 3, is amended to read:

Subd. 3. **Applicable law.** "Applicable law" means the provisions of sections 181.165, 181.722, 181.723, 325E.66, 327.31 to 327.36, this chapter, and chapter 341, and all rules, orders, stipulation agreements, settlements, compliance agreements, licenses, registrations, certificates, and permits adopted, issued, or enforced by the department under sections 181.165, 181.722, 181.723, 325E.66, 327.31 to 327.36, this chapter, or chapter 341.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 14. Minnesota Statutes 2022, section 326B.081, subdivision 6, is amended to read:

Subd. 6. **Licensing order.** "Licensing order" means an order issued under section 326B.082, subdivision 12~~, paragraph (a)~~.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 15. Minnesota Statutes 2022, section 326B.081, subdivision 8, is amended to read:

Subd. 8. **Stop work order.** "Stop work order" means an order issued under section 326B.082, subdivision 10.

EFFECTIVE DATE. This section is effective March 1, 2025.

Sec. 16. Minnesota Statutes 2022, section 326B.082, subdivision 1, is amended to read:

Subdivision 1. **Remedies available.** The commissioner may enforce all applicable law under this section. The commissioner may use any enforcement provision in this section, including the assessment of monetary penalties, against a person required to have a license, registration, certificate, or permit under the applicable law based on conduct that would provide grounds for action against a licensee, registrant, certificate holder, or permit holder under the applicable law. The use of an enforcement provision in this section shall not preclude the use of any other enforcement provision in this section or otherwise provided by law. The commissioner's investigation and enforcement authority under this section may be used by the commissioner in addition to or as an alternative to any other investigation and enforcement authority provided by law.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 17. Minnesota Statutes 2022, section 326B.082, subdivision 2, is amended to read:

Subd. 2. **Access to information and property; subpoenas.** (a) In order to carry out the purposes of the applicable law, the commissioner may:

(1) administer oaths and affirmations, certify official acts, interview, question, take oral or written statements, demand data and information, and take depositions;

(2) request, examine, take possession of, test, sample, measure, photograph, record, and copy any documents, apparatus, devices, equipment, or materials;

(3) at a time and place indicated by the commissioner, request persons to appear before the commissioner to give testimony, provide data and information, and produce documents, apparatus, devices, equipment, or materials;

(4) issue subpoenas to compel persons to ~~appear before the commissioner to~~ give testimony, provide data and information, and to produce documents, apparatus, devices, equipment, or materials; and

(5) with or without notice, enter without delay ~~upon~~ and access all areas of any property, public or private, for the purpose of taking any action authorized under this subdivision or the applicable law, including ~~obtaining~~ to request, examine, take possession of, test, sample, measure, photograph, record, and copy any data, information, ~~remedying~~ documents, apparatus, devices, equipment, or materials; to interview, question, or take oral or written statements; to remedy violations~~,~~; or ~~conducting~~ to conduct surveys, inspections, or investigations.

(b) Persons requested by the commissioner to give testimony, provide data and information, or produce documents, apparatus, devices, equipment, or materials shall respond within the time and in the manner specified by the commissioner. If no time to respond is specified in the request, then a response shall be submitted within 30 days of the commissioner's service of the request.

(c) Upon the refusal or anticipated refusal of a property owner, lessee, property owner's representative, or lessee's representative to permit the commissioner's entry ~~onto~~ and access to all areas of any property as provided in paragraph (a), the commissioner may apply for an administrative inspection order in the Ramsey County District Court or, at the commissioner's discretion, in the district court in the county in which the property is located. The commissioner may anticipate that a property owner or lessee will refuse entry and access to all areas of a property if the property owner, lessee, property owner's representative, or lessee's representative has refused to permit entry or access to all areas of a property on a prior occasion or has informed the commissioner that entry or access to areas of a property will be refused. Upon showing of administrative probable cause by the commissioner, the district court shall issue an administrative inspection order that compels the property owner or lessee to permit the commissioner to enter and be allowed access to all areas of the property for the purposes specified in paragraph (a).

(d) Upon the application of the commissioner, a district court shall treat the failure of any person to obey a subpoena lawfully issued by the commissioner under this subdivision as a contempt of court.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 18. Minnesota Statutes 2022, section 326B.082, subdivision 4, is amended to read:

Subd. 4. **Fax or email transmission.** When this section or section 326B.083 permits a request for reconsideration or request for hearing to be served by fax on the commissioner, or when the commissioner instructs that a request for reconsideration or request for hearing be served by email on the commissioner, the fax or email shall not exceed 15 printed pages in length. The request shall be considered timely served if the fax or email is received by the commissioner, at the fax number or email address identified by the commissioner in the order or notice of violation, no later than 4:30 p.m. central time on the last day permitted for faxing or emailing the request. Where the quality or authenticity of the faxed or emailed request is at issue, the commissioner may require the original request to be filed. Where the commissioner has not identified quality or authenticity of the faxed or emailed request as an issue and the request has been faxed or emailed in accordance with this subdivision, the person faxing or emailing the request does not need to file the original request with the commissioner.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 19. Minnesota Statutes 2022, section 326B.082, subdivision 6, is amended to read:

Subd. 6. **Notices of violation.** (a) The commissioner may issue a notice of violation to any person who the commissioner determines has committed a violation of the applicable law. The notice of violation must state a summary of the facts that constitute the violation and the applicable law violated. The notice of violation may require the person to correct the violation. If correction is required, the notice of violation must state the deadline by which the violation must be corrected.

(b) In addition to any person, a notice of violation may be issued to any individual identified in section 181.723, subdivision 7, paragraph (d). A notice of violation is effective against any successor person as defined in section 181.723, subdivision 7, paragraph (e).

~~(b)~~ (c) The commissioner shall issue the notice of violation by:

(1) serving the notice of violation on the property owner or on the person who committed the violation; or

(2) posting the notice of violation at the location where the violation occurred.

~~(c)~~ (d) If the person to whom the commissioner has issued the notice of violation believes the notice was issued in error, then the person may request reconsideration of the parts of the notice that the person believes are in error. The request for reconsideration must be in writing and must be served on, faxed, or emailed to the commissioner at the address, fax number, or email address specified in the notice of violation by the tenth day after the commissioner issued the notice of violation. The date on which a request for reconsideration is served by mail shall be the postmark date on the envelope in which the request for reconsideration is mailed. If the person does not serve, fax, or email a written request for reconsideration or if the person's written request for reconsideration is not served on or faxed to the commissioner by the tenth day after the commissioner issued the notice of violation, the notice of violation shall become a final order of the commissioner and will not be subject to review by any court or agency. The request for reconsideration must:

(1) specify which parts of the notice of violation the person believes are in error;

(2) explain why the person believes the parts are in error; and

(3) provide documentation to support the request for reconsideration.

The commissioner shall respond in writing to requests for reconsideration made under this paragraph within 15 days after receiving the request. A request for reconsideration does not stay a requirement to correct a violation as set forth in the notice of violation. After reviewing the request for reconsideration, the commissioner may affirm, modify, or rescind the notice of violation. The commissioner's response to a request for reconsideration is final and shall not be reviewed by any court or agency.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 20. Minnesota Statutes 2022, section 326B.082, subdivision 7, is amended to read:

Subd. 7. **Administrative orders; correction; assessment of monetary penalties.** (a) The commissioner may issue an administrative order to any person who the commissioner determines has committed a violation of the applicable law. The commissioner shall issue the administrative order by serving the administrative order on the person. The administrative order may require the person to correct the violation, may require the person to cease and desist from committing the violation, and may assess monetary damages and penalties. The commissioner shall follow the procedures in section 326B.083 when issuing administrative orders. Except as provided in paragraph (b), the commissioner may issue to each person a monetary penalty of up to $10,000 for each violation of applicable law committed by the person. The commissioner may order that part or all of the monetary penalty will be forgiven if the person to whom the order is issued demonstrates to the commissioner by the 31st day after the order is issued that the person has corrected the violation or has developed a correction plan acceptable to the commissioner.

(b) The commissioner may issue an administrative order for failure to correct a violation by the deadline stated in a final notice of violation issued under subdivision 6 or a final administrative order issued under paragraph (a). Each day after the deadline during which the violation remains uncorrected is a separate violation for purposes of calculating the maximum monetary penalty amount.

(c) Upon the application of the commissioner, a district court shall find the failure of any person to correct a violation as required by a final notice of violation issued under subdivision 6 or a final administrative order issued by the commissioner under this subdivision as a contempt of court.

(d) In addition to any person, an administrative order may be issued to any individual identified in section 181.723, subdivision 7, paragraph (d). An administrative order shall be effective against any successor person as defined in section 181.723, subdivision 7, paragraph (e).

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 21. Minnesota Statutes 2022, section 326B.082, subdivision 10, is amended to read:

Subd. 10. **Stop work orders.** (a) ~~If the commissioner determines based on an inspection or investigation that a person has violated or is about to violate the applicable law,~~ The commissioner may issue ~~to the person~~ a stop work order requiring ~~the person to cease and desist from committing the violation~~ cessation of all business operations of a person at one or more of the person's workplaces and places of business or across all of the person's workplaces and places of business. A stop work order may only be issued to any person who the commissioner has determined, based on an inspection or investigation, has violated the applicable law, has engaged in any of the activities under subdivision 11, paragraph (b), or section 326B.701, subdivision 5, or has failed to comply with a final notice, final administrative order, or final licensing order issued by the commissioner under this section or a final order to comply issued by the commissioner under section 177.27, or to any person identified in paragraph (c).

(b) The stop work order is effective upon its issuance under paragraph (e). The order remains in effect until the commissioner issues an order lifting the stop work order. The commissioner shall issue an order lifting the stop work order upon finding that the person has come into compliance with the applicable law, has come into compliance with a final order or notice of violation issued by the commissioner, has ceased and desisted from engaging in any of the activities under subdivision 11, paragraph (b), or section 326B.701, subdivision 5, and has paid any remedies, damages, penalties, and other monetary sanctions, including wages owed to employees under paragraph (j), to the satisfaction of the commissioner, or if the commissioner or appellate court modifies or vacates the order.

(c) In addition to any person, a stop work order may be issued to any individual identified in section 181.723, subdivision 7, paragraph (d). The stop work order is effective against any successor person as defined in section 181.723, subdivision 7, paragraph (e).

~~(b)~~ (d) If the commissioner determines that a condition exists on real property that ~~violates the applicable law~~ is the basis for issuing a stop work order, the commissioner may also issue a stop work order to the owner or lessee of the real property ~~to cease and desist from committing the violation and to correct the condition that is in violation~~ to cease and desist from committing the violation and to correct the condition that is in violation.

~~(c)~~ (e) The commissioner shall issue the stop work order by:

(1) serving the order on the person ~~who has committed or is about to commit the violation~~;

(2) posting the order at the location where the violation was committed ~~or is about to be committed~~ or at the location where the ~~violating~~ condition exists that is the basis for issuing the stop work order; or

(3) serving the order on any owner or lessee of the real property where the ~~violating condition exists~~ violations or conditions exist.

~~(d)~~ (f) A stop work order shall:

(1) describe the act, conduct, or practice committed ~~or about to be committed,~~ or the condition, and include a reference to the applicable law ~~that the act, conduct, practice, or condition violates or would violate~~, the final order or final notice of violation, the provisions in subdivision 11, paragraph (b); the provisions in section 326B.701, subdivision 5; or liability under section 181.165, as applicable; and

(2) provide notice that any person aggrieved by the stop work order may request a hearing as provided in paragraph ~~(c)~~ (g).

~~(e)~~ (g) Within 30 days after the commissioner issues a stop work order, any person aggrieved by the order may request an expedited hearing to review the commissioner's action. The request for hearing must be made in writing and must be served on, emailed, or faxed to the commissioner at the address, email address, or fax number specified in the order. If the person does not request a hearing or if the person's written request for hearing is not served on, emailed, or faxed to the commissioner on or before the 30th day after the commissioner issued the stop work order, the order will become a final order of the commissioner and will not be subject to review by any court or agency. The date on which a request for hearing is served by mail is the postmark date on the envelope in which the request for hearing is mailed. The hearing request must specifically state the reasons for seeking review of the order. The person who requested the hearing and the commissioner are the parties to the expedited hearing. The hearing shall be commenced within ten days after the commissioner receives the request for hearing. The hearing shall be conducted under Minnesota Rules, parts 1400.8510 to 1400.8612, as modified by this subdivision. The administrative law judge shall issue a report containing findings of fact, conclusions of law, and a recommended order within ten days after the completion of the hearing, the receipt of late-filed exhibits, or the submission of written arguments, whichever is later. Any party aggrieved by the administrative law judge's report shall have five days after the date of the administrative law judge's report to submit written exceptions and argument to the commissioner that the commissioner shall consider and enter in the record. Within 15 days after receiving the administrative law judge's report, the commissioner shall issue an order vacating, modifying, or making permanent the stop work order. The commissioner and the person requesting the hearing may by agreement lengthen any time periods described in this paragraph. The Office of Administrative Hearings may, in consultation with the agency, adopt rules specifically applicable to cases under this subdivision.

~~(f)~~ (h) A stop work order issued under this subdivision ~~shall be~~ is in effect until it is lifted by the commissioner under paragraph (b) or is modified or vacated by the commissioner or an appellate court under paragraph (b). The administrative hearing provided by this subdivision and any appellate judicial review as provided in chapter 14 shall constitute the exclusive remedy for any person aggrieved by a stop order.

(i) The commissioner may assess a civil penalty of $5,000 per day against a person for each day the person conducts business operations that are in violation of a stop work order issued under this section.

(j) Once a stop work order becomes final, any of the person's employees affected by a stop work order issued pursuant to this subdivision shall be entitled to average daily earnings from the person for up to the first ten days of work lost by the employee because of the issuance of a stop work order. Lifting of a stop work order may be conditioned on payment of wages to employees. The commissioner may issue an order to comply under section 177.27 to obtain payment from persons liable for the payment of wages owed to the employees under this section.

~~(g)~~ (k) Upon the application of the commissioner, a district court shall find the failure of any person to comply with a final stop work order lawfully issued by the commissioner under this subdivision as a contempt of court.

(l) Notwithstanding section 13.39, the data in a stop work order issued under this subdivision are classified as public data after the commissioner has issued the order.

(m) When determining the appropriateness and extent of a stop work order the commissioner shall consider the factors set forth in section 14.045, subdivision 3.

EFFECTIVE DATE. This section is effective March 1, 2025.

Sec. 22. Minnesota Statutes 2022, section 326B.082, subdivision 11, is amended to read:

Subd. 11. **Licensing orders; grounds; reapplication.** (a) The commissioner may deny an application for a permit, license, registration, or certificate if the applicant does not meet or fails to maintain the minimum qualifications for holding the permit, license, registration, or certificate, or has any unresolved violations ~~or~~, unpaid fees, or monetary damages or penalties related to the activity for which the permit, license, registration, or certificate has been applied for or was issued.

(b) The commissioner may deny, suspend, limit, place conditions on, or revoke a person's permit, license, registration, or certificate, or censure the person holding or acting as qualifying person for the permit, license, registration, or certificate, if the commissioner finds that the person:

(1) committed one or more violations of the applicable law;

(2) committed one or more violations of chapter 176, 177, 181, 181A, 182, 268, 270C, or 363A;

~~(2)~~ (3) submitted false or misleading information to ~~the~~ any state agency in connection with activities for which the permit, license, registration, or certificate was issued, or in connection with the application for the permit, license, registration, or certificate;

~~(3)~~ (4) allowed the alteration or use of the person's own permit, license, registration, or certificate by another person;

~~(4)~~ (5) within the previous five years, was convicted of a crime in connection with activities for which the permit, license, registration, or certificate was issued;

~~(5)~~ (6) violated: (i) a final administrative order issued under subdivision 7, (ii) a final stop work order issued under subdivision 10, (iii) injunctive relief issued under subdivision 9, or (iv) a consent order, order to comply, or other final order ~~of~~ issued by the commissioner or the commissioner of human rights, employment and economic development, or revenue;

~~(6)~~ (7) delayed, obstructed, or otherwise failed to cooperate with a commissioner's investigation, including a request to give testimony, to provide data and information, to produce documents, things, apparatus, devices, equipment, or materials, or to enter and access all areas of any property ~~under subdivision 2~~;

~~(7)~~ (8) retaliated in any manner against any employee or person who makes a complaint, is questioned by, cooperates with, or provides information to the commissioner ~~or an employee or agent authorized by the commissioner who seeks access to property or things under subdivision 2~~;

~~(8)~~ (9) engaged in any fraudulent, deceptive, or dishonest act or practice; or

~~(9)~~ (10) performed work in connection with the permit, license, registration, or certificate or conducted the person's affairs in a manner that demonstrates incompetence, untrustworthiness, or financial irresponsibility.

(c) In addition to any person, a licensing order may be issued to any individual identified in section 181.723, subdivision 7, paragraph (d). A licensing order is effective against any successor person as defined in section 181.723, subdivision 7, paragraph (e).

~~(c)~~ (d) If the commissioner revokes or denies a person's permit, license, registration, or certificate under paragraph (b), the person is prohibited from reapplying for the same type of permit, license, registration, or certificate for at least two years after the effective date of the revocation or denial. The commissioner may, as a condition of reapplication, require the person to obtain a bond or comply with additional reasonable conditions the commissioner considers necessary to protect the public, including but not limited to demonstration of current and ongoing compliance with the laws the violation of which were the basis for revoking or denying the person's permit, license, registration, or certificate under paragraph (b) or that the person has ceased and desisted in engaging in activities under paragraph (b) that were the basis for revoking or denying the person's permit, license, registration, or certificate under paragraph (b).

~~(d)~~ (e) If a permit, license, registration, or certificate expires, or is surrendered, withdrawn, or terminated, or otherwise becomes ineffective, the commissioner may institute a proceeding under this subdivision within two years after the permit, license, registration, or certificate was last effective and enter a revocation or suspension order as of the last date on which the permit, license, registration, or certificate was in effect.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 23. Minnesota Statutes 2022, section 326B.082, subdivision 13, is amended to read:

Subd. 13. **Summary suspension.** In any case where the commissioner has issued an order to revoke, suspend, or deny a license, registration, certificate, or permit under subdivisions 11, paragraph (b), and 12, the commissioner may summarily suspend the person's permit, license, registration, or certificate before the order becomes final. The commissioner shall issue a summary suspension order when the safety of life or property is threatened or to prevent the commission of fraudulent, deceptive, untrustworthy, or dishonest acts against the public, including but not limited to violations of section 181.723, subdivision 7. The summary suspension shall not affect the deadline for submitting a request for hearing under subdivision 12. If the commissioner summarily suspends a person's permit, license, registration, or certificate, a timely request for hearing submitted under subdivision 12 shall also be considered a timely request for hearing on continuation of the summary suspension. If the commissioner summarily suspends a person's permit, license, registration, or certificate under this subdivision and the person submits a timely request for a hearing, then a hearing on continuation of the summary suspension must be held within ten days after the commissioner receives the request for hearing unless the parties agree to a later date.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 24. Minnesota Statutes 2022, section 326B.082, is amended by adding a subdivision to read:

Subd. 16a. **Additional penalties and damages.** Any person who delays, obstructs, or otherwise fails to cooperate with the commissioner's investigation may be issued a penalty of $1,000. Each day of delay, obstruction, or failure to cooperate shall constitute a separate violation.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 25. Minnesota Statutes 2022, section 326B.701, is amended to read:

326B.701 CONSTRUCTION CONTRACTOR REGISTRATION.

Subdivision 1. **Definitions.** The following definitions apply to this section:

(a) "Building construction or improvement services" means public or private sector commercial or residential building construction or improvement services.

~~(a)~~ (b) "Business entity" means a person ~~other than an individual or a sole proprietor~~ as that term is defined in paragraph (h), except the term does not include an individual.

(c) "Commissioner" means the commissioner of labor and industry or a duly designated representative of the commissioner who is either an employee of the Department of Labor and Industry or person working under contract with the Department of Labor and Industry.

(d) "Day" means calendar day unless otherwise provided.

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

~~(b)~~ (f) "Document" or "documents" includes papers; books; records; memoranda; data; contracts; drawings; graphs; charts; photographs; digital, video, and audio recordings; records; accounts; files; statements; letters; emails; invoices; bills; notes; and calendars maintained in any form or manner.

(g) "Individual" means a human being.

(h) "Person" means any individual, sole proprietor, limited liability company, limited liability partnership, corporation, partnership, incorporated or unincorporated association, joint stock company, or any other legal or commercial entity.

Subd. 2. **Applicability; registration requirement.** ~~(a) Persons who perform public or private sector commercial or residential building construction or improvement services as described in subdivision 2 must register with the commissioner as provided in this section. The purpose of registration is to assist the Department of Labor and Industry, the Department of Employment and Economic Development, and the Department of Revenue to enforce laws related to misclassification of employees.~~

~~(b)~~ (a) Except as provided in paragraph ~~(c)~~ (b), any person who provides or performs building construction or improvement services in the state ~~on or after September 15, 2012,~~ of Minnesota must register with the commissioner as provided in this section before providing or performing building construction or improvement services ~~for another person~~. The requirements for registration under this section are not a substitute for, and do not relieve a person from complying with, any other law requiring that the person be licensed, registered, or certified.

~~(c)~~ (b) The registration requirements in this section do not apply to:

(1) a person who, at the time the person is providing or performing the building construction or improvement services, holds a current license, certificate, or registration under chapter 299M or 326B;

~~(2) a person who holds a current independent contractor exemption certificate issued under this section that is in effect on September 15, 2012, except that the person must register under this section no later than the date the exemption certificate expires, is revoked, or is canceled;~~

~~(3)~~ (2) a person who has given a bond to the state under section 326B.197 or 326B.46;

~~(4)~~ (3) an employee of the person providing or performing the building construction or improvement services~~, if the person was in compliance with laws related to employment of the individual at the time the construction services were performed~~;

~~(5)~~ (4) an architect or professional engineer engaging in professional practice as defined in section 326.02, subdivisions 2 and 3;

~~(6)~~ (5) a school district or technical college governed under chapter 136F;

~~(7)~~ (6) a person providing or performing building construction or improvement services on a volunteer basis, including but not limited to Habitat for Humanity and Builders Outreach Foundation, and their individual volunteers when engaged in activities on their behalf; or

~~(8)~~ (7) a person exempt from licensing under section 326B.805, subdivision 6, clause ~~(5)~~ (4).

Subd. 3. **Registration application.** (a) Persons required to register under this section must submit electronically, in the manner prescribed by the commissioner, a complete application according to ~~paragraphs (b) to (d)~~ this subdivision.

(b) A complete application must include all of the following information and documentation about ~~any individual who is registering as an individual or a sole proprietor, or who owns 25 percent or more of a business entity being registered~~ the person who is applying for a registration:

(1) the ~~individual's full~~ person's legal name ~~and title at the applicant's business~~;

(2) the person's assumed names filed with the secretary of state, if applicable;

~~(2)~~ (3) the ~~individual's business address and~~ person's telephone number;

~~(3) the percentage of the applicant's business owned by the individual; and~~

~~(4) the individual's Social Security number.~~

~~(c) A complete application must also include the following information:~~

~~(1) the applicant's legal name; assumed name filed with the secretary of state, if any; designated business address; physical address; telephone number; and email address;~~

~~(2) the applicant's Minnesota tax identification number, if one is required or has been issued;~~

~~(3) the applicant's federal employer identification number, if one is required or has been issued;~~

~~(4) evidence of the active status of the applicant's business filings with the secretary of state, if one is required or has been issued;~~

~~(5) whether the applicant has any employees at the time the application is filed;~~

~~(6) the names of all other persons with an ownership interest in the business entity who are not identified in paragraph (b), and the percentage of the interest owned by each person, except that the names of shareholders with less than ten percent ownership in a publicly traded corporation need not be provided;~~

~~(7) information documenting compliance with workers' compensation and unemployment insurance laws;~~

(4) the person's email address;

(5) the person's business address;

(6) the person's physical address, if different from the business address;

(7) the legal name, telephone number, and email address of the person's registered agent, if applicable, and the registered agent's business address and physical address, if different from the business address;

(8) the jurisdiction in which the person is organized, if that jurisdiction is not in Minnesota, as applicable;

(9) the legal name of the person in the jurisdiction in which it is organized, if the legal name is different than the legal name provided in clause (1), as applicable;

(10) all of the following identification numbers, if all of these identification numbers have been issued to the person. A complete application must include at least one of the following identification numbers:

(i) the person's Social Security number;

(ii) the person's Minnesota tax identification number; or

(iii) the person's federal employer identification number;

(11) evidence of the active status of the person's business filings with the secretary of state, if applicable;

(12) whether the person has any employees at the time the application is filed, and if so, how many employees the person employs;

(13) the legal names of all persons with an ownership interest in the business entity, if applicable, and the percentage of the interest owned by each person, except that the names of shareholders with less than ten percent ownership in a publicly traded corporation need not be provided;

(14) information documenting the person's compliance with workers' compensation and unemployment insurance laws for the person's employees, if applicable;

(15) whether the person or any persons with an ownership interest in the business entity as disclosed under clause (13) have been issued a notice of violation, administrative order, licensing order, or order to comply by the Department of Labor and Industry in the last ten years;

~~(8)~~ (16) a certification that the ~~person~~ individual signing the application has: reviewed it; ~~determined~~ asserts that the information and documentation provided is true and accurate; and ~~determined~~ that the ~~person signing~~ individual is authorized to sign and file the application as an agent or authorized representative of the ~~applicant~~ person. The name of the ~~person~~ individual signing, entered on an electronic application, shall constitute a valid signature of the agent or authorized representative on behalf of the ~~applicant~~ person; and

~~(9)~~ (17) a signed authorization for the Department of Labor and Industry to verify the information and documentation provided on or with the application.

~~(d)~~ (c) A registered person must notify the commissioner within 15 days after there is a change in any of the information on the application as approved. This notification must be provided electronically in the manner prescribed by the commissioner. However, if the ~~business entity~~ structure or legal form of the business entity has changed, the person must submit a new registration application ~~and registration fee, if any, for the new business entity~~.

~~(e) The registered~~ (d) A person must ~~remain registered~~ maintain a current and up-to-date registration while providing or performing building construction or improvement services ~~for another person~~. The

provisions of sections 326B.091, 326B.094, 326B.095, and 326B.097 apply to this section. ~~A person with an expired registration shall not provide construction services for another person if registration is required under this section.~~ Registration application and expiration time frames are as follows:

~~(1) all registrations issued on or before December 31, 2015, expire on December 31, 2015;~~

~~(2)~~ (1) all registrations issued after December 31, 2015, expire on the following December 31 of each odd-numbered year; and

~~(3)~~ (2) a person may submit a ~~registration or~~ renewal application starting October 1 of the year the registration expires. If a renewal application is submitted later than December 1 of the expiration year, the registration may expire before the department has issued or denied the ~~registration~~ renewal.

Subd. 4. **Website.** (a) The commissioner shall develop and maintain a website on which ~~applicants for registration~~ persons can submit a registration or renewal application. The website shall be designed to receive and process ~~registration~~ applications and promptly issue registration certificates electronically to successful applicants.

(b) The commissioner shall maintain ~~the certificates of registration on the department's official public website, which shall include~~ the following information on the department's official public website:

(1) the registered person's legal ~~business~~ name, including any assumed name~~, as~~ filed with the secretary of state;

(2) the legal names of the persons with an ownership interest in the business entity;

~~(2)~~ (3) the registered person's business address ~~designated~~ and physical address, if different from the business address, provided on the application; and

~~(3)~~ (4) the effective date of the registration and the expiration date.

Subd. 5. **Prohibited activities related to registration.** (a) The prohibited activities in this subdivision are in addition to those prohibited in ~~sections 326B.081 to 326B.085~~ section 326B.082, subdivision 11.

(b) A person who provides or performs building construction or improvement services ~~in the course of the person's trade, business, occupation, or profession~~ shall not:

(1) ~~contract with~~ provide or perform building construction or improvement services ~~for another person~~ without ~~first~~ being registered, if required ~~by~~ to be registered under this section;

(2) require an individual who is the person's employee to register; or

~~(2) contract with or pay~~ (3) engage another person to provide or perform building construction or improvement services if the other person is required to be registered under this section and is not registered ~~if required by subdivision 2. All payments to an unregistered person for construction services on a single project site shall be considered a single violation~~. It is not a violation of this clause:

(i) for a person to ~~contract with or pay~~ have engaged an unregistered person if the unregistered person ~~was registered at the time the contract for construction services was entered into~~ held a current registration on the date they began providing or performing the building construction or improvement services; or

(ii) for a homeowner or business to ~~contract with or pay~~ engage an unregistered person if the homeowner or business is not in the trade, business, profession, or occupation of performing building construction or improvement services~~; or~~.

~~(3) be penalized for violations of this subdivision that are committed by another person. This clause applies only to violations of this paragraph.~~

(c) Each day a person who is required to be registered provides or performs building construction or improvement services while unregistered shall be considered a separate violation.

Subd. 6. **Investigation and enforcement; remedies; and penalties.** ~~(a) Notwithstanding the maximum penalty amount in section 326B.082, subdivisions 7 and 12, the maximum penalty for failure to register is $2,000, but the commissioner shall forgive the penalty if the person registers within 30 days of the date of the penalty order.~~

~~(b) The penalty for contracting with or paying an unregistered person to perform construction services in violation of subdivision 5, paragraph (b), clause (2), shall be as provided in section 326B.082, subdivisions 7 and 12, but the commissioner shall forgive the penalty for the first violation.~~

The commissioner may investigate and enforce this section under the authority in chapters 177 and 326B.

~~Subd. 7. **Notice requirement.** Notice of a penalty order for failure to register must include a statement that the penalty shall be forgiven if the person registers within 30 days of the date of the penalty order.~~

Subd. 8. **Data classified.** Data in applications and any required documentation submitted to the commissioner under this section are private data on individuals or nonpublic data as defined in section 13.02~~. Data in registration certificates issued by the commissioner are public data;~~ except ~~that~~ for the registration information published on the department's website ~~may be accessed for registration verification purposes only~~. Data that document a suspension, revocation, or cancellation of a ~~certificate~~ registration are public data. ~~Upon request of~~ Notwithstanding its classification as private data on individuals or nonpublic data, data in applications and any required documentation submitted to the commissioner under this section may be used by the commissioner to investigate and take enforcement action related to laws for which the commissioner has enforcement responsibility and the commissioner may share data and documentation with the Department of Revenue, the Department of Commerce, the Department of Human Rights, or the Department of Employment and Economic Development~~,~~. The commissioner may release to the ~~requesting department~~ departments data classified as private or nonpublic under this subdivision or investigative data that are not public under section 13.39 that relate to ~~the issuance or denial of applications or revocations of certificates~~ prohibited activities under this section and section 181.723.

EFFECTIVE DATE. This section is effective July 1, 2024.

ARTICLE 11

EARNED SICK AND SAFE TIME MODIFICATIONS

Section 1. Minnesota Statutes 2023 Supplement, section 177.27, subdivision 4, is amended to read:

Subd. 4. **Compliance orders.** The commissioner may issue an order requiring an employer to comply with sections 177.21 to 177.435, 177.50, 179.86, 181.02, 181.03, 181.031, 181.032, 181.101, 181.11, 181.13, 181.14, 181.145, 181.15, 181.165, 181.172, paragraph (a) or (d), 181.214 to 181.217, 181.275, subdivision 2a, 181.635, 181.722, 181.79, 181.85 to 181.89, 181.939 to 181.943, 181.9445 to 181.9448, 181.987, 181.991, 268B.09, subdivisions 1 to 6, and 268B.14, subdivision 3, with any rule promulgated under section 177.28, 181.213, or 181.215. The commissioner shall issue an order requiring an employer to comply with sections 177.41 to 177.435, 181.165, or 181.987 if the violation is repeated. For purposes of this subdivision only,

a violation is repeated if at any time during the two years that preceded the date of violation, the commissioner issued an order to the employer for violation of sections 177.41 to 177.435, 181.165, or 181.987 and the order is final or the commissioner and the employer have entered into a settlement agreement that required the employer to pay back wages that were required by sections 177.41 to 177.435. The department shall serve the order upon the employer or the employer's authorized representative in person or by certified mail at the employer's place of business. An employer who wishes to contest the order must file written notice of objection to the order with the commissioner within 15 calendar days after being served with the order. A contested case proceeding must then be held in accordance with sections 14.57 to 14.69 or 181.165. If, within 15 calendar days after being served with the order, the employer fails to file a written notice of objection with the commissioner, the order becomes a final order of the commissioner. For the purposes of this subdivision, an employer includes a contractor that has assumed a subcontractor's liability within the meaning of section 181.165.

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

Sec. 2. Minnesota Statutes 2023 Supplement, section 177.50, is amended by adding a subdivision to read:

Subd. 6. **Rulemaking authority.** The commissioner may adopt rules to carry out the purposes of this section and sections 181.9445 to 181.9448.

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

Sec. 3. Minnesota Statutes 2023 Supplement, section 177.50, is amended by adding a subdivision to read:

Subd. 7. **Remedies.** (a) If an employer does not provide earned sick and safe time pursuant to section 181.9446, or does not allow the use of earned sick and safe time pursuant to section 181.9447, the employer is liable to all employees who were not provided or not allowed to use earned sick and safe time for an amount equal to all earned sick and safe time that should have been provided or could have been used, plus an additional equal amount as liquidated damages.

(b) If the employer does not possess records sufficient to determine the earned sick and safe time an employee should have been provided pursuant to paragraph (a), the employer is liable to the employee for an amount equal to 48 hours of earned sick and safe time for each year earned sick and safe time was not provided, plus an additional equal amount as liquidated damages.

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

Sec. 4. Minnesota Statutes 2023 Supplement, section 181.032, is amended to read:

181.032 REQUIRED STATEMENT OF EARNINGS BY EMPLOYER; NOTICE TO EMPLOYEE.

(a) At the end of each pay period, the employer shall provide each employee an earnings statement, either in writing or by electronic means, covering that pay period. An employer who chooses to provide an earnings statement by electronic means must provide employee access to an employer-owned computer during an employee's regular working hours to review and print earnings statements, and must make statements available for review or printing for a period of three years.

(b) The earnings statement may be in any form determined by the employer but must include:

(1) the name of the employee;

(2) the rate or rates of pay and basis thereof, including whether the employee is paid by hour, shift, day, week, salary, piece, commission, or other method;

(3) allowances, if any, claimed pursuant to permitted meals and lodging;

(4) the total number of hours worked by the employee unless exempt from chapter 177;

~~(5) the total number of earned sick and safe time hours accrued and available for use under section 181.9446;~~

~~(6) the total number of earned sick and safe time hours used during the pay period under section 181.9447;~~

~~(7)~~ (5) the total amount of gross pay earned by the employee during that period;

~~(8)~~ (6) a list of deductions made from the employee's pay;

~~(9)~~ (7) any amount deducted by the employer under section 268B.14, subdivision 3, and the amount paid by the employer based on the employee's wages under section 268B.14, subdivision 1;

~~(10)~~ (8) the net amount of pay after all deductions are made;

~~(11)~~ (9) the date on which the pay period ends;

~~(12)~~ (10) the legal name of the employer and the operating name of the employer if different from the legal name;

~~(13)~~ (11) the physical address of the employer's main office or principal place of business, and a mailing address if different; and

~~(14)~~ (12) the telephone number of the employer.

(c) An employer must provide earnings statements to an employee in writing, rather than by electronic means, if the employer has received at least 24 hours notice from an employee that the employee would like to receive earnings statements in written form. Once an employer has received notice from an employee that the employee would like to receive earnings statements in written form, the employer must comply with that request on an ongoing basis.

(d) At the start of employment, an employer shall provide each employee a written notice containing the following information:

(1) the rate or rates of pay and basis thereof, including whether the employee is paid by the hour, shift, day, week, salary, piece, commission, or other method, and the specific application of any additional rates;

(2) allowances, if any, claimed pursuant to permitted meals and lodging;

(3) paid vacation, sick time, or other paid time-off accruals and terms of use;

(4) the employee's employment status and whether the employee is exempt from minimum wage, overtime, and other provisions of chapter 177, and on what basis;

(5) a list of deductions that may be made from the employee's pay;

(6) the number of days in the pay period, the regularly scheduled pay day, and the pay day on which the employee will receive the first payment of wages earned;

(7) the legal name of the employer and the operating name of the employer if different from the legal name;

(8) the physical address of the employer's main office or principal place of business, and a mailing address if different; and

(9) the telephone number of the employer.

(e) The employer must keep a copy of the notice under paragraph (d) signed by each employee acknowledging receipt of the notice. The notice must be provided to each employee in English. The English version of the notice must include text provided by the commissioner that informs employees that they may request, by indicating on the form, the notice be provided in a particular language. If requested, the employer shall provide the notice in the language requested by the employee. The commissioner shall make available to employers the text to be included in the English version of the notice required by this section and assist employers with translation of the notice in the languages requested by their employees.

(f) An employer must provide the employee any written changes to the information contained in the notice under paragraph (d) prior to the date the changes take effect.

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

Sec. 5. Minnesota Statutes 2023 Supplement, section 181.9445, subdivision 4, is amended to read:

Subd. 4. **Earned sick and safe time.** "Earned sick and safe time" means leave, including paid time off and other paid leave systems, that is paid at the same ~~hourly~~ base rate as an employee earns from employment that may be used for the same purposes and under the same conditions as provided under section 181.9447, but in no case shall this ~~hourly~~ base rate be less than that provided under section 177.24 or an applicable local minimum wage.

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

Sec. 6. Minnesota Statutes 2023 Supplement, section 181.9445, is amended by adding a subdivision to read:

Subd. 4a. **Base rate.** "Base rate" means:

(1) for employees paid on an hourly basis, the same rate received per hour of work;

(2) for employees paid on an hourly basis who receive multiple hourly rates, the rate the employee would have been paid for the period of time in which leave was taken;

(3) for employees paid on a salary basis, the same rate guaranteed to the employee as if the employee had not taken the leave; and

(4) for employees paid solely on a commission, piecework, or any basis other than hourly or salary, a rate no less than the applicable local, state, or federal minimum wage, whichever is greater.

For purposes of this section and section 181.9446, base rate does not include commissions; shift differentials that are in addition to an hourly rate; premium payments for overtime work; premium payments for work on Saturdays, Sundays, holidays, or scheduled days off; bonuses; or gratuities as defined by section 177.23.

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

Sec. 7. Minnesota Statutes 2023 Supplement, section 181.9445, subdivision 5, is amended to read:

Subd. 5. **Employee.** "Employee" means any person who is employed by an employer, including temporary and part-time employees, who ~~performs~~ is anticipated by the employer to perform work for at least 80 hours in a year for that employer in Minnesota. Employee does not include:

(1) an independent contractor; ~~or~~

(2) an individual who is a volunteer firefighter or paid on-call firefighter, with a department charged with the prevention or suppression of fires within the boundaries of the state; is a volunteer ambulance attendant as defined in section 144E.001, subdivision 15; or is an ambulance service personnel as defined in section 144E.001, subdivision 3a, who serves in a paid on-call position;

(3) an individual who is an elected official or a person who is appointed to fill a vacancy in an elected office as part of a legislative or governing body of Minnesota or a political subdivision; or

(4) an individual employed by a farmer, family farm, or a family farm corporation to provide physical labor on or management of a farm if the farmer, family farm, or family farm corporation employs the individual to perform work for 28 days or less each year.

~~(2) an individual employed by an air carrier as a flight deck or cabin crew member who:~~

~~(i) is subject to United States Code, title 45, sections 181 to 188;~~

~~(ii) works less than a majority of their hours in Minnesota in a calendar year; and~~

~~(iii) is provided with paid leave equal to or exceeding the amounts in section 181.9446.~~

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

Sec. 8. Minnesota Statutes 2023 Supplement, section 181.9446, is amended to read:

181.9446 ACCRUAL OF EARNED SICK AND SAFE TIME.

(a) An employee accrues a minimum of one hour of earned sick and safe time for every 30 hours worked up to a maximum of 48 hours of earned sick and safe time in a year. Employees may not accrue more than 48 hours of earned sick and safe time in a year unless the employer agrees to a higher amount.

(b)(1) Except as provided in clause (2), employers must permit an employee to carry over accrued but unused sick and safe time into the following year. The total amount of accrued but unused earned sick and safe time for an employee must not exceed 80 hours at any time, unless an employer agrees to a higher amount.

(2) In lieu of permitting the carryover of accrued but unused sick and safe time into the following year as provided under clause (1), an employer may provide an employee with earned sick and safe time for the year that meets or exceeds the requirements of this section that is available for the employee's immediate use at the beginning of the subsequent year as follows: (i) 48 hours, if an employer pays an employee for accrued but unused sick and safe time at the end of a year at the same ~~hourly~~ base rate as an employee earns from employment and in no case at a rate less than that provided under section 177.24 or an applicable local minimum wage; or (ii) 80 hours, if an employer does not pay an employee for accrued but unused sick and safe time at the end of a year ~~at the same or greater hourly rate as an employee earns from employment. In no case shall this hourly rate be less than that provided under section 177.24, or an applicable local minimum wage~~.

(c) Employees who are exempt from overtime requirements under United States Code, title 29, section 213(a)(1), as amended through January 1, 2024, are deemed to work 40 hours in each workweek for purposes of accruing earned sick and safe time, except that an employee whose normal workweek is less than 40 hours will accrue earned sick and safe time based on the normal workweek.

(d) Earned sick and safe time under this section begins to accrue at the commencement of employment of the employee.

(e) Employees may use earned sick and safe time as it is accrued.

Sec. 9. Minnesota Statutes 2023 Supplement, section 181.9447, subdivision 1, is amended to read:

Subdivision 1. **Eligible use.** An employee may use accrued earned sick and safe time for:

(1) an employee's:

(i) mental or physical illness, injury, or other health condition;

(ii) need for medical diagnosis, care, or treatment of a mental or physical illness, injury, or health condition; ~~or~~

(iii) need for preventive medical or health care; or

(iv) need to make arrangements for or attend funeral services or a memorial, or address financial or legal matters that arise after the death of a family member;

(2) care of a family member:

(i) with a mental or physical illness, injury, or other health condition;

(ii) who needs medical diagnosis, care, or treatment of a mental or physical illness, injury, or other health condition; or

(iii) who needs preventive medical or health care;

(3) absence due to domestic abuse, sexual assault, or stalking of the employee or employee's family member, provided the absence is to:

(i) seek medical attention related to physical or psychological injury or disability caused by domestic abuse, sexual assault, or stalking;

(ii) obtain services from a victim services organization;

(iii) obtain psychological or other counseling;

(iv) seek relocation or take steps to secure an existing home due to domestic abuse, sexual assault, or stalking; or

(v) seek legal advice or take legal action, including preparing for or participating in any civil or criminal legal proceeding related to or resulting from domestic abuse, sexual assault, or stalking;

(4) closure of the employee's place of business due to weather or other public emergency or an employee's need to care for a family member whose school or place of care has been closed due to weather or other public emergency;

(5) the employee's inability to work or telework because the employee is: (i) prohibited from working by the employer due to health concerns related to the potential transmission of a communicable illness related to a public emergency; or (ii) seeking or awaiting the results of a diagnostic test for, or a medical diagnosis of, a communicable disease related to a public emergency and such employee has been exposed to a communicable disease or the employee's employer has requested a test or diagnosis; and

(6) when it has been determined by the health authorities having jurisdiction or by a health care professional that the presence of the employee or family member of the employee in the community would jeopardize the health of others because of the exposure of the employee or family member of the employee to a communicable disease, whether or not the employee or family member has actually contracted the communicable disease.

For the purposes of this subdivision, a public emergency shall include a declared emergency as defined in section 12.03 or a declared local emergency under section 12.29.

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

Sec. 10. Minnesota Statutes 2023 Supplement, section 181.9447, subdivision 3, is amended to read:

Subd. 3. **Documentation.** (a) When an employee uses earned sick and safe time for more than three consecutive scheduled work days, an employer may require reasonable documentation that the earned sick and safe time is covered by subdivision 1.

(b) For earned sick and safe time under subdivision 1, clauses (1), (2), (5), and (6), reasonable documentation may include a signed statement by a health care professional indicating the need for use of earned sick and safe time. However, if the employee or employee's family member did not receive services from a health care professional, or if documentation cannot be obtained from a health care professional in a reasonable time or without added expense, then reasonable documentation for the purposes of this paragraph may include a written statement from the employee indicating that the employee is using or used earned sick and safe time for a qualifying purpose covered by subdivision 1, clause (1), (2), (5), or (6).

(c) For earned sick and safe time under subdivision 1, clause (3), an employer must accept a court record or documentation signed by a volunteer or employee of a victims services organization, an attorney, a police officer, or an antiviolence counselor as reasonable documentation. If documentation cannot be obtained in a reasonable time or without added expense, then reasonable documentation for the purposes of this paragraph may include a written statement from the employee indicating that the employee is using or used earned sick and safe time for a qualifying purpose covered under subdivision 1, clause (3).

(d) For earned sick and safe time to care for a family member under subdivision 1, clause (4), an employer must accept as reasonable documentation a written statement from the employee indicating that the employee is using or used earned sick and safe time for a qualifying purpose as reasonable documentation.

(e) An employer must not require disclosure of details relating to domestic abuse, sexual assault, or stalking or the details of an employee's or an employee's family member's medical condition as related to an employee's request to use earned sick and safe time under this section.

(f) Written statements by an employee may be written in the employee's first language and need not be notarized or in any particular format.

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

Sec. 11. Minnesota Statutes 2023 Supplement, section 181.9447, subdivision 5, is amended to read:

Subd. 5. **Increment of time used.** Earned sick and safe time may be used in the ~~smallest increment of time tracked by the employer's payroll system, provided such increment is not more than four hours~~ same increment of time for which employees are paid, provided an employer is not required to provide leave in less than 15-minute increments nor can the employer require use of earned sick and safe time in more than four-hour increments.

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

Sec. 12. Minnesota Statutes 2023 Supplement, section 181.9447, subdivision 10, is amended to read:

Subd. 10. **Employer records and required statement to employees.** (a) Employers shall retain accurate records documenting hours worked by employees and earned sick and safe time taken and comply with all requirements under section 177.30.

(b) At the end of each pay period, the employer shall provide, in writing or electronically, information stating the employee's current amount of:

(1) the total number of earned sick and safe time hours available to the employee for use under section 181.9446; and

(2) the total number of earned sick and safe time hours used during the pay period under section 181.9447.

Employers may choose a reasonable system for providing this information, including but not limited to listing information on or attached to each earnings statement or an electronic system where employees can access this information. An employer who chooses to provide this information by electronic means must provide employee access to an employer-owned computer during an employee's regular working hours to review and print.

~~(b)~~ (c) An employer must allow an employee to inspect records required by this section and relating to that employee at a reasonable time and place.

(d) The records required by this section must be kept for three years.

(e) All records required to be kept under this section must be readily available for inspection by the commissioner upon demand. The records must be either kept at the place where employees are working or kept in a manner that allows the employer to comply with this paragraph within 72 hours.

Sec. 13. Minnesota Statutes 2023 Supplement, section 181.9447, subdivision 11, is amended to read:

Subd. 11. **Confidentiality and nondisclosure.** (a) If, in conjunction with this section, an employer possesses:

(1) health or medical information regarding an employee or an employee's family member;

(2) information pertaining to domestic abuse, sexual assault, or stalking;

(3) information that the employee has requested or obtained leave under this section; or

(4) any written or oral statement, documentation, record, or corroborating evidence provided by the employee or an employee's family member, the employer must treat such information as confidential.

Information given by an employee may only be disclosed by an employer if the disclosure is requested or consented to by the employee, when ordered by a court or administrative agency, or when otherwise required by federal or state law.

(b) Records and documents relating to medical certifications, recertifications, or medical histories of employees or family members of employees created for purposes of section 177.50 or sections 181.9445 to 181.9448 must be maintained as confidential medical records separate from the usual personnel files. At the request of the employee, the employer must destroy or return the records required by sections 181.9445 to 181.9448 that are older than three years prior to the current calendar year, unless state or federal law, rule, or regulation requires the employer to retain such records.

(c) Employers may not discriminate against any employee based on records created for the purposes of section 177.50 or sections 181.9445 to 181.9448.

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

Sec. 14. Minnesota Statutes 2023 Supplement, section 181.9447, is amended by adding a subdivision to read:

Subd. 12. **Weather event exception.** Notwithstanding subdivision 1, an employee may not use sick and safe time under the conditions in subdivision 1, clause (4), if:

(1) the employee's preassigned or foreseeable work duties during a public emergency or weather event would require the employee to respond to the public emergency or weather event;

(2) the employee is a firefighter; a peace officer subject to licensure under sections 626.84 to 626.863; a 911 telecommunicator as defined in section 403.02, subdivision 17c; a guard at a correctional facility; or a public employee holding a commercial driver's license; and

(3) one of the following two conditions are met:

(i) the employee is represented by an exclusive representative under section 179A.03, subdivision 8, and the collective bargaining agreement or memorandum of understanding governing the employee's position explicitly references section 181.9447, subdivision 1, clause (4), and clearly and unambiguously waives application of that section for the employee's position; or

(ii) the employee is not represented by an exclusive representative, the employee is needed for the employer to maintain minimum staffing requirements, and the employer has a written policy explicitly referencing section 181.9447, subdivision 1, clause (4), that is provided to such employees in a manner that meets the requirements of other earned sick and safe time notices under section 181.9447, subdivision 9.

Sec. 15. Minnesota Statutes 2023 Supplement, section 181.9448, subdivision 1, is amended to read:

Subdivision 1. ~~**No**~~ **Effect on more generous sick and safe time policies.** (a) Nothing in sections 181.9445 to 181.9448 shall be construed to discourage employers from adopting or retaining earned sick and safe time policies that meet or exceed, and do not otherwise conflict with, the minimum standards and requirements provided in sections 181.9445 to 181.9448. All paid time off and other paid leave made available to an employee by an employer in excess of the minimum amount required in section 181.9446 for absences from work due to personal illness or injury, but not including short-term or long-term disability or other salary continuation benefits, must meet or exceed the minimum standards and requirements provided in sections 181.9445 to 181.9448, except for section 181.9446. For paid leave accrued prior to January 1, 2024,

for absences from work due to personal illness or injury, an employer may require an employee who uses such leave to follow the written notice and documentation requirements in the employer's applicable policy or applicable collective bargaining agreement as of December 31, 2023, in lieu of the requirements of section 181.9447, subdivisions 2 and 3, provided that an employer does not require an employee to use leave accrued on or after January 1, 2024, before using leave accrued prior to that date.

(b) Nothing in sections 181.9445 to 181.9448 shall be construed to limit the right of parties to a collective bargaining agreement to bargain and agree with respect to earned sick and safe time policies or to diminish the obligation of an employer to comply with any contract, collective bargaining agreement, or any employment benefit program or plan that meets or exceeds, and does not otherwise conflict with, the minimum standards and requirements provided in this section.

(c) Nothing in sections 181.9445 to 181.9448 shall be construed to preempt, limit, or otherwise affect the applicability of any other law, regulation, requirement, policy, or standard that provides for a greater amount, accrual, or use by employees of paid sick and safe time or that extends other protections to employees.

(d) Nothing in sections 181.9445 to 181.9448 shall be construed or applied so as to create any power or duty in conflict with federal law.

(e) Employers who provide earned sick and safe time to their employees under a paid time off policy or other paid leave policy that may be used for the same purposes and under the same conditions as earned sick and safe time, and that meets or exceeds, and does not otherwise conflict with, the minimum standards and requirements provided in sections 181.9445 to 181.9448 are not required to provide additional earned sick and safe time.

(f) The provisions of sections 181.9445 to 181.9448 may be waived by a collective bargaining agreement with a bona fide building and construction trades labor organization that has established itself as the collective bargaining representative for the affected building and construction industry employees, provided that for such waiver to be valid, it shall explicitly reference sections 181.9445 to 181.9448 and clearly and unambiguously waive application of those sections to such employees.

(g) The requirements of section 181.9447, subdivision 3, may be waived for paid leave made available to an employee by an employer for absences from work in excess of the minimum amount required in section 181.9446 through a collective bargaining agreement with a labor organization that has established itself as the collective bargaining representative for the employees, provided that for such waiver to be valid, it shall explicitly reference section 181.9447, subdivision 3, and clearly and unambiguously waive application of that subdivision to such employees.

(h) An individual provider, as defined in section 256B.0711, subdivision 1, paragraph (d), who provides services through a consumer support grant under section 256.476, consumer-directed community supports under section 256B.4911, or community first services and supports under section 256B.85, to a family member who is a participant, as defined in section 256B.0711, subdivision 1, paragraph (e), may individually waive the provisions of sections 181.9445 to 181.9448 for the remainder of the participant's service plan year, provided that the funds are returned to the participant's budget. Once an individual provider has waived the provisions of sections 181.9445 to 181.9448, they may not accrue earned sick and safe time until the start of the participant's next service plan year.

~~(g)~~ (i) Sections 181.9445 to 181.9448 do not prohibit an employer from establishing a policy whereby employees may donate unused accrued sick and safe time to another employee.

~~(h)~~ (j) Sections 181.9445 to 181.9448 do not prohibit an employer from advancing sick and safe time to an employee before accrual by the employee.

EFFECTIVE DATE. This section is effective the day following final enactment, except paragraph (a) is effective January 1, 2025.

Sec. 16. Minnesota Statutes 2023 Supplement, section 181.9448, subdivision 2, is amended to read:

Subd. 2. **Termination; separation; transfer.** Sections 181.9445 to 181.9448 do not require financial or other reimbursement to an employee from an employer upon the employee's termination, resignation, retirement, or other separation from employment for accrued earned sick and safe time that has not been used. If an employee is transferred to a separate division, entity, or location, but remains employed by the same employer, the employee is entitled to all earned sick and safe time accrued at the prior division, entity, or location and is entitled to use all earned sick and safe time as provided in sections 181.9445 to 181.9448. When there is a separation from employment and the employee is rehired within 180 days of separation by the same employer, previously accrued earned sick and safe time that had not been used or otherwise disbursed to the benefit of the employee upon separation must be reinstated. An employee is entitled to use accrued earned sick and safe time and accrue additional earned sick and safe time at the commencement of reemployment.

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

Sec. 17. Minnesota Statutes 2023 Supplement, section 181.9448, subdivision 3, is amended to read:

Subd. 3. **Employer succession.** (a) When a different employer succeeds or takes the place of an existing employer, all employees of the original employer who remain employed by the successor employer are entitled to all earned sick and safe time accrued but not used when employed by the original employer, and are entitled to use all earned sick and safe time previously accrued but not used.

(b) If~~, at the time of transfer of the business,~~ employees are terminated by the original employer and hired within 30 days by the successor employer following the ~~transfer~~ employer succession, those employees are entitled to all earned sick and safe time accrued but not used when employed by the original employer, and are entitled to use all earned sick and safe time previously accrued but not used.

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

ARTICLE 12

UNIVERSITY OF MINNESOTA COLLECTIVE BARGAINING

Section 1. Minnesota Statutes 2022, section 179A.11, subdivision 1, is amended to read:

Subdivision 1. **Units.** (a) The following are ~~the~~ appropriate units of University of Minnesota employees. The listed units include but are not limited to the positions described. A position may be added to a unit if the commissioner makes a determination under section 179A.09 that the unit is appropriate for the position. All units shall exclude managerial and confidential employees. ~~Supervisory employees shall only be assigned to unit 13. No additional units of University of Minnesota employees shall be recognized for the purpose of meeting and negotiating.~~

(1) The Law Enforcement Unit ~~consists of~~ includes the positions of all employees with the power of arrest.

(2) The Craft and Trades Unit ~~consists of~~ includes the positions of all employees whose work requires specialized manual skills and knowledge acquired through formal training or apprenticeship or equivalent on-the-job training or experience.

(3) The Service, Maintenance, and Labor Unit ~~consists of~~ includes the positions of all employees whose work is typically that of maintenance, service, or labor and which does not require extensive previous training or experience, except as provided in unit 4.

(4) The Health Care Nonprofessional and Service Unit ~~consists of~~ includes the positions of all nonprofessional employees of the University of Minnesota hospitals, dental school, and health service whose work is unique to those settings, excluding labor and maintenance employees as defined in unit 3.

(5) The Nursing Professional Unit ~~consists of~~ includes all positions which are required to be filled by registered nurses.

(6) The Clerical and Office Unit ~~consists of~~ includes the positions of all employees whose work is typically clerical or secretarial, including nontechnical data recording and retrieval and general office work, except as provided in unit 4.

(7) The Technical Unit ~~consists of~~ includes the positions of all employees whose work is not typically manual and which requires specialized knowledge or skills acquired through two-year academic programs or equivalent experience or on-the-job training, except as provided in unit 4.

~~(8) The Twin Cities Instructional Unit consists of the positions of all instructional employees with the rank of professor, associate professor, assistant professor, including research associate or instructor, including research fellow, located on the Twin Cities campuses.~~

~~(9)~~ (8) The Outstate Instructional Unit ~~consists of~~ includes the positions of all instructional employees with the rank of professor, associate professor, assistant professor, including research associate or instructor, including research fellow, located at the Duluth campus, provided that the positions of instructional employees of the same ranks at the Morris, Crookston, or ~~Waseca~~ Rochester campuses shall be included within this unit if a majority of the eligible employees voting at a campus so vote during an election conducted by the commissioner, provided that the election or majority verification procedure shall not be held until the Duluth campus has voted in favor of representation. The election shall be held or majority verification procedure shall take place when an employee organization or group of employees petitions the commissioner stating that a majority of the eligible employees at one of these campuses wishes to join the unit and this petition is supported by a showing of at least 30 percent support from eligible employees at that campus and is filed between September 1 and November 1.

~~Should both units 8 and 9 elect exclusive bargaining representatives, those representatives may by mutual agreement jointly negotiate a contract with the regents, or may negotiate separate contracts with the regents. If the exclusive bargaining representatives jointly negotiate a contract with the regents, the contract shall be ratified by each unit.~~ For the purposes of this section, an "instructional employee" is an individual who spends 35 percent or more of their work time creating, delivering, and assessing the mastery of credit-bearing coursework.

(10) The Graduate Assistant Unit ~~consists of~~ includes the positions of all graduate assistants who are enrolled in the graduate school and who hold the rank of research assistant, teaching assistant, teaching associate I or II, project assistant, graduate school fellow, graduate school trainee, professional school fellow, professional school trainee, or administrative fellow I or II. The listed ranks do not coincide with the ranks

that are categorized by the University of Minnesota as professionals in training, even though in some cases the job titles may be the same.

~~(11) The Academic Professional and Administrative Staff Unit consists of all academic professional and administrative staff positions that are not defined as included in an instructional unit, the supervisory unit, the clerical unit, or the technical unit.~~

~~(12) The Noninstructional Professional Unit consists of the positions of all employees meeting the requirements of section 179A.03, subdivision 13, clause (1) or (2), which are not defined as included within an instructional unit, the Academic Professional and Administrative Staff Unit, or the supervisory unit.~~

~~(13) The Supervisory Employees Unit consists of the positions of all supervisory employees.~~

(b) An employee of the University of Minnesota whose position is not enumerated in paragraph (a) may petition the commissioner to determine an appropriate unit for the position. The commissioner must make a determination for an appropriate unit as provided in section 179A.09 and the commissioner must give special weight to the desires of the petitioning employee or representatives of the petitioning employee.

Sec. 2. Minnesota Statutes 2022, section 179A.11, subdivision 2, is amended to read:

Subd. 2. **University of Minnesota employee severance.** (a) Each of the following groups of University of Minnesota employees has the right, as specified in this subdivision, to separate from the instructional and supervisory units: (1) health sciences instructional employees at all campuses with the rank of professor, associate professor, assistant professor, including research associate, or instructor, including research fellow, (2) instructional employees of the law school with the rank of professor, associate professor, assistant professor, including research associate, or instructor, including research fellow, (3) instructional supervisors, (4) noninstructional professional supervisors, and (5) academic professional and administrative staff supervisors.

~~This~~ (b) The right to separate may be exercised:

(1) by petition between September 1 and November 1. If a group separates from its unit, it has no right to meet and negotiate, but retains the right to meet and confer with the appropriate officials on any matter of concern to the group. The right to separate must be exercised as follows: An employee organization or group of employees claiming that a majority of any one of these groups of employees on a statewide basis wish to separate from their unit may petition the commissioner for an election during the petitioning period. If the petition is supported by a showing of at least 30 percent support from the employees, the commissioner ~~shall~~ may hold an election on the separation issue or the petitioning group may proceed under the process set forth in section 179A.12. This election must be conducted within 30 days of the close of the petition period. If a majority of votes cast endorse severance from their unit, the commissioner shall certify that result~~.~~; or

(2) by the group's exclusion from a proposed unit in a representation petition.

(c) Where not inconsistent with other provisions of this section, the election is governed by section 179A.12. If a group of employees severs, it may rejoin that unit by following the procedures for severance during the periods for severance.

Sec. 3. Minnesota Statutes 2022, section 179A.11, is amended by adding a subdivision to read:

Subd. 3. **Joint bargaining.** Units organized under this section that have elected exclusive bargaining representatives may by mutual agreement of the exclusive representatives jointly negotiate a contract with the regents or may negotiate separate contracts with the regents. If the exclusive bargaining representatives jointly negotiate a contract with the regents, the contract must be ratified by each unit.

ARTICLE 13

BROADBAND AND PIPELINE SAFETY

Section 1. Minnesota Statutes 2022, section 116J.395, subdivision 6, is amended to read:

Subd. 6. **Awarding grants.** (a) In evaluating applications and awarding grants, the commissioner shall give priority to applications that are constructed in areas identified by the director of the Office of Broadband Development as unserved.

(b) In evaluating applications and awarding grants, the commissioner may give priority to applications that:

(1) are constructed in areas identified by the director of the Office of Broadband Development as underserved;

(2) offer new or substantially upgraded broadband service to important community institutions including, but not limited to, libraries, educational institutions, public safety facilities, and healthcare facilities;

(3) facilitate the use of telehealth and electronic health records;

(4) serve economically distressed areas of the state, as measured by indices of unemployment, poverty, or population loss that are significantly greater than the statewide average;

(5) provide technical support and train residents, businesses, and institutions in the community served by the project to utilize broadband service;

(6) include a component to actively promote the adoption of the newly available broadband services in the community;

(7) provide evidence of strong support for the project from citizens, government, businesses, and institutions in the community;

(8) provide access to broadband service to a greater number of unserved or underserved households and businesses; ~~or~~

(9) leverage greater amounts of funding for the project from other private and public sources~~.~~; or

(10) commit to implementation of workforce best practices, meaning all laborers and mechanics performing construction, installation, remodeling, or repairs on the project sites for which the grant is provided:

(i) are paid the prevailing wage rate as defined in section 177.42, subdivision 6, and the applicant and all of its construction contractors and subcontractors agree that the payment of prevailing wage to such laborers and mechanics is subject to the requirements and enforcement provisions under sections 177.27,

177.30, 177.32, 177.41 to 177.435, and 177.45, which the commissioner of labor and industry shall have the authority to enforce; or

(ii) receive from the employer:

(A) at least 40 hours of hands-on skills training annually;

(B) employer-paid family health insurance coverage; and

(C) employer-paid retirement benefit payments equal to no less than 15 percent of the employee's total taxable wages.

(c) The commissioner shall endeavor to award grants under this section to qualified applicants in all regions of the state.

(d) The commissioner shall endeavor to award no less than 50 percent of grant awards from general fund appropriations for the border-to-border broadband grant program under section 116J.396 for applicants that agree to implement the workforce best practices in this section. The applicant's agreement to implement the workforce best practices described in paragraph (b) must be an express condition of providing the grant in the grant agreement.

EFFECTIVE DATE. This section is effective January 1, 2026.

Sec. 2. Minnesota Statutes 2022, section 116J.395, is amended by adding a subdivision to read:

Subd. 9. **Workforce plan data.** (a) Grantees that serve more than 10,000 broadband customers and are receiving funding for projects under this section are required to provide in annual reports information on the workforce performing installation work funded through the grant, including:

(1) the number of installation labor hours performed by workforce directly employed by the grantee or the Internet service provider;

(2) the number of installation labor hours performed by contractors and subcontractors on grant-funded projects with subtotals for hours worked by Minnesota residents, people of color, Indigenous people, women, and people with disabilities;

(3) the name, business address, and number of labor hours performed by each contractor and subcontractor that participated in construction of a grant-funded project;

(4) the percentages of workforce performing installation labor whose straight-time hourly pay rate was at least $25 and who received employer-paid medical coverage and retirement benefits; and

(5) any other workforce plan information as determined by the commissioner.

(b) Following an award, the workforce plan and the requirement to submit ongoing workforce reports shall be incorporated as material conditions of the contract with the department and become enforceable, certified commitments.

EFFECTIVE DATE. This section is effective January 1, 2026.

Sec. 3. Minnesota Statutes 2022, section 116J.395, is amended by adding a subdivision to read:

Subd. 10. **Failure to meet requirements or falsification of data.** If successful applicants fail to meet the program requirements under this section, or otherwise falsify information regarding such requirements,

the commissioner shall investigate the failure and issue an appropriate action, up to and including a determination that the applicant is ineligible for future participation in broadband grant programs funded by the department.

EFFECTIVE DATE. This section is effective January 1, 2026.

Sec. 4. Minnesota Statutes 2022, section 216B.17, is amended by adding a subdivision to read:

Subd. 9. **Telecommunications and cable communications systems.** (a) The commission has authority under this section to investigate, upon complaint or on its own motion, conduct by or on behalf of a telecommunications carrier, telephone company, or cable communications system provider that impacts public utility or cooperative electric association infrastructure. If the commission finds that the conduct damaged or unreasonably interfered with the function of the infrastructure, the commission may take any action authorized under sections 216B.52 to 216B.61 with respect to the provider.

(b) For purposes of this subdivision:

(1) "telecommunications carrier" has the meaning given in section 237.01, subdivision 6;

(2) "telephone company" has the meaning given in section 237.01, subdivision 7; and

(3) "cable communications system provider" means an owner or operator of a cable communications system as defined in section 238.02, subdivision 3.

Sec. 5. **[326B.198] UNDERGROUND TELECOMMUNICATIONS INFRASTRUCTURE.**

Subdivision 1. **Definitions.** For the purposes of this section:

(1) "directional drilling" means a drilling method that utilizes a steerable drill bit to cut a bore hole for installing underground utilities;

(2) "safety-qualified underground telecommunications installer" means a person who has completed underground utilities installation certification under subdivision 3;

(3) "underground telecommunications utilities" means buried broadband, telephone and other telecommunications transmission, distribution and service lines, and associated facilities; and

(4) "underground utilities" means buried electric transmission and distribution lines, gas and hazardous liquids pipelines and distribution lines, sewer and water pipelines, telephone or telecommunications lines, and associated facilities.

Subd. 2. **Installation requirements.** (a) The installation of underground telecommunications infrastructure that is located within ten feet of existing underground utilities or that crosses the existing underground utilities must be performed by safety-qualified underground telecommunications installers as follows:

(1) the location of existing utilities by hand- or hydro-excavation or other accepted methods must be performed by a safety-qualified underground telecommunications installer;

(2) where telecommunications infrastructure is installed by means of directional drilling, the monitoring of the location and depth of the drill head must be performed by a safety-qualified underground telecommunications installer; and

(3) no fewer than two safety-qualified underground telecommunications installers must be present at all times at any location where telecommunications infrastructure is being installed by means of directional drilling.

(b) Beginning July 1, 2025, all installations of underground telecommunications infrastructure subject to this subdivision within the seven-county metropolitan area must be performed by safety-qualified underground telecommunications installers that meet the requirements of this subdivision.

(c) Beginning January 1, 2026, all installations of underground telecommunications infrastructure subject to this subdivision within this state must be performed by safety-qualified underground telecommunications installers that meet the requirements of this subdivision.

Subd. 3. **Certification Standards.** (a) The commissioner of labor and industry, in consultation with the Office of Broadband, shall approve standards for a safety-qualified underground telecommunications installer certification program that requires a person to:

(1) complete a 40-hour initial course that includes classroom and hands-on instruction covering proper work procedures for safe installation of underground utilities, including:

(i) regulations applicable to excavation near existing utilities;

(ii) identification, location, and verification of utility lines using hand- or hydro-excavation or other accepted methods;

(iii) response to line strike incidents;

(iv) traffic control procedures;

(v) use of a tracking device to safely guide directional drill equipment along a drill path; and

(vi) avoidance and mitigation of safety hazards posed by underground utility installation projects;

(2) demonstrate knowledge of the course material by successfully completing an examination approved by the commissioner; and

(3) complete a four-hour refresher course within three years of completing the original course and every three years thereafter in order to maintain certification.

(b) The commissioner must develop an approval process for training providers under this subdivision and may suspend or revoke the approval of any training provider that fails to demonstrate consistent delivery of approved curriculum or success in preparing participants to complete the examination.

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

ARTICLE 14

HOUSING APPROPRIATIONS

Section 1. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2024" and "2025" used in this

article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2024, or June 30, 2025, respectively. "The first year" is fiscal year 2024. "The second year" is fiscal year 2025. "The biennium" is fiscal years 2024 and 2025.

	APPROPRIATIONS Available for the Year Ending June 30	
	2024	**2025**
Sec. 2. **HOUSING FINANCE AGENCY**		
Subdivision 1. **Total Appropriation**	**$ -0-**	**$ 8,680,000**
(a) The amounts that may be spent for each purpose are specified in the following subdivisions.		
(b) Unless otherwise specified, this appropriation is for transfer to the housing development fund for the programs specified in this section.		
Subd. 2. **Family Homeless Prevention**	-0-	8,109,000
This appropriation is for the family homeless prevention and assistance program under Minnesota Statutes, section 462A.204. Notwithstanding procurement provisions outlined in Minnesota Statutes, section 16C.06, subdivisions 1, 2, and 6, the agency may award grants to existing program grantees. This is a onetime appropriation.		
Subd. 3. **Minnesota Homeless Study**	-0-	100,000
This appropriation is for a grant to the Amherst H. Wilder Foundation for the Minnesota homeless study. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner may use up to one percent of this appropriation for administrative costs. This is a onetime appropriation.		
Subd. 6. **Expediting Rental Assistance**	-0-	471,000
This appropriation is for the agency's work under article 16 of this act. This is a onetime appropriation. Any unspent portion of the appropriation shall be transferred to the family homeless prevention and assistance program.		
Sec. 3. **DEPARTMENT OF LABOR AND INDUSTRY**	**$ -0-**	**$ 225,000**

This appropriation is for the single-egress stairway apartment building report under article 15, section 46. This is a onetime appropriation.

Sec. 4. **SUPREME COURT** **$** **-0-** **$** **545,000**

This appropriation is for the implementation of Laws 2023, chapter 52, article 19, sections 117 to 119. This is a onetime appropriation and is available until June 30, 2026.

Sec. 5. **LEGISLATIVE COORDINATING COMMISSION** **$** **-0-** **$** **400,000**

(a) $200,000 is for a contract to facilitate, and the administrative costs of, the Task Force on Long-Term Sustainability of Affordable Housing established in article 15, section 49. This is a onetime appropriation.

(b) $200,000 is for a contract to facilitate, and the administrative costs of, the working group on common interest communities and homeowners associations established in article 15, section 48. This is a onetime appropriation.

Sec. 6. **HUMAN SERVICES** **$** **-0-** **$** **150,000**

This appropriation is for a contract with Propel Nonprofits to conduct a needs analysis and a site analysis for emergency shelter serving transgender adults experiencing homelessness. This is a onetime appropriation and is available until June 30, 2026. This appropriation is in addition to any other appropriation enacted in the 2024 session of the legislature for this purpose.

Sec. 7. Laws 2023, chapter 37, article 1, section 2, subdivision 2, is amended to read:

		~~60,425,000~~
Subd. 2. **Challenge Program**	60,425,000	53,425,000

(a) This appropriation is for the economic development and housing challenge program under Minnesota Statutes, sections 462A.33 and 462A.07, subdivision 14.

(b) Of this amount, $6,425,000 each year shall be made available during the first 11 months of the fiscal year exclusively for housing projects for American Indians.

Any funds not committed to housing projects for American Indians within the annual consolidated request for funding processes may be available for any eligible activity under Minnesota Statutes, sections 462A.33 and 462A.07, subdivision 14.

(c) Of the amount in the first year, $5,000,000 is for a grant to Urban Homeworks to expand initiatives pertaining to deeply affordable homeownership in Minneapolis neighborhoods with over 40 percent of residents identifying as Black, Indigenous, or People of Color and at least 40 percent of residents making less than 50 percent of the area median income. The grant is to be used for acquisition, rehabilitation, gap financing as defined in Minnesota Statutes, section 462A.33, subdivision 1, and construction of homes to be sold to households with incomes ~~of 50 to~~ at or below 60 percent of the area median income. This is a onetime appropriation~~, and is available until June 30, 2027~~. By December 15 each year ~~until 2027~~, Urban Homeworks must submit a report to the chairs and ranking minority members of the legislative committees having jurisdiction over housing finance and policy. The report must include the amount used for (1) acquisition, (2) rehabilitation, and (3) construction of housing units, along with the number of housing units acquired, rehabilitated, or constructed, and the amount of the appropriation that has been spent. If any home was sold or transferred within the year covered by the report, Urban Homeworks must include the price at which the home was sold, as well as how much was spent to complete the project before sale.

(d) Of the amount in the first year, $2,000,000 is for a grant to Rondo Community Land Trust. This is a onetime appropriation.

(e) The base for this program in fiscal year 2026 and beyond is $12,925,000.

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

Sec. 8. Laws 2023, chapter 37, article 1, section 2, subdivision 5, is amended to read:

Subd. 5. **Workforce Homeownership Program**	~~20,250,000~~ 17,250,000	250,000

(a) This appropriation is for the workforce homeownership program under Minnesota Statutes, section 462A.38.

(b) The base for this program in fiscal year 2026 and beyond is $250,000.

Sec. 9. Laws 2023, chapter 37, article 1, section 2, subdivision 18, is amended to read:

Subd. 18. **Supportive Housing**	~~25,000,000~~ 10,000,000	-0-

This appropriation is for the supportive housing program under Minnesota Statutes, section 462A.42. This is a onetime appropriation.

Sec. 10. Laws 2023, chapter 37, article 1, section 2, subdivision 25, is amended to read:

Subd. 25. **Manufactured Home Lending ~~Grants~~ Program**	10,000,000	-0-

(a) This appropriation is for ~~the~~ a grant to NeighborWorks Home Partners for a manufactured home lending ~~grant~~ program. This is a onetime appropriation.

(b) The funds must be used for new manufactured home financing programs; manufactured home down payment assistance; or manufactured home repair, renovation, removal, and site preparation financing programs.

(c) Interest earned and repayments of principal from loans issued under this subdivision must be used for the purposes of this subdivision.

(d) For the purposes of this subdivision, the term "manufactured home" has the meaning given in Minnesota Statutes, section 327B.01, subdivision 13.

Sec. 11. Laws 2023, chapter 37, article 1, section 2, subdivision 29, is amended to read:

		~~45,000,000~~
Subd. 29. **Community Stabilization**	45,000,000	70,000,000

(a) This appropriation is for the community stabilization program. This a onetime appropriation. ~~Of this amount, $10,000,000 is for a grant to AEON for Huntington Place.~~

(b) The first year and second year appropriations are available as follows:

(1) $10,000,000 is for a grant to AEON for Huntington Place;

(2) notwithstanding Minnesota Statutes, sections 16B.98, subdivisions 5 and 12, and 16B.981, subdivision 2, $3,250,000 is for a grant to the Wilder Park Association to assist with the cost of a major capital repair project for the rehabilitation of portions of the owner-occupied senior high-rise facility. The grantee must verify that 50 percent of units are occupied by households with incomes at or below 60 percent of area median income;

(3) $41,750,000 is for multiunit rental housing;

(4) $10,000,000 is for single-family housing; and

(5) $50,000,000 is for recapitalization of distressed buildings. Of this amount, up to $15,000,000 is for preservation or recapitalization of housing that includes supportive housing.

(c) Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner may use up to one percent of this appropriation for administrative costs for the grants in paragraph (b), clauses (1) and (2). This is a onetime appropriation.

Sec. 12. **AVAILABILITY OF APPROPRIATIONS FOR ADMINISTRATIVE EXPENSES.**

(a) Money appropriated in section 2 and section 11, paragraph (b), clauses (1) and (2), for grants must not be spent on institutional overhead charges that are not directly related to and necessary for the grant.

(b) By February 15, 2025, the commissioner shall report to the chairs and ranking minority members of the legislative committees having jurisdiction over housing finance and policy on the anticipated costs for administering each grant in section 2 and section 11, paragraph (b), clauses (1) and (2). Within 90 days after a grantee has fulfilled the obligations of their grant agreement, the commissioner shall report to the chairs and ranking minority members of the legislative committees having jurisdiction over housing finance

and policy on the final cost for administering each grant in section 2 and section 11, paragraph (b), clauses (1) and (2).

Sec. 13. **REPEALER.**

Laws 2023, chapter 37, article 2, section 13, is repealed.

ARTICLE 15

HOUSING POLICY

Section 1. Minnesota Statutes 2023 Supplement, section 82.75, subdivision 8, is amended to read:

Subd. 8. **Accrued interest.** (a) Each broker shall maintain a pooled interest-bearing trust account for deposit of client funds. The interest accruing on the trust account, less reasonable transaction costs, must be paid to the Minnesota Housing Finance Agency for deposit in the housing trust fund account created under section 462A.201 unless otherwise specified pursuant to an expressed written agreement between the parties to a transaction.

(b) For an account created under paragraph (a), each broker shall direct the financial institution to:

(1) pay the interest, less reasonable transaction costs, computed in accordance with the financial institution's standard accounting practice, at least quarterly, to the Minnesota Housing Finance Agency; and

(2) send a statement to the Minnesota Housing Finance Agency showing the name of the broker for whom the payment is made, the rate of interest applied, the amount of service charges deducted, and the account balance for the period in which the report is made.

The Minnesota Housing Finance Agency shall credit the amount collected under this subdivision to the housing trust fund account established in section 462A.201.

(c) The financial institution must promptly notify the agency if a draft drawn on the account is dishonored. A draft is not dishonored if a stop payment order is requested by an issuer who has a good faith defense to payment on the draft.

~~(d) By January 15 of each year, the Minnesota Housing Finance Agency must report to the chairs and ranking minority members of the legislative committees with jurisdiction over housing finance and policy. The report must specify the amount of funds deposited under this subdivision in the housing trust fund account established under section 462A.201 during the most recently concluded fiscal year. The report must also include a history of deposits made under this section, in nominal dollar amounts and in the present value of those amounts, calculated using the Consumer Price Index-All Items (United States city average).~~

Sec. 2. Minnesota Statutes 2022, section 383B.145, subdivision 5, is amended to read:

Subd. 5. **Set-aside contracts.** (a) Notwithstanding any other law to the contrary, the board may set aside an amount, for each fiscal year, for awarding contracts to businesses and social services organizations ~~which have a majority of employees~~ that employ persons who would be eligible for public assistance or who would require rehabilitative services in the absence of their employment. The set-aside amount may not exceed two percent of the amount appropriated by the board in the budget for the preceding fiscal year. Failure by the board to designate particular procurements for the set-aside program shall not prevent vendors

from seeking the procurement award through the normal solicitation and bidding processes pursuant to the provisions of the Uniform Municipal Contracting Act, section 471.345.

(b) The board may elect to use a negotiated price or bid contract procedure in the awarding of a procurement contract under the set-aside program. The amount of the award shall not exceed by more than five percent the estimated price for the goods or services, if they were to be purchased on the open market and not under the set-aside program.

(c) Before contracting with a business or social service organization under the set-aside program, the board or authorized person shall conduct an investigation of the business or social service organization with whom it seeks to contract and shall make findings, to be contained in the provisions of the contract, that:

(1) the vendor either:

(i) has in its employ at least 50 percent of its employees who would be eligible to receive some form of public assistance or other rehabilitative services in the absence of the award of a contract to the vendor; or

(ii) if the vendor is a business providing construction services, has in its employ to deliver the set-aside contract as many employees who would be eligible to receive some form of public assistance or other rehabilitative services in the absence of the award of a contract to the vendor as is practicable in consideration of industry safety standards, established supervisory ratios for apprentices, and requirements for licensed persons to perform certain work;

(2) the vendor has elected to apply to the board for a contract under the set-aside provisions; and

(3) the vendor is able to perform the set-aside contract.

(d) The board shall publicize the provisions of the set-aside program, attempt to locate vendors able to perform set-aside procurement contracts and otherwise encourage participation therein.

Sec. 3. Minnesota Statutes 2022, section 462A.02, subdivision 10, is amended to read:

Subd. 10. **Energy conservation, decarbonization, and climate resilience.** It is further declared that supplies of conventional energy resources are rapidly depleting in quantity and rising in price and that the burden of these occurrences falls heavily upon the citizens of Minnesota generally and persons of low and moderate income in particular. These conditions are adverse to the health, welfare, and safety of all of the citizens of this state. It is further declared that it is a public purpose to ensure the availability of financing to be used by all citizens of the state, while giving preference to low and moderate income people, to assist in the installation in their dwellings of reasonably priced energy conserving systems including the use of alternative energy resources and equipment so that by the improvement of the energy efficiency ~~of~~, clean energy, greenhouse gas emissions reduction, climate resiliency, and other qualified projects for all housing, the adequacy of the total energy supply may be preserved for the benefit of all citizens.

Sec. 4. Minnesota Statutes 2023 Supplement, section 462A.05, subdivision 14, is amended to read:

Subd. 14. **Rehabilitation loans.** It may agree to purchase, make, or otherwise participate in the making, and may enter into commitments for the purchase, making, or participation in the making, of eligible loans for rehabilitation, with terms and conditions as the agency deems advisable, to persons and families of low and moderate income, and to owners of existing residential housing for occupancy by such persons and families, for the rehabilitation of existing residential housing owned by them. Rehabilitation may include the addition or rehabilitation of a detached accessory dwelling unit. The loans may be insured or uninsured

and may be made with security, or may be unsecured, as the agency deems advisable. The loans may be in addition to or in combination with long-term eligible mortgage loans under subdivision 3. They may be made in amounts sufficient to refinance existing indebtedness secured by the property, if refinancing is determined by the agency to be necessary to permit the owner to meet the owner's housing cost without expending an unreasonable portion of the owner's income thereon. No loan for rehabilitation shall be made unless the agency determines that the loan will be used primarily to make the housing more desirable to live in, to increase the market value of the housing, for compliance with state, county or municipal building, housing maintenance, fire, health or similar codes and standards applicable to housing, or to accomplish energy conservation ~~related improvements~~, decarbonization, climate resiliency, and other qualified projects. In unincorporated areas and municipalities not having codes and standards, the agency may, solely for the purpose of administering the provisions of this chapter, establish codes and standards. No loan under this subdivision for the rehabilitation of owner-occupied housing shall be denied solely because the loan will not be used for placing the owner-occupied residential housing in full compliance with all state, county, or municipal building, housing maintenance, fire, health, or similar codes and standards applicable to housing. Rehabilitation loans shall be made only when the agency determines that financing is not otherwise available, in whole or in part, from private lenders upon equivalent terms and conditions. Accessibility rehabilitation loans authorized under this subdivision may be made to eligible persons and families without limitations relating to the maximum incomes of the borrowers if:

(1) the borrower or a member of the borrower's family requires a level of care provided in a hospital, skilled nursing facility, or intermediate care facility for persons with developmental disabilities;

(2) home care is appropriate; and

(3) the improvement will enable the borrower or a member of the borrower's family to reside in the housing.

The agency may waive any requirement that the housing units in a residential housing development be rented to persons of low and moderate income if the development consists of four or fewer dwelling units, one of which is occupied by the owner.

Sec. 5. Minnesota Statutes 2022, section 462A.05, subdivision 14a, is amended to read:

Subd. 14a. **Rehabilitation loans; existing owner-occupied residential housing.** It may make loans to persons and families of low and moderate income to rehabilitate or to assist in rehabilitating existing residential housing owned and occupied by those persons or families. Rehabilitation may include replacement of manufactured homes. No loan shall be made unless the agency determines that the loan will be used primarily for rehabilitation work necessary for health or safety, essential accessibility improvements, or to improve the energy efficiency ~~of~~, clean energy, greenhouse gas emissions reductions, climate resiliency, and other qualified projects in the dwelling. No loan for rehabilitation of owner-occupied residential housing shall be denied solely because the loan will not be used for placing the residential housing in full compliance with all state, county or municipal building, housing maintenance, fire, health or similar codes and standards applicable to housing. The amount of any loan shall not exceed the lesser of (a) a maximum loan amount determined under rules adopted by the agency not to exceed $37,500, or (b) the actual cost of the work performed, or (c) that portion of the cost of rehabilitation which the agency determines cannot otherwise be paid by the person or family without the expenditure of an unreasonable portion of the income of the person or family. Loans made in whole or in part with federal funds may exceed the maximum loan amount to the extent necessary to comply with federal lead abatement requirements prescribed by the funding source. In making loans, the agency shall determine the circumstances under which and the terms and conditions under which all or any portion of the loan will be repaid and shall determine the appropriate security for the

repayment of the loan. Loans pursuant to this subdivision may be made with or without interest or periodic payments.

Sec. 6. Minnesota Statutes 2022, section 462A.05, subdivision 14b, is amended to read:

Subd. 14b. **Energy conservation, decarbonization, and climate resiliency loans.** It may agree to purchase, make, or otherwise participate in the making, and may enter into commitments for the purchase, making, or participating in the making, of loans to persons and families, without limitations relating to the maximum incomes of the borrowers, to assist in energy conservation ~~rehabilitation measures~~, decarbonization, climate resiliency, and other qualified projects for existing housing owned by those persons or families including, but not limited to: weatherstripping and caulking; chimney construction or improvement; furnace or space heater repair, cleaning or replacement; central air conditioner installation, repair, maintenance, or replacement; air source or geothermal heat pump installation, repair, maintenance, or replacement; insulation; windows and doors; and structural or other directly related repairs or installations essential for energy conservation, decarbonization, climate resiliency, and other qualified projects. Loans shall be made only when the agency determines that financing is not otherwise available, in whole or in part, from private lenders upon equivalent terms and conditions. Loans under this subdivision or subdivision 14 may:

(1) be integrated with a utility's on-bill repayment program approved under section 216B.241, subdivision 5d; and

(2) also be made for the installation of on-site solar energy or energy storage systems.

Sec. 7. Minnesota Statutes 2022, section 462A.05, subdivision 15, is amended to read:

Subd. 15. **Rehabilitation grants.** (a) It may make grants to persons and families of low and moderate income to pay or to assist in paying a loan made pursuant to subdivision 14, or to rehabilitate or to assist in rehabilitating existing residential housing owned or occupied by such persons or families. For the purposes of this section, persons of low and moderate income include administrators appointed pursuant to section 504B.425, paragraph (d). No grant shall be made unless the agency determines that the grant will be used primarily to make the housing more desirable to live in, to increase the market value of the housing or for compliance with state, county or municipal building, housing maintenance, fire, health or similar codes and standards applicable to housing, or to accomplish energy conservation ~~related improvements~~, decarbonization, climate resiliency, or other qualified projects. In unincorporated areas and municipalities not having codes and standards, the agency may, solely for the purpose of administering this provision, establish codes and standards. No grant for rehabilitation of owner occupied residential housing shall be denied solely because the grant will not be used for placing the residential housing in full compliance with all state, county or municipal building, housing maintenance, fire, health or similar codes and standards applicable to housing. The amount of any grant shall not exceed the lesser of (a) $6,000, or (b) the actual cost of the work performed, or (c) that portion of the cost of rehabilitation which the agency determines cannot otherwise be paid by the person or family without spending an unreasonable portion of the income of the person or family thereon. In making grants, the agency shall determine the circumstances under which and the terms and conditions under which all or any portion thereof will be repaid and shall determine the appropriate security should repayment be required.

(b) The agency may also make grants to rehabilitate or to assist in rehabilitating housing under this subdivision to persons of low and moderate income for the purpose of qualifying as foster parents.

Sec. 8. Minnesota Statutes 2022, section 462A.05, subdivision 15b, is amended to read:

Subd. 15b. **Energy conservation, decarbonization, and climate resiliency grants.** (a) It may make grants to assist in energy conservation ~~rehabilitation measures~~, decarbonization, climate resiliency, and other qualified projects for existing owner occupied housing including, but not limited to: insulation, storm windows and doors, furnace or space heater repair, cleaning or replacement, chimney construction or improvement, weatherstripping and caulking, ~~and~~ structural or other directly related repairs, or installations essential for energy conservation, decarbonization, climate resiliency, and other qualified projects. The grant to any household shall not exceed $2,000.

(b) To be eligible for an emergency energy conservation, decarbonization, and climate resiliency grant, a household must be certified as eligible to receive emergency residential heating assistance under either the federal or the state program, and either (1) have had a heating cost for the preceding heating season that exceeded 120 percent of the regional average for the preceding heating season for that energy source as determined by the commissioner of employment and economic development, or (2) be eligible to receive a federal energy conservation grant, but be precluded from receiving the grant because of a need for directly related repairs that cannot be paid for under the federal program. The Housing Finance Agency shall make a reasonable effort to determine whether other state or federal loan and grant programs are available and adequate to finance the intended improvements. An emergency energy conservation grant may be made in conjunction with grants or loans from other state or federal programs that finance other needed rehabilitation work. The receipt of a grant pursuant to this section shall not affect the applicant's eligibility for other Housing Finance Agency loan or grant programs.

Sec. 9. Minnesota Statutes 2022, section 462A.05, subdivision 21, is amended to read:

Subd. 21. **Rental property loans.** The agency may make or purchase loans to owners of rental property that is occupied or intended for occupancy primarily by low- and moderate-income tenants and which does not comply with the standards established in section 326B.106, subdivision 1, for the purpose of energy improvements, decarbonization, climate resiliency, and other qualified projects necessary to bring the property into full or partial compliance with these standards. For property which meets the other requirements of this subdivision, a loan may also be used for moderate rehabilitation of the property. The authority granted in this subdivision is in addition to and not in limitation of any other authority granted to the agency in this chapter. The limitations on eligible mortgagors contained in section 462A.03, subdivision 13, do not apply to loans under this subdivision. Loans for the improvement of rental property pursuant to this subdivision may contain provisions that repayment is not required in whole or in part subject to terms and conditions determined by the agency to be necessary and desirable to encourage owners to maximize rehabilitation of properties.

Sec. 10. Minnesota Statutes 2022, section 462A.05, subdivision 23, is amended to read:

Subd. 23. **Insuring financial institution loans.** The agency may participate in loans or establish a fund to insure loans, or portions of loans, that are made by any banking institution, savings association, or other lender approved by the agency, organized under the laws of this or any other state or of the United States having an office in this state, to owners of renter-occupied homes or apartments that do not comply with standards set forth in section 326B.106, subdivision 1, without limitations relating to the maximum incomes of the owners or tenants. The proceeds of the insured portion of the loan must be used to pay the costs of improvements, including all related structural and other improvements, that will reduce energy consumption, that will decarbonize, and that will ensure the climate resiliency of housing.

Sec. 11. Minnesota Statutes 2023 Supplement, section 462A.05, subdivision 45, is amended to read:

Subd. 45. **Indian Tribes.** Notwithstanding any other provision in this chapter, at its discretion the agency may make any federally recognized Indian Tribe in Minnesota, or their associated Tribally Designated Housing Entity (TDHE) as defined by United States Code, title 25, section 4103(22), eligible for agency funding ~~authorized under this chapter~~.

Sec. 12. Minnesota Statutes 2022, section 462A.07, is amended by adding a subdivision to read:

Subd. 18. **Rent and income limits.** Notwithstanding any law to the contrary, to promote efficiency in program administration, underwriting, and compliance, the commissioner may adjust income or rent limits for any multifamily capital funding program authorized under state law to align with federal rent or income limits in sections 42 and 142 of the Internal Revenue Code of 1986, as amended. Adjustments made under this subdivision are exempt from the rulemaking requirements of chapter 14.

Sec. 13. Minnesota Statutes 2022, section 462A.07, is amended by adding a subdivision to read:

Subd. 19. **Report to the legislature.** (a) By February 15 each year, the commissioner must submit a report to the chairs and ranking minority members of the legislative committees having jurisdiction over housing finance and policy containing the following information:

(1) the total number of applications for funding;

(2) the amount of funding requested;

(3) the amounts of funding awarded; and

(4) the number of housing units that are affected by funding awards, including the number of:

(i) newly constructed owner-occupied units;

(ii) renovated owner-occupied units;

(iii) newly constructed rental units; and

(iv) renovated rental units.

(b) This reporting requirement applies to appropriations for competitive development programs made in Laws 2023 and in subsequent laws.

Sec. 14. Minnesota Statutes 2022, section 462A.07, is amended by adding a subdivision to read:

Subd. 20. **Eligibility for agency programs.** The agency may determine that a household or project unit meets the rent or income requirements for a program if the household or unit receives or participates in income-based state or federal public assistance benefits, including but not limited to:

(1) child care assistance programs under chapter 119B;

(2) general assistance, Minnesota supplemental aid, or food support under chapter 256D;

(3) housing support under chapter 256I;

(4) Minnesota family investment program and diversionary work program under chapter 256J; and

(5) economic assistance programs under chapter 256P.

Sec. 15. Minnesota Statutes 2022, section 462A.21, subdivision 7, is amended to read:

Subd. 7. **Energy efficiency loans.** The agency may make loans to low and moderate income persons who own existing residential housing for the purpose of improving the ~~efficient~~ energy ~~utilization~~ decarbonization and climate resiliency of the housing. Permitted improvements shall include installation or upgrading of ceiling, wall, floor and duct insulation, storm windows and doors, and caulking and weatherstripping. The improvements shall not be inconsistent with the energy standards as promulgated as part of the State Building Code; provided that the improvements need not bring the housing into full compliance with the energy standards. Any loan for such purpose shall be made only upon determination by the agency that such loan is not otherwise available, wholly or in part, from private lenders upon equivalent terms and conditions. The agency may promulgate rules as necessary to implement and make specific the provisions of this subdivision. The rules shall be designed to permit the state, to the extent not inconsistent with this chapter, to seek federal grants or loans for energy ~~purposes~~ decarbonization, climate resiliency, and other qualified projects.

Sec. 16. Minnesota Statutes 2023 Supplement, section 462A.22, subdivision 1, is amended to read:

Subdivision 1. **Agency debt ~~ceiling~~ capacity.** The aggregate principal amount of general obligation bonds and notes which are outstanding at any time, excluding the principal amount of any bonds and notes refunded by the issuance of new bonds or notes, shall not exceed the sum of ~~$5,000,000,000~~ $9,000,000,000.

Sec. 17. Minnesota Statutes 2022, section 462A.35, subdivision 2, is amended to read:

Subd. 2. **Expending funds.** The agency may expend the money in the Minnesota manufactured home relocation trust fund to the extent necessary to carry out the objectives of section 327C.095, subdivision 13, by making payments to manufactured home owners, or other parties approved by the third-party neutral, under subdivision 13, paragraphs (a) and (e), and to pay the costs of administering the fund. Money in the fund is appropriated to the agency for these purposes and ~~to the commissioner of management and budget~~ to pay costs incurred ~~by the commissioner of management and budget~~ to administer the fund.

Sec. 18. Minnesota Statutes 2023 Supplement, 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 clauses (4) and (7), 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 where at least 50 percent of units are set aside 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 or for affordable home ownership 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 home buyers;

(4) to finance the acquisition, improvement, and infrastructure of manufactured home parks under section 462A.2035, subdivision 1b;

(5) to finance the costs of acquisition, rehabilitation, adaptive reuse, or new construction of senior housing;

(6) to finance the costs of acquisition, rehabilitation, and replacement 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;

(7) to finance the costs of acquisition, rehabilitation, adaptive reuse, or new construction of single-family housing; ~~and~~

(8) to finance the costs of construction, acquisition, and rehabilitation of permanent housing that is affordable to households with incomes at or below 50 percent of 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~~.~~; and

(9) to finance the costs of construction, acquisition, rehabilitation, conversion, and development of cooperatively owned housing created under chapter 308A, 308B, or 308C that is affordable to low- and moderate-income households.

(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.

(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 senior households;

(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; and

(4) include households with incomes that do not exceed 30 percent of the median household income for the metropolitan area.

(d) 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.

(e) Among comparable proposals for permanent housing, the agency must give preference to projects that will provide housing that is affordable to households at or below 30 percent of the area median income.

(f) If a loan recipient uses the loan for new construction ~~or substantial rehabilitation~~ as defined by the agency on a building containing more than four units, the loan recipient must construct, convert, or otherwise adapt the building to include:

(1) the greater of: (i) at least one unit; or (ii) at least five percent of units that are accessible units, ~~as defined by section 1002 of the current State Building Code Accessibility Provisions for Dwelling Units in Minnesota, and include~~ and each accessible unit includes at least one roll-in shower, water closet, and kitchen work surface meeting the requirements of section 1002 of the current State Building Code Accessibility Provisions for Dwelling Units in Minnesota; and

(2) the greater of: (i) at least one unit; or (ii) at least five percent of units that are sensory-accessible units that include:

(A) soundproofing between shared walls for first and second floor units;

(B) no florescent lighting in units and common areas;

(C) low-fume paint;

(D) low-chemical carpet; and

(E) low-chemical carpet glue in units and common areas.

Nothing in this paragraph relieves a project funded by the agency from meeting other applicable accessibility requirements.

Sec. 19. Minnesota Statutes 2022, section 462A.37, is amended by adding a subdivision to read:

Subd. 2j. **Additional authorization.** In addition to the amount authorized in subdivisions 2 to 2i, the agency may issue up to $50,000,000 in one or more series to which the payments under this section may be pledged.

Sec. 20. Minnesota Statutes 2023 Supplement, section 462A.37, subdivision 5, is amended to read:

Subd. 5. **Additional appropriation.** (a) The agency must certify annually to the commissioner of management and budget the actual amount of annual debt service on each series of bonds issued under this section.

(b) Each July 15, beginning in 2015 and through 2037, if any housing infrastructure bonds issued under subdivision 2a, or housing infrastructure bonds issued to refund those bonds, remain outstanding, the commissioner of management and budget must transfer to the housing infrastructure bond account established under section 462A.21, subdivision 33, the amount certified under paragraph (a), not to exceed $6,400,000 annually. The amounts necessary to make the transfers are appropriated from the general fund to the commissioner of management and budget.

(c) Each July 15, beginning in 2017 and through 2038, if any housing infrastructure bonds issued under subdivision 2b, or housing infrastructure bonds issued to refund those bonds, remain outstanding, the commissioner of management and budget must transfer to the housing infrastructure bond account established under section 462A.21, subdivision 33, the amount certified under paragraph (a), not to exceed $800,000

annually. The amounts necessary to make the transfers are appropriated from the general fund to the commissioner of management and budget.

(d) Each July 15, beginning in 2019 and through 2040, if any housing infrastructure bonds issued under subdivision 2c, or housing infrastructure bonds issued to refund those bonds, remain outstanding, the commissioner of management and budget must transfer to the housing infrastructure bond account established under section 462A.21, subdivision 33, the amount certified under paragraph (a), not to exceed $2,800,000 annually. The amounts necessary to make the transfers are appropriated from the general fund to the commissioner of management and budget.

(e) Each July 15, beginning in 2020 and through 2041, if any housing infrastructure bonds issued under subdivision 2d, or housing infrastructure bonds issued to refund those bonds, remain outstanding, the commissioner of management and budget must transfer to the housing infrastructure bond account established under section 462A.21, subdivision 33, the amount certified under paragraph (a). The amounts necessary to make the transfers are appropriated from the general fund to the commissioner of management and budget.

(f) Each July 15, beginning in 2020 and through 2041, if any housing infrastructure bonds issued under subdivision 2e, or housing infrastructure bonds issued to refund those bonds, remain outstanding, the commissioner of management and budget must transfer to the housing infrastructure bond account established under section 462A.21, subdivision 33, the amount certified under paragraph (a). The amounts necessary to make the transfers are appropriated from the general fund to the commissioner of management and budget.

(g) Each July 15, beginning in 2022 and through 2043, if any housing infrastructure bonds issued under subdivision 2f, or housing infrastructure bonds issued to refund those bonds, remain outstanding, the commissioner of management and budget must transfer to the housing infrastructure bond account established under section 462A.21, subdivision 33, the amount certified under paragraph (a). The amounts necessary to make the transfers are appropriated from the general fund to the commissioner of management and budget.

(h) Each July 15, beginning in 2022 and through 2043, if any housing infrastructure bonds issued under subdivision 2g, or housing infrastructure bonds issued to refund those bonds, remain outstanding, the commissioner of management and budget must transfer to the housing infrastructure bond account established under section 462A.21, subdivision 33, the amount certified under paragraph (a). The amounts necessary to make the transfers are appropriated from the general fund to the commissioner of management and budget.

(i) Each July 15, beginning in 2023 and through 2044, if any housing infrastructure bonds issued under subdivision 2h, or housing infrastructure bonds issued to refund those bonds, remain outstanding, the commissioner of management and budget must transfer to the housing infrastructure bond account established under section 462A.21, subdivision 33, the amount certified under paragraph (a). The amounts necessary to make the transfers are appropriated from the general fund to the commissioner of management and budget.

(j) Each July 15, beginning in 2026 and through 2047, if any housing infrastructure bonds issued under subdivision 2j, or housing infrastructure bonds issued to refund those bonds, remain outstanding, the commissioner of management and budget must transfer to the housing infrastructure bond account established under section 462A.21, subdivision 33, the amount certified under paragraph (a). The amounts necessary to make the transfers are appropriated from the general fund to the commissioner of management and budget.

~~(j)~~ (k) The agency may pledge to the payment of the housing infrastructure bonds the payments to be made by the state under this section.

Sec. 21. Minnesota Statutes 2023 Supplement, section 462A.38, subdivision 2, is amended to read:

Subd. 2. **Use of funds.** (a) Grant funds and loans awarded under this program may be used for:

(1) development costs;

(2) rehabilitation;

(3) land development; ~~and~~

(4) affordability gap; and

~~(4)~~ (5) residential housing, including storm shelters and related community facilities.

(b) A project funded through this program shall serve households that meet the income limits as provided in section 462A.33, subdivision 5, unless a project is intended for the purpose outlined in section 462A.02, subdivision 6.

Sec. 22. Minnesota Statutes 2023 Supplement, section 462A.39, subdivision 2, is amended to read:

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

(b) "Eligible project area" means a home rule charter or statutory city located outside of a metropolitan county as defined in section 473.121, subdivision 4~~, with a population exceeding 500; a community that has a combined population of 1,500 residents located within 15 miles of a home rule charter or statutory city located outside a metropolitan county as defined in section 473.121, subdivision 4~~; federally recognized Tribal reservations; or an area served by a joint county-city economic development authority.

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

(d) "Market rate residential rental properties" means properties that are rented at market value, including new modular homes, new manufactured homes, and new manufactured homes on leased land or in a manufactured home park, and may include rental developments that have a portion of income-restricted units.

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

Sec. 23. Minnesota Statutes 2023 Supplement, section 462A.395, is amended to read:

462A.395 GREATER MINNESOTA HOUSING INFRASTRUCTURE GRANT PROGRAM.

Subdivision 1. **Grant program established.** The commissioner of the Minnesota Housing Finance Agency may make grants to counties and cities to provide up to 50 percent of the capital costs of public infrastructure necessary for an eligible workforce housing development project. The commissioner may make a grant award only after determining that nonstate resources are committed to complete the project. The nonstate contribution may be cash, other committed grant funds, or in kind. In-kind contributions may include the value of the site, whether the site is prepared before or after the law appropriating money for the grant is enacted.

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

(b) "City" means a statutory or home rule charter city located outside the metropolitan area, as defined in section 473.121, subdivision 2.

(c) "Housing infrastructure" means publicly owned physical infrastructure necessary to support housing development projects, including but not limited to sewers, water supply systems, utility extensions, streets, wastewater treatment systems, stormwater management systems, and facilities for pretreatment of wastewater to remove phosphorus.

Subd. 3. **Eligible projects.** Housing projects eligible for a grant under this section may be a single-family or multifamily housing development, and either owner-occupied or rental. Housing projects eligible for a grant under this section may also be a manufactured home development qualifying for homestead treatment under section 273.124, subdivision 3a.

Subd. 4. **Application.** (a) The commissioner must develop forms and procedures for soliciting and reviewing applications for grants under this section. At a minimum, a city or county must include in its application a resolution of the county board or city council certifying that the required nonstate match is available. The commissioner must evaluate complete applications for funding for eligible projects to determine that:

(1) the project is necessary to increase sites available for housing development that will provide adequate housing stock for the current or future workforce; and

(2) the increase in workforce housing will result in substantial public and private capital investment in the county or city in which the project would be located.

(b) The determination of whether to make a grant for a site is within the discretion of the commissioner, subject to this section. The commissioner's decisions and application of the criteria are not subject to judicial review, except for abuse of discretion.

Subd. 5. **Maximum grant amount.** A county or city may receive no more than ~~$30,000~~ $40,000 per lot for single-family, duplex, triplex, or fourplex housing developed, no more than $60,000 per manufactured housing lot, and no more than $180,000 per lot for multifamily housing with more than four units per building. A county or city may receive no more than $500,000 in two years for one or more housing developments. The $500,000 limitation does not apply to use on manufactured housing developments.

Sec. 24. Minnesota Statutes 2022, section 462A.40, subdivision 2, is amended to read:

Subd. 2. **Use of funds; grant and loan program.** (a) The agency may award grants and loans to be used for multifamily and single family developments for persons and families of low and moderate income. Allowable use of the funds include: gap financing, as defined in section 462A.33, subdivision 1; new construction; acquisition; rehabilitation; demolition or removal of existing structures; construction financing; permanent financing; interest rate reduction; and refinancing.

(b) The agency may give preference for grants and loans to comparable proposals that include regulatory changes or waivers that result in identifiable cost avoidance or cost reductions, including but not limited to increased density, flexibility in site development standards, or zoning code requirements.

~~(c) The agency shall separately set aside:~~

~~(1) at least ten percent of the financing under this section for housing units located in a township or city with a population of 2,500 or less that is located outside the metropolitan area, as defined in section 473.121, subdivision 2;~~

~~(2) at least 35 percent of the financing under this section for housing for persons and families whose income is 50 percent or less of 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; and~~

~~(3) at least 25 percent of the financing under this section for single-family housing.~~

~~(d) If by September 1 of each year the agency does not receive requests to use all of the amounts set aside under paragraph (c), the agency may use any remaining financing for other projects eligible under this section.~~

Sec. 25. Minnesota Statutes 2022, section 462A.40, subdivision 3, is amended to read:

Subd. 3. **Eligible recipients; definitions; restrictions; use of funds.** (a) The agency may award a grant or a loan to any recipient that qualifies under subdivision 2. The agency must not award a grant or a loan to a disqualified individual or disqualified business.

(b) For the purposes of this subdivision disqualified individual means ~~an individual who~~:

(1) an individual who or an individual whose immediate family member made a contribution to the account in the current or prior taxable year and received a credit certificate;

(2) an individual who or an individual whose immediate family member owns the housing for which the grant or loan will be used ~~and is using that housing as their domicile~~;

(3) an individual who meets the following criteria:

(i) the individual is an officer or principal of a business entity; and

(ii) that business entity made a contribution to the account in the current or previous taxable year and received a credit certificate; or

(4) an individual who meets the following criteria:

(i) the individual directly owns, controls, or holds the power to vote 20 percent or more of the outstanding securities of a business entity; and

(ii) that business entity made a contribution to the account in the current or previous taxable year and received a credit certificate.

(c) For the purposes of this subdivision disqualified business means a business entity that:

(1) made a contribution to the account in the current or prior taxable year and received a credit certificate;

(2) has an officer or principal who is an individual who made a contribution to the account in the current or previous taxable year and received a credit certificate; or

(3) meets the following criteria:

(i) the business entity is directly owned, controlled, or is subject to the power to vote 20 percent or more of the outstanding securities by an individual or business entity; and

(ii) that controlling individual or business entity made a contribution to the account in the current or previous taxable year and received a credit certificate.

(d) ~~The disqualifications in paragraphs (b) and (c) apply if the taxpayer would be disqualified either individually or in combination with one or more members of the taxpayer's family, as defined in the Internal Revenue Code, section 267(c)(4).~~ For purposes of this subdivision, "immediate family" means the taxpayer's spouse, parent or parent's spouse, sibling or sibling's spouse, or child or child's spouse. For a married couple filing a joint return, the limitations in this ~~paragraph~~ subdivision apply collectively to the taxpayer and spouse. ~~For purposes of determining the ownership interest of a taxpayer under paragraph (a), clause (4), the rules under sections 267(c) and 267(c) of the Internal Revenue Code apply.~~

(e) Before applying for a grant or loan, all recipients must sign a disclosure that the disqualifications under this subdivision do not apply. The Minnesota Housing Finance Agency must prescribe the form of the disclosure. The Minnesota Housing Finance Agency may rely on the disclosure to determine the eligibility of recipients under paragraph (a).

(f) The agency may award grants or loans to a city as defined in section 462A.03, subdivision 21; a federally recognized American Indian tribe or subdivision located in Minnesota; a tribal housing corporation; a private developer; a nonprofit organization; a housing and redevelopment authority under sections 469.001 to 469.047; a public housing authority or agency authorized by law to exercise any of the powers granted by sections 469.001 to 469.047; or the owner of the housing. The provisions of subdivision 2, and paragraphs (a) to (e) and (g) of this subdivision, regarding the use of funds and eligible recipients apply to grants and loans awarded under this paragraph.

(g) ~~Except for the set-aside provided in subdivision 2, paragraph (d),~~ Eligible recipients must use the funds to serve households that meet the income limits as provided in section 462A.33, subdivision 5.

Sec. 26. Minnesota Statutes 2023 Supplement, section 473.145, is amended to read:

473.145 DEVELOPMENT GUIDE.

(a) The Metropolitan Council must prepare and adopt, after appropriate study and such public hearings as may be necessary, a comprehensive development guide for the metropolitan area. It must consist of a compilation of policy statements, goals, standards, programs, and maps prescribing guides for the orderly and economical development, public and private, of the metropolitan area. The comprehensive development guide must recognize and encompass physical, social, or economic needs of the metropolitan area and those future developments which will have an impact on the entire area including but not limited to such matters as land use, climate mitigation and adaptation, parks and open space land needs, the necessity for and location of airports, highways, transit facilities, public hospitals, libraries, schools, and other public buildings.

(b) For the purposes of this section, "climate mitigation and adaptation" includes mitigation goals and strategies that meet or exceed the greenhouse gas emissions-reduction goals established by the state under section 216H.02, subdivision 1, and transportation targets established by the commissioner of transportation, including vehicle miles traveled reduction targets established in the statewide multimodal transportation plan under section 174.03, subdivision 1a, as well as plans and policies to address climate adaptation in the region. The commissioner of transportation must consult with the Metropolitan Council on transportation targets prior to establishing the targets.

(c) Notwithstanding any other provision of law, no decision adopting or authorizing a comprehensive plan shall be subject to the requirements of chapter 116D. Nothing in this paragraph exempts individual

projects, as defined by Minnesota Rules, part 4410.0200, subpart 65, from the requirements of chapter 116D and applicable rules.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies to all comprehensive plans and amendments adopted by any local governmental unit, as defined under Minnesota Statutes, section 473.852, subdivision 7, and authorized by the Metropolitan Council during the most recent decennial review under Minnesota Statutes, section 473.864, and for subsequent reviews under Minnesota Statutes, section 473.864, thereafter. This section applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 27. Minnesota Statutes 2023 Supplement, section 477A.35, subdivision 2, is amended to read:

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

~~(1)~~ (b) "City distribution factor" means the number of households in a tier I city that are cost-burdened divided by the total number of households that are cost-burdened in tier I cities. The number of cost-burdened households shall be determined using the most recent estimates or experimental estimates provided by the American Community Survey of the United States Census Bureau as of May 1 of the aid calculation year;.

~~(2)~~ (c) "Cost-burdened household" means a household in which gross rent is 30 percent or more of household income or in which homeownership costs are 30 percent or more of household income;.

~~(3)~~ (d) "County distribution factor" means the number of households in a county that are cost-burdened divided by the total number of households in metropolitan counties that are cost-burdened. The number of cost-burdened households shall be determined using the most recent estimates or experimental estimates provided by the American Community Survey of the United States Census Bureau as of May 1 of the aid calculation year;.

(e) "Locally funded housing expenditures" means expenditures of the aid recipient, including expenditures by a public corporation or legal entity created by the aid recipient, that are:

(1) funded from the recipient's general fund, a property tax levy of the recipient or its housing and redevelopment authority, or unrestricted money available to the recipient, but not including tax increments; and

(2) expended on one of the following qualifying activities:

(i) financial assistance to residents in arrears on rent, mortgage, utilities, or property tax payments;

(ii) support services, case management services, and legal services for residents in arrears on rent, mortgage, utilities, or property tax payments;

(iii) down payment assistance or homeownership education, counseling, and training;

(iv) acquisition, construction, rehabilitation, adaptive reuse, improvement, financing, and infrastructure of residential dwellings;

(v) costs of operating emergency shelter, transitional housing, supportive housing, or publicly owned housing, including costs of providing case management services and support services; and

(vi) rental assistance.

~~(4)~~ (f) "Metropolitan area" has the meaning given in section 473.121, subdivision 2;

~~(5)~~ (g) "Metropolitan county" has the meaning given in section 473.121, subdivision 4;

~~(6)~~ (h) "Population" has the meaning given in section 477A.011, subdivision 3; and

~~(7)~~ (i) "Tier I city" means a statutory or home rule charter city that is a city of the first, second, or third class and is located in a metropolitan county.

EFFECTIVE DATE. This section is effective beginning with aids payable in 2024.

Sec. 28. Minnesota Statutes 2023 Supplement, section 477A.35, subdivision 4, is amended to read:

Subd. 4. **Qualifying projects.** (a) Qualifying projects ~~shall~~ include:

(1) emergency rental assistance for households earning less than 80 percent of area median income as determined by the United States Department of Housing and Urban Development;

(2) financial support to nonprofit affordable housing providers in their mission to provide safe, dignified, affordable and supportive housing; ~~and~~

(3) projects designed for the purpose of construction, acquisition, rehabilitation, demolition or removal of existing structures, construction financing, permanent financing, interest rate reduction, refinancing, and gap financing of housing to provide affordable housing to households that have incomes which do not exceed, for homeownership projects, 115 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development, and for rental housing projects, 80 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development, except that the housing developed or rehabilitated with funds under this section must be affordable to the local work force;

(4) financing the operations and management of financially distressed residential properties;

(5) funding of supportive services or staff of supportive services providers for supportive housing as defined by section 462A.37, subdivision 1. Financial support to nonprofit housing providers to finance supportive housing operations may be awarded as a capitalized reserve or as an award of ongoing funding; and

(6) costs of operating emergency shelter facilities, including the costs of providing services.

~~Projects shall be prioritized~~ (b) Recipients must prioritize projects that provide affordable housing to households that have incomes which do not exceed, for homeownership projects, 80 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development, and for rental housing projects, 50 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development. Priority may be given to projects that: reduce disparities in home ownership; reduce housing cost burden, housing instability, or homelessness; improve the habitability of homes; create accessible housing; or create more energy- or water-efficient homes.

~~(b)~~ (c) 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.

~~(c)~~ (d) If aid under this section 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 paragraph (a).

~~(d)~~ (e) If an aid recipient uses the aid on new construction ~~or substantial rehabilitation~~ of a building containing more than four units, the loan recipient must construct, convert, or otherwise adapt the building to include:

(1) the greater of: (i) at least one unit; or (ii) at least five percent of units that are accessible units, ~~as defined by section 1002 of the current State Building Code Accessibility Provisions for Dwelling Units in Minnesota, and include~~ and each accessible unit includes at least one roll-in shower, water closet, and kitchen work surface meeting the requirements of section 1002 of the current State Building Code Accessibility Provisions for Dwelling Units in Minnesota; and

(2) the greater of: (i) at least one unit; or (ii) at least five percent of units that are sensory-accessible units that include:

(A) soundproofing between shared walls for first and second floor units;

(B) no florescent lighting in units and common areas;

(C) low-fume paint;

(D) low-chemical carpet; and

(E) low-chemical carpet glue in units and common areas.

Nothing in this paragraph relieves a project funded by this section from meeting other applicable accessibility requirements.

EFFECTIVE DATE. This section is effective beginning with aids payable in 2024.

Sec. 29. Minnesota Statutes 2023 Supplement, section 477A.35, subdivision 5, is amended to read:

Subd. 5. **Use of proceeds.** (a) Any funds distributed under this section must be spent on a qualifying project. Funds are considered spent on a qualifying project if:

(1) a tier I city or county demonstrates to the Minnesota Housing Finance Agency that the city or county cannot expend funds on a qualifying project by the deadline imposed by paragraph (b) due to factors outside the control of the city or county; and

(2) the funds are transferred to a local housing trust fund.

Funds transferred to a local housing trust fund under this paragraph must be spent on a project or household that meets the affordability requirements of subdivision 4, paragraph (a).

(b) Funds must be spent by December 31 in the third year following the year after the aid was received. The requirements of this paragraph are satisfied if funds are:

(1) committed to a qualifying project by December 31 in the third year following the year after the aid was received; and

(2) expended by December 31 in the fourth year following the year after the aid was received.

(c) An aid recipient may not use aid money to reimburse itself for prior expenditures.

EFFECTIVE DATE. This section is effective beginning with aids payable in 2024.

Sec. 30. Minnesota Statutes 2023 Supplement, section 477A.35, is amended by adding a subdivision to read:

Subd. 5a. **Conditions for receipt.** (a) As a condition of receiving aid under this section, a recipient must commit to using funds to supplement, not supplant, existing locally funded housing expenditures, so that the recipient is using the funds to create new or to expand existing housing programs.

(b) In the annual report required under subdivision 6, a recipient must certify its compliance with this subdivision, including an accounting of locally funded housing expenditures in the prior fiscal year. In a tier I city's or county's first report to the Minnesota Housing Finance Agency, it must document its locally funded housing expenditures in the two prior fiscal years. If a recipient reduces one of its locally funded housing expenditures, the recipient must detail the expenditure, the amount of the reduction, and the reason for the reduction. The certification required under this paragraph must be made available publicly on the website of the recipient.

EFFECTIVE DATE. This section is effective beginning with aids payable in 2024.

Sec. 31. Minnesota Statutes 2023 Supplement, section 477A.35, subdivision 6, is amended to read:

Subd. 6. **Administration.** (a) The commissioner of revenue must compute the amount of aid payable to each tier I city and county under this section. By August 1 of each year, the commissioner must certify the distribution factors of each tier I city and county to be used in the following year. The commissioner must pay local affordable housing aid annually at the times provided in section 477A.015, distributing the amounts available on the immediately preceding June 1 under the accounts established in section 477A.37, subdivisions 2 and 3.

(b) Beginning in 2025, tier I cities and counties shall submit a report annually, no later than December 1 of each year, to the Minnesota Housing Finance Agency. The report must include documentation of the location of any unspent funds distributed under this section and of qualifying projects completed or planned with funds under this section. If a tier I city or county fails to submit a report, if a tier I city or county fails to spend funds within the timeline imposed under subdivision 5, paragraph (b), ~~or~~ if a tier I city or county uses funds for a project that does not qualify under this section, or if a tier I city or county fails to meet its requirements of subdivision 5a, the Minnesota Housing Finance Agency shall notify the Department of Revenue and the cities and counties that must repay funds under paragraph (c) by February 15 of the following year.

(c) By May 15, after receiving notice from the Minnesota Housing Finance Agency, a tier I city or county must pay to the Minnesota Housing Finance Agency funds the city or county received under this section if the city or county:

(1) fails to spend the funds within the time allowed under subdivision 5, paragraph (b);

(2) spends the funds on anything other than a qualifying project; ~~or~~

(3) fails to submit a report documenting use of the funds~~.~~; or

(4) fails to meet the requirements of subdivision 5a.

(d) The commissioner of revenue must stop distributing funds to a tier I city or county that requests in writing that the commissioner stop payment or that, in three consecutive years, the Minnesota Housing Finance Agency has reported, pursuant to paragraph (b), to have failed to use funds, misused funds, or failed to report on its use of funds. A request to stop payment under this paragraph must be submitted to the commissioner in the form and manner prescribed by the commissioner on or before May 1 of the aids payable year the aid recipient wants the commissioner to stop payment of aid. The commissioner shall not stop payment based on a request received after May 1 until the next aids payable year.

(e) The commissioner may resume distributing funds to a tier I city or county to which the commissioner has stopped payments in the year following the August 1 after the Minnesota Housing Finance Agency certifies that the city or county has submitted documentation of plans for a qualifying project. The commissioner may resume distributing funds to a tier I city or county to which the commissioner has stopped payments at the request of the city or county in the year following the August 1 after the Minnesota Housing Finance Agency certifies that the city or county has submitted documentation of plans for a qualifying project.

(f) By June 1, any funds paid to the Minnesota Housing Finance Agency under paragraph (c) must be deposited in the housing development fund. Funds deposited under this paragraph are appropriated to the commissioner of the Minnesota Housing Finance Agency for use on the family homeless prevention and assistance program under section 462A.204, the economic development and housing challenge program under section 462A.33, and the workforce and affordable homeownership development program under section 462A.38.

EFFECTIVE DATE. This section is effective beginning with aids payable in 2025.

Sec. 32. Minnesota Statutes 2023 Supplement, section 477A.36, subdivision 1, as amended by Laws 2024, chapter 76, section 4, is amended to read:

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

~~(1)~~ (b) "City distribution factor" means the number of households in a tier I city that are cost-burdened divided by the total number of households that are cost-burdened in Minnesota tier I cities. The number of cost-burdened households shall be determined using the most recent estimates or experimental estimates provided by the American Community Survey of the United States Census Bureau as of May 1 of the aid calculation year;.

~~(2)~~ (c) "Cost-burdened household" means a household in which gross rent is 30 percent or more of household income or in which homeownership costs are 30 percent or more of household income;.

~~(3)~~ (d) "County distribution factor" means the number of households in a county that are cost-burdened divided by the total number of households in Minnesota that are cost-burdened. The number of cost-burdened households shall be determined using the most recent estimates or experimental estimates provided by the American Community Survey of the United States Census Bureau as of May 1 of the aid calculation year;.

~~(4)~~ (e) "Eligible Tribal Nation" means any of the 11 federally recognized Indian Tribes located in Minnesota which submit an application under subdivision 6, paragraph (g);.

(f) "Locally funded housing expenditures" means expenditures of the aid recipient, including expenditures by a public corporation or legal entity created by the aid recipient, that are:

(1) funded from the recipient's general fund, a property tax levy of the recipient or its housing and redevelopment authority, or unrestricted money available to the recipient, but not including tax increments; and

(2) expended on one of the following qualifying activities:

(i) financial assistance to residents in arrears on rent, mortgage, utilities, or property tax payments;

(ii) support services, case management services, and legal services for residents in arrears on rent, mortgage, utilities, or property tax payments;

(iii) down payment assistance or homeownership education, counseling, and training;

(iv) acquisition, construction, rehabilitation, adaptive reuse, improvement, financing, and infrastructure of residential dwellings;

(v) costs of operating emergency shelter, transitional housing, supportive housing, or publicly owned housing, including costs of providing case management services and support services; and

(vi) rental assistance.

~~(5)~~ (g) "Population" has the meaning given in section 477A.011, subdivision 3~~;~~.

~~(6)~~ (h) "Tier I city" means a statutory or home rule charter city that is a city of the first, second, or third class and is not located in a metropolitan county, as defined by section 473.121, subdivision 4~~; and~~.

~~(7)~~ (i) "Tier II city" means a statutory or home rule charter city that is a city of the fourth class and is not located in a metropolitan county, as defined by section 473.121, subdivision 4.

EFFECTIVE DATE. This section is effective beginning with aids payable in 2024.

Sec. 33. Minnesota Statutes 2023 Supplement, section 477A.36, subdivision 4, is amended to read:

Subd. 4. **Qualifying projects.** (a) Qualifying projects shall include:

(1) emergency rental assistance for households earning less than 80 percent of area median income as determined by the United States Department of Housing and Urban Development;

(2) financial support to nonprofit affordable housing providers in their mission to provide safe, dignified, affordable and supportive housing;

(3) outside the metropolitan counties as defined in section 473.121, subdivision 4, development of market rate residential rental properties, as defined in section 462A.39, subdivision 2, paragraph (d), if the relevant unit of government submits with the report required under subdivision 6 a resolution and supporting documentation showing that the area meets the requirements of section 462A.39, subdivision 4, paragraph (a); ~~and~~

(4) projects designed for the purpose of construction, acquisition, rehabilitation, demolition or removal of existing structures, construction financing, permanent financing, interest rate reduction, refinancing, and gap financing of housing to provide affordable housing to households that have incomes which do not exceed, for homeownership projects, 115 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development and, for rental housing projects, 80 percent of the greater of state or area median income as determined by the United States Department of Housing

and Urban Development, except that the housing developed or rehabilitated with funds under this section must be affordable to the local work force.;

(5) financing the operations and management of financially distressed residential properties;

(6) funding of supportive services or staff of supportive services providers for supportive housing as defined in section 462A.37, subdivision 1. Financial support to nonprofit housing providers to finance supportive housing operations may be awarded as a capitalized reserve or as an award of ongoing funding; and

(7) costs of operating emergency shelter facilities, including the costs of providing services.

Projects shall be prioritized (b) Recipients must prioritize projects that provide affordable housing to households that have incomes that do not exceed, for homeownership projects, 80 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development, and for rental housing projects, 50 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development. Priority may be given to projects that: reduce disparities in home ownership; reduce housing cost burden, housing instability, or homelessness; improve the habitability of homes; create accessible housing; or create more energy- or water-efficient homes.

(b) (c) 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.

(c) (d) If aid under this section 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 paragraph (a).

(d) (e) If an aid recipient uses the aid on new construction or substantial rehabilitation of a building containing more than four units, the loan recipient must construct, convert, or otherwise adapt the building to include:

(1) the greater of: (i) at least one unit; or (ii) at least five percent of units that are accessible units, as defined by section 1002 of the current State Building Code Accessibility Provisions for Dwelling Units in Minnesota, and include and each accessible unit includes at least one roll-in shower, water closet, and kitchen work surface meeting the requirements of section 1002 of the current State Building Code Accessibility Provisions for Dwelling Units in Minnesota; and

(2) the greater of: (i) at least one unit; or (ii) at least five percent of units that are sensory-accessible units that include:

(A) soundproofing between shared walls for first and second floor units;

(B) no florescent lighting in units and common areas;

(C) low-fume paint;

(D) low-chemical carpet; and

(E) low-chemical carpet glue in units and common areas.

Nothing in this paragraph relieves a project funded by this section from meeting other applicable accessibility requirements.

EFFECTIVE DATE. This section is effective beginning with aids payable in 2024.

Sec. 34. Minnesota Statutes 2023 Supplement, section 477A.36, subdivision 5, is amended to read:

Subd. 5. **Use of proceeds.** (a) Any funds distributed under this section must be spent on a qualifying project. If a tier I city or county demonstrates to the Minnesota Housing Finance Agency that the tier I city or county cannot expend funds on a qualifying project by the deadline imposed by paragraph (b) due to factors outside the control of the tier I city or county, funds shall be considered spent on a qualifying project if the funds are transferred to a local housing trust fund. Funds transferred to a local housing trust fund must be spent on a project or household that meets the affordability requirements of subdivision 4, paragraph (a).

(b) ~~Any funds must be returned to the commissioner of revenue if the funds are not spent by December 31 in the third year following the year after the aid was received.~~ Funds must be spent by December 31 in the third year following the year after the aid was received. The requirements of this paragraph are satisfied if funds are:

(1) committed to a qualifying project by December 31 in the third year following the year after the aid was received; and

(2) expended by December 31 in the fourth year following the year after the aid was received.

(c) An aid recipient may not use aid funds to reimburse itself for prior expenditures.

EFFECTIVE DATE. This section is effective beginning with aids payable in 2024.

Sec. 35. Minnesota Statutes 2023 Supplement, section 477A.36, is amended by adding a subdivision to read:

Subd. 5a. **Conditions for receipt.** (a) As a condition of receiving aid under this section, a recipient must commit to using money to supplement, not supplant, existing locally funded housing expenditures, so that the recipient is using the funds to create new or to expand existing housing programs.

(b) In the annual report required under subdivision 6, a recipient must certify compliance with this subdivision, including an accounting of locally funded housing expenditures in the prior fiscal year. In an aid recipient's first report to the Minnesota Housing Finance Agency, the aid recipient must document its locally funded housing expenditures in the two prior fiscal years. If a recipient reduces one of its locally funded housing expenditures, the recipient must detail the expenditure, the amount of the reduction, and the reason for the reduction. The certification required under this paragraph must be made available publicly on the recipient's website.

EFFECTIVE DATE. This section is effective beginning with aids payable in 2024.

Sec. 36. Minnesota Statutes 2023 Supplement, section 477A.36, subdivision 6, as amended by Laws 2024, chapter 76, section 5, is amended to read:

Subd. 6. **Administration.** (a) The commissioner of revenue must compute the amount of aid payable to each aid recipient under this section. Beginning with aids payable in calendar year 2024, before computing

the amount of aid for counties and after receiving the report required by subdivision 3, paragraph (e), the commissioner shall compute the amount necessary to increase the amount in the account or accounts established under that paragraph to $1,250,000. The amount calculated under the preceding sentence shall be deducted from the amount available to counties for the purposes of certifying the amount of aid to be paid to counties in the following year. By August 1 of each year, the commissioner must certify the amount to be paid to each tier I city and county in the following year. The commissioner must pay statewide local housing aid to tier I cities and counties annually at the times provided in section 477A.015. Before paying the first installment of aid annually, the commissioner of revenue shall transfer to the Minnesota Housing Finance Agency from the funds available for counties, for deposit in the account or accounts established under subdivision 3, paragraph (e), the amount computed in the prior year to be necessary to increase the amount in the account or accounts established under that paragraph to $1,250,000.

(b) Beginning in 2025, aid recipients shall submit a report annually, no later than December 1 of each year, to the Minnesota Housing Finance Agency. The report shall include documentation of the location of any unspent funds distributed under this section and of qualifying projects completed or planned with funds under this section. If an aid recipient fails to submit a report, fails to spend funds within the timeline imposed under subdivision 5, paragraph (b), ~~or~~ uses funds for a project that does not qualify under this section, or if an aid recipient fails to meet the requirements of subdivision 5a, the Minnesota Housing Finance Agency shall notify the Department of Revenue and the aid recipient must repay funds under paragraph (c) by February 15 of the following year.

(c) By May 15, after receiving notice from the Minnesota Housing Finance Agency, an aid recipient must pay to the Minnesota Housing Finance Agency funds the aid recipient received under this section if the aid recipient:

(1) fails to spend the funds within the time allowed under subdivision 5, paragraph (b);

(2) spends the funds on anything other than a qualifying project; ~~or~~

(3) fails to submit a report documenting use of the funds~~.~~; or

(4) fails to meet the requirements of subdivision 5a.

(d) The commissioner of revenue must stop distributing funds to an aid recipient that requests in writing that the commissioner stop payment or that the Minnesota Housing Finance Agency reports to have, in three consecutive years, failed to use funds, misused funds, or failed to report on its use of funds. A request to stop payment under this paragraph must be submitted to the commissioner in the form and manner prescribed by the commissioner on or before May 1 of the year prior to the aids payable year in which the aid recipient wants the commissioner to stop payment of aid. The commissioner shall not stop payment based on a request received after May 1 until aids payable based on certification in the following calendar year.

(e) The commissioner may resume distributing funds to an aid recipient to which the commissioner has stopped payments in the year following the August 1 after the Minnesota Housing Finance Agency certifies that the city or county has submitted documentation of plans for a qualifying project. The commissioner may resume distributing funds to an aid recipient to which the commissioner has stopped payments at the request of the recipient in the year following the August 1 after the Minnesota Housing Finance Agency certifies that the recipient has submitted documentation of plans for a qualifying project.

(f) By June 1, any funds paid to the Minnesota Housing Finance Agency under paragraph (c) must be deposited in the housing development fund. Funds deposited under this paragraph are appropriated to the commissioner of the Minnesota Housing Finance Agency for use on the family homeless prevention and

assistance program under section 462A.204, the economic development and housing challenge program under section 462A.33, and the workforce and affordable homeownership development program under section 462A.38.

(g) An eligible Tribal Nation may choose to receive an aid distribution under this section by submitting an application under this subdivision. An eligible Tribal Nation which has not received a distribution in a prior aids payable year may elect to begin participation in the program by submitting an application in the manner and form prescribed by the commissioner of revenue by January 15 of the aids payable year. In order to receive a distribution, an eligible Tribal Nation must certify to the commissioner of revenue the most recent estimate of the total number of enrolled members of the eligible Tribal Nation. The information must be annually certified by March 1 in the form prescribed by the commissioner of revenue. The commissioner of revenue must annually calculate and certify the amount of aid payable to each eligible Tribal Nation on or before August 1 of the aids payable year. The commissioner of revenue must pay statewide local housing aid to eligible Tribal Nations annually by December 27 of the year the aid is certified.

EFFECTIVE DATE. This section is effective beginning with aids payable in 2025.

Sec. 37. Laws 2023, chapter 37, article 1, section 2, subdivision 32, is amended to read:

Subd. 32. **Northland Foundation**	1,000,000	-0-
This appropriation is for a grant to Northland Foundation for use on expenditures authorized under Minnesota Statutes, section 462C.16, subdivision 3, to assist and support communities in providing housing locally, and ~~on~~ for assisting local governments to establish local or regional housing trust funds. Northland Foundation may award grants and loans to other entities to expend on authorized expenditures under this section. This appropriation is onetime and available until June 30, 2025.		

Sec. 38. Laws 2023, chapter 37, article 2, section 6, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** The Minnesota Housing Finance Agency shall establish a community stabilization program to provide grants or loans to preserve naturally occurring affordable housing ~~through acquisition or rehabilitation~~ and support recapitalization of distressed buildings.

Sec. 39. Laws 2023, chapter 37, article 2, section 6, subdivision 2, is amended to read:

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

(b) "Naturally occurring affordable housing" means:

(1) multiunit rental housing that:

(i) is at least 20 years old;

(ii) has rents in a majority of units that are affordable to households at or below 60 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development; and

(iii) does not currently have federal or state financing or tax credits that require income or rent restrictions, except for public housing, as defined in Section 9 of the Housing Act of 1937, that is part of a mixed-finance community; or

~~(2) owner-occupied housing located in communities where market pressures or significant deferred rehabilitation needs, as defined by the agency, create opportunities for displacement or the loss of owner-occupied housing affordable to households at or below 115 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development.~~

(2) single-family housing that is:

(i) one to four units;

(ii) located in communities where market pressures or significant deferred rehabilitation needs, as defined by the agency, create opportunities for displacement or the loss of owner-occupied or single-family rental housing; and

(iii) affordable to owner-occupied households at or below 115 percent or rental households at or below 80 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development.

(c) "Distressed building" means an existing rental housing building in which the units are restricted to households at or below 60 percent of the area median income and that:

(1) is at imminent risk of foreclosure, closure, or sale that would result in permanent loss of affordability;

(2) has two or more years of negative net operating income, exclusive of financial or in-kind operating support from the owner of the property;

(3) has two or more years with a debt service coverage ratio less than one; or

(4) has necessary costs of repair, replacement, or maintenance that exceed the project reserves available for those purposes.

(d) "Recapitalization" means financing for the physical and financial needs of a distressed building, including restructuring and forgiveness of amortizing and deferred debt, principal and interest paydown, interest rate write-down, deferral of debt payments, mortgage payment forbearance, deferred maintenance and rehabilitation, funding of reserves, and property operating costs including but not limited to supportive services, security services, and property insurance. Recapitalization may include financing to sell or transfer ownership of a property to a qualified owner that will commit to long-term affordability as determined by the commissioner.

Sec. 40. Laws 2023, chapter 37, article 2, section 6, subdivision 4, is amended to read:

Subd. 4. **Eligible uses.** (a) The program shall provide grants or loans for the purpose of acquisition, rehabilitation, interest rate reduction, or gap financing of housing to support the preservation of naturally occurring affordable housing or recapitalization of distressed buildings.

(b) When awarding grants or loans for the acquisition or rehabilitation of naturally occurring affordable housing, priority in funding shall be given to proposals that serve lower-income households and maintain longer periods of affordability. Funding may be used to acquire single-family rental housing that is intended to be converted to affordable homeownership.

(c) When awarding grants or loans for the recapitalization of distressed buildings, to the extent practicable, priority in funding shall be given to the following:

(1) buildings where residents are at or below 30 percent of the area median income;

(2) buildings at imminent risk of foreclosure, closure, or sale that would result in permanent loss of affordability;

(3) operators who have a path to achieve neutral or positive net operating income within five years;

(4) operators who keep subject properties affordable; and

(5) buildings that are not eligible or not prioritized for other agency programs.

(d) The agency may establish funding limits per eligible recipient and require priority rankings of eligible recipient proposals.

(e) Funds may not be used for publicly owned housing.

Sec. 41. Laws 2023, chapter 37, article 2, section 6, subdivision 5, is amended to read:

Subd. 5. ~~**Owner-occupied**~~ **Single-family housing income limits.** Households served through grants or loans related to ~~owner-occupied~~ single-family housing must have, at initial occupancy, income that is at or below 115 percent of the greater of state or area median income as determined by the United States Department of Housing and Urban Development.

Sec. 42. Laws 2023, chapter 37, article 2, section 6, is amended by adding a subdivision to read:

Subd. 6a. **Private lender participation.** Prior to the commissioner executing a grant or loan agreement for recapitalization of private debt, a project owner must demonstrate receiving a meaningful amount, as determined by the commissioner, of restructuring and forgiveness of amortizing and deferred debt, principal and interest paydown, interest rate write-down, deferral of debt payments, and mortgage payment forbearance from a private lender.

Sec. 43. Laws 2023, chapter 37, article 2, section 6, is amended by adding a subdivision to read:

Subd. 9. **Report.** By February 15, 2025, and February 15, 2026, the commissioner shall submit a report to the chairs and ranking minority members of the legislative committees having jurisdiction over housing and homelessness. The report must include the number of applications received, the amount of funding requested, the grants awarded, and the number of affordable housing units preserved through awards under this section.

Sec. 44. Laws 2023, chapter 37, article 2, section 12, subdivision 2, is amended to read:

Subd. 2. **Eligible homebuyer.** For the purposes of this section, an "eligible homebuyer" means an individual:

(1) whose income is at or below 130 percent of area median income;

~~(2) who resides in a census tract where at least 60 percent of occupied housing units are renter-occupied, based on the most recent estimates or experimental estimates provided by the American Community Survey of the United States Census Bureau;~~

~~(3)~~ (2) who is financing the purchase of an eligible property with an interest-free, fee-based mortgage; and

~~(4)~~ (3) who is a first-time homebuyer as defined by Code of Federal Regulations, title 24, section 92.2.

Sec. 45. Laws 2023, chapter 52, article 19, section 120, is amended to read:

Sec. 120. **EFFECTIVE DATE.**

Sections 117 ~~to~~ and 119 are effective January 1, 2024. Section 118 is effective January 1, 2024, and applies to cases filed before, on, or after that date.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2024.

Sec. 46. **SINGLE-EGRESS STAIRWAY APARTMENT BUILDING REPORT.**

The commissioner of labor and industry must evaluate conditions under which apartment buildings with a single means of egress above three stories up to 75 feet would achieve life safety outcomes equal to or superior to currently adopted codes. The commissioner must use research techniques that include smoke modeling, egress modeling, an analysis of fire loss history in jurisdictions that have already adopted similar provisions, and interviews with fire services regarding fire suppression and rescue techniques in such buildings. The commissioner shall consult with relevant stakeholders, including but not limited to the Minnesota Fire Chiefs Association, Minnesota Professional Firefighters Association, Fire Marshals Association of Minnesota, Association of Minnesota Building Officials, Housing First Minnesota, Center for Building in North America, and faculty from the relevant department of a university which grants degrees in fire protection engineering. In addition, the commissioner must also contextualize the life safety outcomes from the single-egress evaluation to life safety outcomes in other types of housing. The commissioner may contract with external experts or an independent third party to develop the report and perform other functions required of the commissioner under this section. The report must include recommendations for code updates for the single-egress buildings evaluated in this section. By December 31, 2025, the commissioner must report on the findings to the chairs and ranking minority members of the legislative committees with jurisdiction over housing and state building codes.

Sec. 47. **LOCALLY FUNDED HOUSING EXPENDITURE REPORT.**

By February 15, 2027, the commissioner of the Minnesota Housing Finance Agency shall report to the chairs and ranking minority members of the legislative policy and finance committees with jurisdiction over housing and taxes, on the reports received on locally funded housing expenditures as required under Minnesota Statutes, sections 477A.35, subdivision 5a, and 477A.36, subdivision 5a.

Sec. 48. **WORKING GROUP ON COMMON INTEREST COMMUNITIES AND HOMEOWNERS ASSOCIATIONS.**

Subdivision 1. **Creation; duties.** (a) A working group is created to study the prevalence and impact of common interest communities (CICs) and homeowners associations (HOAs) in Minnesota and how the existing laws regulating CICs and HOAs help homeowners and tenants access safe and affordable housing. The working group shall study:

(1) how many CICs and HOAs exist, how many people may reside in those housing units, and where they are located in the state;

(2) the governing documents commonly used by CICs and HOAs and whether the governing documents or common practices create barriers for participation by homeowners in the board of directors for CICs or HOAs;

(3) the fees and costs commonly associated with CICs and HOAs and how those fees have increased, including the cost of outside management, accounting, and attorney fees that are assessed to owners and residents;

(4) whether there should be uniform, statutory standards regarding fees, fines, and costs assessed to residents;

(5) how the organization and management of CICs and HOAs, including boards and management companies, impact the affordability of CICs and HOAs;

(6) the impact of CICs and HOAs on the housing market and housing costs;

(7) the racial disparity in homeownership as it relates to CICs and HOAs;

(8) the accessibility and affordability of CICs and HOAs for Minnesotans with disabilities;

(9) how other states regulate CICs and HOAs and best practices related to board transparency, dispute resolution, and foreclosures; and

(10) how the current laws governing CICs and HOAs may be consolidated and reformed for clarity and to improve the experience of homeowners and residents in CICs and HOAs.

(b) The focus and duties of the working group shall be to recommend legislative reforms or other methods to regulate CICs and HOAs, including the consolidation or recodification of existing chapters regulating CICs and HOAs.

Subd. 2. **Membership.** (a) The working group shall consist of the following:

(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 senate majority leader and one appointed by the senate minority leader;

(3) one member from the Minnesota Homeownership Center;

(4) one member from the Community Associations Institute;

(5) one member from a business association that supports, educates, or provides services to CICs and HOAs in Minnesota designated by the commissioner of commerce;

(6) one member from a legal aid association familiar with housing laws and representing low-income clients designated by Mid-Minnesota Legal Assistance;

(7) one member from the Minnesota Association of Realtors;

(8) one member who is an attorney who regularly works advising homeowners or residents in CICs and HOAs and is familiar with the state foreclosure laws designed by the State Bar Association;

(9) one member who is an attorney who regularly works advising CIC and HOA boards designated by the State Bar Association;

(10) one member from a metropolitan area government who is familiar with issues homeowners and tenants face while living in CICs and HOAs in the metropolitan area designated by League of Minnesota Cities;

(11) the commissioner of the Minnesota Housing Finance Agency or the commissioner's designee;

(12) one member from the attorney general's office designated by the attorney general;

(13) one member designated by the North Country Cooperative Foundation and one member to be designated by the Senior Housing Cooperative Council;

(14) four members who are current or recent owners of a residence that is part of a CIC or HOA designated by the Housing Justice Center.

(b) Appointments and designations for members of the working group shall be made by July 1, 2024, and information about the appointed and designated members shall be provided by the commissioner of housing finance to the chairs and ranking minority members of the legislative committees with jurisdiction over housing no later than July 1, 2024.

Subd. 3. **Facilitation; organization; meetings.** (a) The Legislative Coordinating Commission shall facilitate the working group, provide administrative assistance, and convene the first meeting by July 15, 2024. Members of the working group may receive compensation and reimbursement for expenses as authorized by Minnesota Statutes, section 15.059, subdivision 3.

(b) The working group must meet at regular intervals as often as necessary to accomplish the goals enumerated under subdivision 1. Meetings of the working group are subject to the Minnesota Open Meeting Law under Minnesota Statutes, chapter 13D.

Subd. 4. **External consultation.** The working group shall consult with other individuals and organizations that have expertise and experience that may assist the working group in fulfilling its responsibilities, including entities engaging in additional external stakeholder input from those with experience living in CICs and HOAs as well as working with the board of directors for CICs and HOAs.

Subd. 5. **Report required.** The working group shall submit a final report by February 1, 2025, to the chairs and ranking minority members of the legislative committees with jurisdiction over housing finance and policy, commerce, and real property. The report shall include recommendations and draft legislation based on the duties and focus for the working group provided in subdivision 1.

Subd. 6. **Expiration.** The working group expires upon submission of the final report in subdivision 5, or February 28, 2025, whichever is later.

EFFECTIVE DATE. This section is effective the day following final enactment and expires March 1, 2025.

Sec. 49. **TASK FORCE ON LONG-TERM SUSTAINABILITY OF AFFORDABLE HOUSING.**

Subdivision 1. **Establishment.** A task force is established to evaluate issues and provide recommendations relating to affordable housing sustainability, including displacement of tenants, preservation of housing previously developed with public financing, and long-term sustainability of new housing developments.

Subd. 2. **Membership.** (a) The task force consists of the following members:

(1) three members appointed by the commissioner of housing;

(2) one member with expertise in insurance regulation appointed by the commissioner of commerce;

(3) one member from a county that participates in the Interagency Stabilization Group appointed by the Association of Minnesota Counties;

(4) one member from a greater Minnesota county appointed by the Association of Minnesota Counties;

(5) one member with experience developing affordable rental housing appointed by the Metropolitan Consortium of Community Developers;

(6) one member with experience in operating affordable rental housing appointed by the Metropolitan Consortium of Community Developers;

(7) one member of the Minnesota Housing Partnership who has experience developing affordable rental housing;

(8) one member of the Minnesota Housing Partnership who has experience operating affordable rental housing;

(9) one member of the Minnesota Housing Partnership who has experience developing and operating affordable rental housing in greater Minnesota;

(10) one member with experience developing or operating for-profit affordable housing appointed by the Minnesota Multi-Housing Association;

(11) one member appointed by the Family Housing Fund;

(12) one member appointed by the Greater Minnesota Housing Fund;

(13) one member with experience in multifamily affordable housing lending appointed by the Minnesota Bankers Association;

(14) one member appointed by the Insurance Federation of Minnesota;

(15) one member appointed by the Twin Cities United Way;

(16) one member appointed by the speaker of the house;

(17) one member appointed by the house minority leader;

(18) one member appointed by the senate majority leader; and

(19) one member appointed by the senate minority leader.

(b) The appointing authorities must make the appointments by June 15, 2024.

Subd. 3. **Duties.** (a) The task force must assess underlying financial challenges to develop, operate, and preserve safe, affordable, and dignified housing, including:

(1) factors that are leading to increasing operating costs for affordable housing providers, including insurance availability and rates, labor costs, and security costs;

(2) factors that are leading to declining revenues for affordable housing providers, such as loss of rent and vacancy issues; and

(3) the potential impact of the loss of housing units under current conditions, including preservation needs of federally rent-assisted properties and tax credit developments with expiring contracts.

(b) The task force must evaluate current financing and administrative tools to develop, operate, and preserve safe and affordable housing, including:

(1) public and private financing programs, and the availability of funding as it relates to overall needs; and

(2) administrative tools including underwriting standards used by public and private housing funders and investors.

(c) The task force must evaluate financial or asset management practices of affordable housing providers and support for asset management functions by funder organizations.

(d) The task force must recommend potential solutions to develop and preserve safe and affordable housing, including:

(1) additional funding for existing programs and administrative tools;

(2) any new financial tools necessary to meet current financial challenges that cannot be met by existing state and local government or private program and administrative tools, including new uses, modified implementation, or other improvements to existing programs; and

(3) best practices for changes to financial or asset management practices of affordable housing providers and funders.

(e) The task force may address other topics as identified by task force members during the course of its work.

(f) The task force shall consult with other organizations that have expertise in affordable rental housing, including entities engaging in additional external stakeholder input from those with lived experience and administrators of emergency assistance, including Minnesota's Tribal nations.

Subd. 4. **Meetings.** (a) The Legislative Coordinating Commission must ensure the first meeting of the task force convenes no later than July 1, 2024, and must provide accessible physical or virtual meeting space as necessary for the task force to conduct its work.

(b) At its first meeting, the task force must elect a chair or cochairs by a majority vote of those members present and may elect a vice-chair as necessary.

(c) The task force must establish a schedule for meetings and meet as necessary to accomplish the duties under subdivision 3.

(d) The task force is subject to the Minnesota Open Meeting Law under Minnesota Statutes, chapter 13D.

Subd. 5. **Report required.** By February 1, 2025, the task force must submit a report to the commissioner of the Minnesota Housing Finance Agency, the Interagency Stabilization Group, and the chairs and ranking minority members of the legislative committees having jurisdiction over housing finance and policy. At a minimum, the report must:

(1) summarize the activities of the task force;

(2) provide findings and recommendations adopted by the task force; and

(3) include any draft legislation to implement the recommendations.

Subd. 6. **Expiration.** The task force expires upon submission of the final recommendations required under subdivision 5.

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

Sec. 50. **REPORT ON SECTION 42 SENIOR RENTAL HOUSING.**

(a) The commissioner of the Minnesota Housing Finance Agency must gather data and produce a report on senior renters residing in properties financed by tax credits under Section 42 of the Internal Revenue Code, and Section 42 properties. To the extent practicable, the commissioner must gather data from the past ten years and report on the:

(1) estimated number of Section 42 properties in which a majority of units are occupied by senior households;

(2) estimated number of senior households living in Section 42 properties and the estimated number of senior households living in Section 42 properties that are cost-burdened;

(3) amount of public resources allocated or awarded to construct Section 42 properties in which a majority of units are occupied by senior households;

(4) annual percentage changes in area median income, Social Security cost-of-living adjustments, and inflation; and

(5) number of times rents were increased to the maximum allowable under HUD guidelines in Section 42 properties in which a majority of units occupied by senior households.

(b) By January 15, 2025, the commissioner must report on the data gathered to the chairs and ranking minority members of the legislative committees with jurisdiction over housing finance. The commissioner must use existing financial resources to review and complete this report.

Sec. 51. **COMPREHENSIVE PLANS; METROPOLITAN AREA CITIES OF THE FIRST CLASS.**

Comprehensive plans adopted by cities of the first class in the metropolitan area, as defined under Minnesota Statutes, section 473.121, subdivision 2, and authorized by the Metropolitan Council for the most recent decennial review under Minnesota Statutes, section 473.864, shall not constitute conduct that causes or is likely to cause pollution, impairment, or destruction as defined under Minnesota Statutes, section 116B.02, subdivision 5.

EFFECTIVE DATE; APPLICATION. This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 52. **CONTINGENT FEE PAYMENTS.**

Notwithstanding any law to the contrary, an attorney or financial adviser participating in conduit financing through a local unit of government may be paid on a contingent fee basis.

EFFECTIVE DATE. This section is effective the day following final enactment and expires June 1, 2025.

Sec. 53. **REVISOR INSTRUCTION.**

The revisor of statutes shall renumber Minnesota Statutes, section 462A.37, subdivision 2i, as Minnesota Statutes, section 462A.37, subdivision 3a. The revisor shall also make necessary cross-reference changes in Minnesota Statutes.

Sec. 54. **REPEALER.**

(a) Minnesota Statutes 2022, section 462A.209, subdivision 8, is repealed.

(b) Minnesota Statutes 2023 Supplement, section 477A.35, subdivision 1, is repealed.

EFFECTIVE DATE. Paragraph (a) is effective the day following final enactment. Paragraph (b) is effective beginning with aids payable in 2024.

ARTICLE 16

EXPEDITING RENTAL ASSISTANCE

Section 1. **[462A.2096] ANNUAL PROJECTION OF EMERGENCY RENTAL ASSISTANCE NEEDS.**

The agency must develop a projection of emergency rental assistance needs in consultation with the commissioner of human services and representatives from county and Tribal housing administrators and housing nonprofit agencies. The projection must identify the amount of funding required to meet all emergency rental assistance needs, including the family homelessness prevention and assistance program, the emergency assistance program, and emergency general assistance. By January 15 each year, the commissioner must submit a report on the projected need for emergency rental assistance to the chairs and ranking minority members of the legislative committees having jurisdiction over housing and human services finance and policy.

Sec. 2. **EXPEDITING RENTAL ASSISTANCE; IMPLEMENTATION.**

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

(1) "culturally responsive" means agencies, programs, and providers of services respond respectfully and effectively to people of all cultures, languages, classes, races, ethnic backgrounds, disabilities, religions, genders, sexual orientations, and other identities in a manner that recognizes, values, and affirms differences and eliminates barriers to access; and

(2) "trauma-informed" means to recognize that many people have experienced trauma in their lifetime and that programs must be designed to respond to people with respect and accommodate the needs of people who have or are currently experiencing trauma.

(b) In implementing the sections in this article, the commissioner of the Minnesota Housing Finance Agency must ensure the work is culturally responsive and trauma-informed.

Sec. 3. **DATA COLLECTION TO MEASURE TIMELINESS OF RENTAL ASSISTANCE.**

The commissioner of the Minnesota Housing Finance Agency must work with the commissioner of human services to develop criteria for measuring the timeliness of processing applications for rental assistance.

The commissioner of the Minnesota Housing Finance Agency must collect data to monitor application speeds of the family homelessness prevention and assistance program and use the collected data to inform improvements to application processing systems. By January 15, 2027, the commissioner of the Minnesota Housing Finance Agency must submit a report to the chairs and ranking minority members of the legislative committees having jurisdiction over housing finance and policy. The report must include analysis of the data collected and whether goals have been met to (1) process an emergency rental assistance application within two weeks of the receipt of a complete application, and (2) if approved, make payment to a landlord within 30 days of the receipt of a complete application.

Sec. 4. **E-SIGNATURE OPTIONS FOR RENTAL ASSISTANCE.**

The commissioner of the Minnesota Housing Finance Agency, working with the commissioner of human services, shall develop uniform e-signature options to be used in applications for the family homelessness prevention and assistance program. No later than June 30, 2026, the commissioner shall require administrators of the family homelessness prevention and assistance program to incorporate and implement the developed e-signature options. The commissioner must notify the chairs and ranking minority members of the legislative committees with jurisdiction over housing of the date when the e-signature options are implemented. A copy of this notification must also be filed with the Legislative Reference Library in compliance with Minnesota Statutes, section 3.195.

Sec. 5. **VERIFICATION PROCEDURES FOR RENTAL ASSISTANCE.**

(a) The commissioner of the Minnesota Housing Finance Agency, working with program administrators, must develop recommendations to simplify the process of verifying information in applications for the family homelessness prevention and assistance program. In developing recommendations, the commissioner must consider:

(1) allowing self-attestation of emergencies, assets, and income;

(2) allowing verbal authorization by applicants to allow emergency rental assistance administrators to communicate with landlords and utility providers regarding applications for assistance; and

(3) allowing landlords to apply for emergency rental assistance on tenants' behalf.

(b) The commissioner must:

(1) prepare recommendations and submit them to the chairs and ranking minority members of the legislative committees having jurisdiction over housing finance and policy by January 1, 2025;

(2) adopt any recommendations that have become law; and

(3) provide technical assistance to counties, Tribes, and other emergency rental assistance administrators to implement these recommendations.

(c) By January 13, 2025, the commissioner must report to the chairs and ranking minority members of the legislative committees with jurisdiction over housing detailing the proposed recommendations required by this section. By July 7, 2025, the commissioner must report to the chairs and ranking minority members of the legislative committees with jurisdiction over housing detailing the recommendations adopted as required by this section.

ARTICLE 17

TRANSPORTATION NETWORK COMPANIES

Section 1. Minnesota Statutes 2022, section 65B.472, is amended to read:

65B.472 TRANSPORTATION NETWORK FINANCIAL RESPONSIBILITY.

Subdivision 1. **Definitions.** (a) Unless a different meaning is expressly made applicable, the terms defined in paragraphs (b) through ~~(g)~~ (p) have the meanings given them for the purposes of this ~~chapter~~ section.

(b) ~~A~~ "Digital network" means any online-enabled application, software, website, or system offered or utilized by a transportation network company that enables the prearrangement of rides with transportation network company drivers.

(c) "Disability and income loss benefits" has the meaning given in section 65B.44, subdivision 3, subject to the weekly maximum amount and with a maximum time period of 130 weeks after the injury.

(d) "P1," "P2," and "P3" have the meanings given in section 181C.01, subdivision 4.

(e) "Funeral and burial expenses" has the meaning given in section 65B.44, subdivision 4.

(f) "Medical expense benefits" has the meaning given in section 65B.44, subdivision 2, except that payment for rehabilitative services is only required when the services are medically necessary.

(g) "Personal injury" means a physical injury or mental impairment arising out of a physical injury in the course of a prearranged ride. A personal injury is only covered if the injury occurs to a driver during P2 or P3, except as provided under subdivision 2, paragraph (d). A personal injury claimant is subject to the requirements of section 65B.56.

~~(c) A~~ (h) "Personal vehicle" means a vehicle that is used by a ~~transportation network company~~ TNC driver in connection with providing a prearranged ride and is:

(1) owned, leased, or otherwise authorized for use by the ~~transportation network company~~ driver; and

(2) not a taxicab, limousine, for-hire vehicle, or a private passenger vehicle driven by a volunteer driver.

~~(d) A~~ (i) "Prearranged ride" means the provision of transportation by a driver to a rider, beginning when a driver accepts a ride requested by a rider through a digital network controlled by a transportation network company, continuing while the driver transports a requesting rider, and ending when the last requesting rider departs from the personal vehicle. A prearranged ride does not include transportation provided using a taxicab, limousine, or other for-hire vehicle.

(j) "Replacement services loss benefits" has the meaning given in section 65B.44, subdivision 5, subject to the weekly maximum amount and with a maximum time period of 130 weeks after the injury.

(k) "Survivors economic loss benefits" has the meaning given in section 65B.44, subdivision 6, subject to the weekly maximum amount and with a maximum time period of 130 weeks after death.

(l) "Survivors replacement services loss benefits" has the meaning given in section 65B.44, subdivision 7, subject to the weekly maximum amount and with a maximum time period of 130 weeks after death.

~~(e) A~~ (m) "Transportation network company" or "TNC" means a corporation, partnership, sole proprietorship, or other entity that is operating in Minnesota that uses a digital network to connect transportation network company riders to transportation network company drivers who provide prearranged rides.

~~(f) A~~ (n) "Transportation network company driver," "TNC driver," or "driver" means an individual who:

(1) receives connections to potential riders and related services from a transportation network company in exchange for payment of a fee to the transportation network company; and

(2) uses a personal vehicle to provide a prearranged ride to riders upon connection through a digital network controlled by a transportation network company in return for compensation or payment of a fee.

~~(g) A~~ (o) "Transportation network company rider," "TNC rider," or "rider" means an individual or persons who use a transportation network company's digital network to connect with a transportation network driver who provides prearranged rides to the rider in the driver's personal vehicle between points chosen by the rider.

~~(h) A~~ (p) "Volunteer driver" means an individual who transports persons or goods on behalf of a nonprofit entity or governmental unit in a private passenger vehicle and receives no compensation for services provided other than the reimbursement of actual expenses.

Subd. 2. **Maintenance of transportation network financial responsibility.** (a) A transportation network company driver or transportation network company on the driver's behalf shall maintain primary automobile insurance that recognizes that the driver is a transportation network company driver or otherwise uses a vehicle to transport passengers for compensation and covers the driver~~:~~ during P1, P2, and P3.

~~(1) while the driver is logged on to the transportation network company's digital network; or~~

~~(2) while the driver is engaged in a prearranged ride.~~

(b) During P1, the following automobile insurance requirements apply ~~while a participating transportation network company driver is logged on to the transportation network company's digital network and is available to receive transportation requests but is not engaged in a prearranged ride~~:

(1) primary coverage insuring against loss resulting from liability imposed by law for injury and property damage, including the requirements of section 65B.49, subdivision 3, in the amount of not less than $50,000 because of death or bodily injury to one person in any accident, $100,000 because of death or bodily injury to two or more persons in any accident, and $30,000 for injury to or destruction of property of others in any one accident;

(2) security for the payment of basic economic loss benefits where required by section 65B.44 pursuant to the priority requirements of section 65B.47. A transportation network company and a ~~transportation network company~~ driver, during the period set forth in this paragraph, are deemed to be in the business of transporting persons for purposes of section 65B.47, subdivision 1, and the insurance required under this subdivision shall be deemed to cover the vehicle during the period set forth in this paragraph;

(3) primary uninsured motorist coverage and primary underinsured motorist coverage where required by section 65B.49, subdivisions 3a and 4a; and

(4) the coverage requirements of this subdivision may be satisfied by any of the following:

(i) automobile insurance maintained by the transportation network company driver;

(ii) automobile insurance maintained by the transportation network company; or

(iii) any combination of items (i) and (ii).

(c) During P2 and P3, the following automobile insurance requirements apply ~~while a transportation network company driver is engaged in a prearranged ride~~:

(1) primary coverage insuring against loss resulting from liability imposed by law for injury and property damage, including the requirements of section 65B.49, in the amount of not less than $1,500,000 for death, injury, or destruction of property of others;

(2) security for the payment of basic economic loss benefits where required by section 65B.44 pursuant to the priority requirements of section 65B.47. A transportation network company and a transportation network company driver, during the period set forth in this paragraph, are deemed to be in the business of transporting persons for purposes of section 65B.47, subdivision 1, and the insurance required under this subdivision shall be deemed to cover the vehicle during the period set forth in this paragraph;

(3) primary uninsured motorist coverage and primary underinsured motorist coverage where required by section 65B.49, subdivisions 3a and 4a; and

(4) the coverage requirements of this subdivision may be satisfied by any of the following:

(i) automobile insurance maintained by the transportation network company driver;

(ii) automobile insurance maintained by the transportation network company; or

(iii) any combination of items (i) and (ii).

(d) During P2 and P3, a TNC must maintain insurance on behalf of, and at no cost to, the driver that provides reimbursement for all loss suffered through personal injury arising from the driver's work for the TNC that is not otherwise covered by the insurance required under paragraphs (b) and (c). The TNC may purchase the insurance coverage using a portion of the fare or fee paid by the rider or riders. A driver shall not be charged by the TNC or have their compensation lowered because of the insurance. The insurance coverage must be in the amount of not less than $1,000,000 per incident due to personal injury and include the following types of coverage: medical expense benefits, disability and income loss benefits, funeral and burial expenses, replacement services loss benefits, survivors economic loss benefits, and survivors replacement services loss benefits. Insurance coverage under this paragraph includes personal injury sustained while at the drop-off location immediately following the conclusion of a prearranged ride.

(e) Any insurer authorized to write accident and sickness insurance in this state have the power to issue the blanket accident and sickness policy described in paragraph (d).

(f) A policy of blanket accident and sickness insurance as described in paragraph (d) must include in substance the provisions required for individual policies that are applicable to blanket accident and sickness insurance and the following provisions:

(1) a provision that the policy and the application of the policyholder constitutes the entire contract between the parties, and that, in the absence of fraud, all statements made by the policyholder are deemed representations and not warranties, and that a statement made for the purpose of affecting insurance does not avoid insurance or reduce benefits unless the statement is contained in a written instrument signed by the policyholder, a copy of which has been furnished to such policyholder; and

(2) a provision that to the group or class originally insured be added from time to time all new persons eligible for coverage.

(g) If an injury is covered by blanket accident and sickness insurance maintained by more than one TNC, the insurer of the TNC against whom a claim is filed is entitled to contribution for the pro rata share of coverage attributable to one or more other TNCs up to the coverages and limits in paragraph (d).

(h) Notwithstanding any law to the contrary, amounts paid or payable under the coverages required by section 65B.49, subdivisions 3a and 4a, shall be reduced by the total amount of benefits paid or payable under insurance provided pursuant to paragraph (d).

~~(d)~~ (i) If insurance maintained by the driver in paragraph (b) or (c) has lapsed or does not provide the required coverage, insurance maintained by a transportation network company shall provide the coverage required by this subdivision beginning with the first dollar of a claim and have the duty to defend the claim.

~~(e)~~ (j) Coverage under an automobile insurance policy maintained by the transportation network company shall not be dependent on a personal automobile insurer first denying a claim nor shall a personal automobile insurance policy be required to first deny a claim.

~~(f)~~ (k) Insurance required by this subdivision must satisfy the requirements of chapter 60A.

~~(g)~~ (l) Insurance satisfying the requirements of this subdivision shall be deemed to satisfy the financial responsibility requirements under the Minnesota No-Fault Automobile Insurance Act, sections 65B.41 to 65B.71.

~~(h)~~ (m) A transportation network company driver shall carry proof of coverage satisfying paragraphs (b) and (c) at all times during the driver's use of a vehicle in connection with a transportation network company's digital network. In the event of an accident, a transportation network company driver shall provide this insurance coverage information to the directly interested parties, automobile insurers, and investigating police officers upon request pursuant to section 65B.482, subdivision 1. Upon such request, a transportation network company driver shall also disclose to directly interested parties, automobile insurers, and investigating police officers whether the driver was logged on to the transportation network company's digital network or on a prearranged ride at the time of an accident.

Subd. 3. **Disclosure to transportation network company drivers.** The transportation network company shall disclose in writing to transportation network company drivers the following before they are allowed to accept a request for a prearranged ride on the transportation network company's digital network:

(1) the insurance coverage, including the types of coverage and the limits for each coverage under subdivision 2, paragraphs (b), (c), and (d), that the transportation network company provides while the transportation network company driver uses a personal vehicle in connection with a transportation network company's digital network;

(2) that the transportation network company driver's own automobile insurance policy might not provide any coverage while the driver is logged on to the transportation network company's digital network and is available to receive transportation requests or is engaged in a prearranged ride depending on its terms; and

(3) that using a vehicle with a lien against the vehicle to provide ~~transportation network services~~ prearranged rides may violate the transportation network driver's contract with the lienholder.

Subd. 4. **Automobile insurance provisions.** (a) Insurers that write automobile insurance in Minnesota may exclude any and all coverage afforded under the owner's insurance policy for any loss or injury that

occurs ~~while a driver is logged on to a transportation network company's digital network or while a driver provides a prearranged ride~~ during P1, P2, and P3. This right to exclude all coverage may apply to any coverage included in an automobile insurance policy including, but not limited to:

(1) liability coverage for bodily injury and property damage;

(2) uninsured and underinsured motorist coverage;

(3) basic economic loss benefits as defined under section 65B.44;

(4) medical payments coverage;

(5) comprehensive physical damage coverage; and

(6) collision physical damage coverage.

These exclusions apply notwithstanding any requirement under the Minnesota No-Fault Automobile Insurance Act, sections 65B.41 to 65B.71. Nothing in this section implies or requires that a personal automobile insurance policy provide coverage ~~while the driver is logged on to the transportation network company's digital network, while the driver is engaged in a prearranged ride, or while the driver otherwise uses a vehicle to transport passengers for compensation~~ during P1, P2, or P3, or while the driver otherwise uses a vehicle to transport passengers for compensation.

Nothing in this section shall be deemed to preclude an insurer from providing coverage for the transportation network company driver's vehicle, if it so chooses to do so by contract or endorsement.

(b) Automobile insurers that exclude coverage as permitted in paragraph (a) shall have no duty to defend or indemnify any claim expressly excluded thereunder. Nothing in this section shall be deemed to invalidate or limit an exclusion contained in a policy, including any policy in use or approved for use in Minnesota prior to May 19, 2015, that excludes coverage for vehicles used to carry persons or property for a charge or available for hire by the public.

(c) An automobile insurer that defends or indemnifies a claim against a driver that is excluded under the terms of its policy as permitted in paragraph (a) shall have a right of contribution against other insurers that provide automobile insurance to the same driver in satisfaction of the coverage requirements of subdivision 2 at the time of loss.

(d) In a claims coverage investigation, transportation network companies and any insurer potentially providing coverage under subdivision 2 shall cooperate to facilitate the exchange of relevant information with directly involved parties and any insurer of the transportation network company driver if applicable, including the precise times that a transportation network company driver logged on and off of the transportation network company's digital network in the 12-hour period immediately preceding and in the 12-hour period immediately following the accident and disclose to one another a clear description of the coverage, exclusions, and limits provided under any automobile insurance maintained under subdivision 2.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 2. **[181C.01] DEFINITIONS.**

Subdivision 1. **Application.** For purposes of this chapter, the terms defined in this section have the meanings given.

Subd. 2. **Deactivation.** "Deactivation" means a TNC blocking a driver's access to a digital network, suspending a driver, or changing a driver's status from eligible to ineligible to provide prearranged rides for a TNC for more than 24 hours, or more than 72 hours when the TNC must investigate a claim against a driver. Deactivation does not include a driver's loss of access to the digital network that is contingent on a driver's compliance with licensing, insurance, or regulatory requirements or that can be resolved through unilateral action by the driver. For the purposes of this chapter, "prearranged ride" has the meaning given in section 65B.472, subdivision 1.

Subd. 3. **Digital network.** "Digital network" has the meaning given in section 65B.472, subdivision 1.

Subd. 4. **Driver time periods.** "Driver time periods" are divided into three exclusive segments which have the following meanings:

(1) "period 1" or "P1" means the time when a driver is logged into a TNC application, but has not accepted a ride offer;

(2) "period 2" or "P2" means the time when a driver is proceeding to pick up a rider after choosing to accept a ride offer; and

(3) "period 3" or "P3" means the time when a driver is transporting a rider from a pickup location to a drop-off location.

Subd. 5. **Personal vehicle.** "Personal vehicle" has the meaning given in section 65B.472, subdivision 1.

Subd. 6. **Transportation network company.** "Transportation network company" or "TNC" has the meaning given in section 65B.472, subdivision 1.

Subd. 7. **Transportation network company driver.** "Transportation network company driver," "TNC driver," or "driver" has the meaning given in section 65B.472, subdivision 1.

Subd. 8. **Transportation network company rider.** "Transportation network company rider," "TNC rider," or "rider" has the meaning given in section 65B.472, subdivision 1.

Sec. 3. **[181C.02] NOTICE AND PAY TRANSPARENCY.**

Subdivision 1. **Compensation notice.** (a) Upon initial or subsequent account activation, and annually each year while a driver continues to maintain an account with the TNC, a TNC must provide written notice of compensation, or a compensation policy, if any, to each driver containing the following information:

(1) the right to legally required minimum compensation under section 181C.03;

(2) the frequency and manner of a driver's pay;

(3) the rights and remedies available to a driver for a TNC's failure to comply with legal obligations related to minimum compensation; and

(4) the driver's right to elect coverage of paid family and medical leave benefits, as provided under chapter 268B.

(b) Notice under this subdivision must be provided in written plain language and made available in English, Amharic, Arabic, Hmong, Oromo, Somali, and Spanish. TNCs operating in Minnesota must consider updating the languages in which they offer the notice each year.

(c) The TNC must provide notice to a driver in writing or electronically of any changes to the driver's compensation policy at least 48 hours before the date the changes take effect.

Subd. 2. **Assignment notice.** When a TNC alerts a driver of a possible assignment to transport a rider, the ride offer must be available for sufficient time for the driver to review, and the TNC must indicate:

(1) the estimated travel time and number of miles from the driver's current location to the pickup location for P2;

(2) the estimated travel time and number of miles for the trip for P3; and

(3) the estimated total compensation, before any gratuity.

Subd. 3. **Daily trip receipt.** Within 24 hours of each trip completion, the TNC must transmit a detailed electronic receipt to the driver containing the following information for each unique trip or portion of a unique trip:

(1) the date, pickup, and drop-off locations. In describing the pickup and drop-off locations, the TNC shall describe the location by indicating the specific block in which the pick-up and drop-off occurred;

(2) the time and total mileage traveled from pick up to drop off of a rider or riders for P3;

(3) the time and total mileage traveled from acceptance of the assignment to completion for P2 and P3;

(4) total fare or fee paid by the rider or riders; and

(5) total compensation to the driver, specifying:

(i) any applicable rate or rates of pay, any applicable price multiplier, or variable pricing policy in effect;

(ii) any gratuity; and

(iii) an itemized list of all tolls, fees, or other pass-throughs from the rider charged to the driver.

Subd. 4. **Weekly summary.** Each week, a TNC must transmit a weekly summary to a driver in writing or electronically containing the following information for the preceding calendar week:

(1) total time the driver logged into the TNC application;

(2) total time and mileage for P2 and P3 segments;

(3) total fares or fees paid by riders; and

(4) total compensation to the driver, including any gratuities.

Subd. 5. **Record keeping.** TNCs must maintain the trip receipts and weekly summaries required under this section for at least three years.

EFFECTIVE DATE. This section is effective December 1, 2024.

Sec. 4. **[181C.03] MINIMUM COMPENSATION.**

(a) Minimum compensation of a TNC driver under this paragraph must be adjusted annually as provided under paragraph (f), and must be paid in a per minute, per mile format, as follows:

(1) $1.28 per mile and $0.31 per minute for any transportation of a rider by a driver;

(2) if applicable, an additional $0.91 per mile for any transportation of a rider by a driver in a vehicle that is subject to the requirements in sections 299A.11 to 299A.17, regardless of whether a wheelchair securement device is used;

(3) if a trip request is canceled by a rider or a TNC after the driver has already departed to pick up a rider, 80 percent of any cancellation fee paid by the rider; and

(4) at minimum, compensation of $5.00 for any transportation of a rider by a driver.

(b) A TNC must pay a driver the minimum compensation required under this section over a reasonable earnings period not to exceed 14 calendar days. The minimum compensation required under this section guarantees a driver a certain level of compensation in an earnings period that cannot be reduced. Nothing in this section prevents a driver from earning, or a TNC from paying, a higher level of compensation.

(c) Any gratuities received by a driver from a rider or riders are the property of the driver and are not included as part of the minimum compensation required by this section. A TNC must pay the applicable driver all gratuities received by the driver in an earnings period no later than the driver's next scheduled payment.

(d) For each earnings period, a TNC must compare a driver's earnings, excluding gratuities, against the required minimum compensation for that driver during the earnings period. If the driver's earnings, excluding gratuities, in the earnings period are less than the required minimum compensation for that earnings period, the TNC must include an additional sum accounting for the difference in the driver's earnings and the minimum compensation no later than during the next earnings period.

(e) A TNC that uses software or collection technology to collect fees or fares must pay a driver the compensation earned by the driver, regardless of whether the fees or fares are actually collected.

(f) Beginning January 1, 2027, and each January 1 thereafter, the minimum compensation required under paragraph (a) must be adjusted annually by the same process as the statewide minimum wage under section 177.24, subdivision 1.

EFFECTIVE DATE. This section is effective December 1, 2024.

Sec. 5. **[181C.04] DEACTIVATION.**

Subdivision 1. **Deactivation policy; requirements.** (a) A TNC must maintain a written plain-language deactivation policy that provides the policies and procedures for deactivation. The TNC must make the deactivation policy available online, through the TNC's digital platform. Updates or changes to the policy must be provided to drivers at least 48 hours before they go into effect.

(b) The deactivation policy must be provided in English, Amharic, Arabic, Hmong, Oromo, Somali, and Spanish. TNCs operating in Minnesota must consider updating the languages in which they offer the deactivation policy each year.

(c) The deactivation policy must:

(1) state that the deactivation policy is enforceable as a term of the TNC's contract with a driver;

(2) provide drivers with a reasonable understanding of the circumstances that constitute a violation that may warrant deactivation under the deactivation policy and indicate the consequences known, including the specific number of days or range of days for a deactivation if applicable;

(3) describe fair and reasonable procedures for notifying a driver of a deactivation and the reason for the deactivation;

(4) describe fair, objective, and reasonable procedures and eligibility criteria for the reconsideration of a deactivation decision and the process by which a driver may request a deactivation appeal with the TNC, consistent with subdivision 5; and

(5) be specific enough for a driver to understand what constitutes a violation of the policy and how to avoid violating the policy.

(d) Serious misconduct must be clearly defined in the TNC deactivation policy.

Subd. 2. **Prohibitions for deactivation.** A TNC must not deactivate a driver for:

(1) a violation not reasonably understood as part of a TNC's written deactivation policy;

(2) a driver's ability to work a minimum number of hours;

(3) a driver's acceptance or rejection of a ride, as long as the acceptance or rejection is not for a discriminatory purpose;

(4) a driver's good faith statement regarding compensation or working conditions made publicly or privately; or

(5) a driver asserting their legal rights under any local, state, or federal law.

Subd. 3. **Written notice and warning.** (a) The TNC must provide notice at the time of the deactivation or, for deactivations based on serious misconduct, notice within three days of the deactivation. A written notice must include:

(1) the reason for deactivation;

(2) anticipated length of the deactivation, if known;

(3) what day the deactivation started on;

(4) an explanation of whether or not the deactivation can be reversed and clear steps for the driver to take to reverse a deactivation;

(5) instructions for a driver to challenge the deactivation and information on their rights under the appeals process provided under subdivision 5; and

(6) a notice that the driver has a right to assistance and information on how to contact a driver advocacy group as provided in subdivision 4 to assist in the deactivation appeal process, including the telephone number and website information for one or more driver advocacy groups.

(b) The TNC must provide a warning to a driver if the driver's behavior could result in a future deactivation. A TNC does not need to provide a warning for behavior that constitutes serious misconduct.

Subd. 4. **Driver advocacy organizations.** (a) A TNC must contract with a driver's advocacy organization to provide services to drivers under this section. A driver advocacy group identified in the notice must be an independent, not-for-profit organization operating without excessive influence from the TNC. The TNC must not have any control or influence over the day-to-day operations of the advocacy organization or the organization's staff or management or have control or influence over who receives assistance on specific cases or how assistance is provided in a case. The organization must have been established and operating in Minnesota continuously for at least two years and be capable of providing culturally competent driver representation services, outreach, and education.

(b) The driver advocacy groups must provide, at no cost to the drivers, assistance with:

(1) deactivation appeals;

(2) education and outreach to drivers regarding the drivers' rights and remedies available to them under the law; and

(3) other technical or legal assistance on issues related to providing services for the TNC and riders.

Subd. 5. **Request for appeal.** (a) The deactivation policy must provide the driver with an opportunity to appeal the deactivation upon receipt of the notice and an opportunity to provide information to support the request. An appeal process must provide the driver with no less than 30 days from the date the notice was provided to the driver to appeal the deactivation and allow the driver to have the support of an advocate or attorney.

(b) Unless the TNC or the driver requests an additional 15 days, a TNC must review and make a final decision on the appeal within 15 days from the receipt of the requested appeal and information to support the request. A TNC may use a third party to assist with appeals.

(c) The TNC must consider any information presented by the driver under the appeal process. For a deactivation to be upheld, there must be evidence under the totality of the circumstances to find that it is more likely than not that a rule violation subjecting the driver to deactivation has occurred.

(d) This section does not apply to deactivations for economic reasons or during a public state of emergency that are not targeted at a particular driver or drivers.

(e) When an unintentional deactivation of an individual driver occurs due to a purely technical issue and is not caused by any action or fault of the driver, the driver, upon request, must be provided reasonable compensation for the period of time the driver was not able to accept rides through the TNC capped at a maximum of 21 days. For the purposes of this paragraph, "reasonable compensation" means compensation for each day the driver was deactivated using the driver's daily average in earnings from the TNC for the 90 days prior to the deactivation.

Subd. 6. **Prior deactivations.** Consistent with the deactivation policy created under this section, a driver who was deactivated after January 1, 2021, but before November 1, 2024, and who has not been reinstated may request an appeal of the deactivation under this section, if the driver provides notice of the appeal within 90 days of the date of enactment. The TNC may take up to 90 days to issue a final decision.

EFFECTIVE DATE. This section is effective December 1, 2024, and applies to deactivations that occur on or after that date except as provided in subdivision 6.

Sec. 6. **[181C.05] ENFORCEMENT.**

(a) Except as provided under section 181C.06, the commissioner of labor and industry has exclusive enforcement authority and may issue an order under section 177.27, subdivision 4, requiring a TNC to comply with sections 181C.02 and 181C.03 under section 177.27, subdivision 4.

(b) A provision in a contract between a TNC and a driver that violates this chapter is void and unenforceable. Unless a valid arbitration agreement exists under section 181C.08, a driver may bring an action in district court seeking injunctive relief and any applicable remedies available under the contract if a provision of a contract between a TNC and a driver violates this chapter.

(c) A TNC must not retaliate against or discipline a driver for (1) raising a complaint under this chapter, or (2) pursuing enactment or enforcement of this chapter. A TNC must not give less favorable or more favorable rides to a driver for making public or private comments supporting or opposing working conditions or compensation at a TNC.

Sec. 7. **[181C.06] DISCRIMINATION PROHIBITED.**

(a) A TNC must not discriminate against a TNC driver or a qualified applicant to become a driver, due to race, national origin, color, creed, religion, sex, disability, sexual orientation, marital status, or gender identity as provided under section 363A.11. Nothing in this section prohibits providing a reasonable accommodation to a person with a disability, for religious reasons, due to pregnancy, or to remedy previous discriminatory behavior.

(b) A TNC driver injured by a violation of this section is entitled to the remedies under sections 363A.28 to 363A.35.

Sec. 8. **[181C.07] COLLECTIVE BARGAINING; EMPLOYMENT STATUS.**

Notwithstanding any law to the contrary, nothing in this chapter prohibits collective bargaining or shall be construed to determine whether a TNC driver is an employee.

Sec. 9. **[181C.08] ARBITRATION; REQUIREMENTS.**

(a) A TNC must provide a driver with the option to opt out of arbitration. Upon a driver's written election to pursue remedies through arbitration, the driver must not seek remedies through district court based on the same alleged violation.

(b) The rights and remedies established in this chapter must be the governing law in an arbitration between a driver operating in Minnesota and a TNC. The application of the rights and remedies available under chapter 181C cannot be waived by a driver prior to or at the initiation of an arbitration between a driver and a TNC. To the extent possible, a TNC shall use Minnesota as the venue for arbitration with a Minnesota driver. If an arbitration cannot take place in the state of Minnesota, the driver must be allowed to appear via phone or other electronic means and apply the rights and remedies available under chapter 181C. Arbitrators must be jointly selected by the TNC and the driver using the roster of qualified neutrals provided by the Minnesota supreme court for alternative dispute resolution. Consistent with the rules and guidelines provided by the American Arbitrators Association, if the parties are unable to agree on an arbitrator through the joint selection process, the case manager may administratively appoint the arbitrator or arbitrators.

(c) Contracts that have already been executed must have an addendum provided to each driver that includes a copy of this chapter and notice that a driver may elect to pursue the remedies provided in this chapter.

Sec. 10. **[181C.09] REVOCATION OF LICENSE.**

A local unit of government may refuse to issue a license or may revoke a license and right to operate issued to a TNC by the local unit of government for a TNC's failure to comply with the requirements of this chapter. Notwithstanding section 13.39, the commissioner of labor and industry may provide data collected related to a compliance order issued under section 177.27, subdivision 4, to a local unit of government for purposes of a revocation under this section.

Sec. 11. **[181C.10] STATEWIDE REGULATIONS.**

Notwithstanding any other provision of law and except as provided in section 181C.09 no local governmental unit of this state may enact or enforce any ordinance, local law, or regulation that: (1) regulates any matter relating to transportation network companies or transportation network company drivers addressed in section 65B.472 or chapter 181C; or (2) requires the provision of data related to section 65B.472 or chapter 181C.

EFFECTIVE DATE. This section is effective the day following final enactment. An ordinance, local law, or regulation existing on that date that is prohibited under this section is void and unenforceable as of that date.

Sec. 12. **APPROPRIATION.**

$173,000 in fiscal year 2025 is appropriated from the general fund to the commissioner of labor and industry for the purposes of enforcement, education, and outreach of Minnesota Statutes, sections 181C.02 and 181C.03. Beginning in fiscal year 2026, the base amount is $123,000 each fiscal year.

ARTICLE 18

TRANSFER CARE SPECIALISTS

Section 1. Minnesota Statutes 2022, section 149A.01, subdivision 3, is amended to read:

Subd. 3. **Exceptions to licensure.** (a) Except as otherwise provided in this chapter, nothing in this chapter shall in any way interfere with the duties of:

(1) an anatomical bequest program located within an accredited school of medicine or an accredited college of mortuary science;

(2) a person engaged in the performance of duties prescribed by law relating to the conditions under which unclaimed dead human bodies are held subject to anatomical study;

(3) authorized personnel from a licensed ambulance service in the performance of their duties;

(4) licensed medical personnel in the performance of their duties; or

(5) the coroner or medical examiner in the performance of the duties of their offices.

(b) This chapter does not apply to or interfere with the recognized customs or rites of any culture or recognized religion in the ceremonial washing, dressing, casketing, and public transportation of their dead, to the extent that all other provisions of this chapter are complied with.

(c) Noncompensated persons with the right to control the dead human body, under section 149A.80, subdivision 2, may remove a body from the place of death; transport the body; prepare the body for disposition, except embalming; or arrange for final disposition of the body, provided that all actions are in compliance with this chapter.

(d) Persons serving internships pursuant to section 149A.20, subdivision 6~~, or~~; students officially registered for a practicum or clinical through a program of mortuary science accredited by the American Board of Funeral Service Education; or transfer care specialists registered pursuant to section 149A.47 are not required to be licensed, provided that the persons ~~or~~, students, or transfer care specialists are registered with the commissioner and act under the direct and exclusive supervision of a person holding a current license to practice mortuary science in Minnesota.

(e) Notwithstanding this subdivision, nothing in this section shall be construed to prohibit an institution or entity from establishing, implementing, or enforcing a policy that permits only persons licensed by the commissioner to remove or cause to be removed a dead body or body part from the institution or entity.

(f) An unlicensed person may arrange for and direct or supervise a memorial service if that person or that person's employer does not have charge of the dead human body. An unlicensed person may not take charge of the dead human body, unless that person has the right to control the dead human body under section 149A.80, subdivision 2, or is that person's noncompensated designee.

Sec. 2. Minnesota Statutes 2022, section 149A.02, subdivision 13a, is amended to read:

Subd. 13a. **Direct supervision.** "Direct supervision" means overseeing the performance of an individual. For the purpose of a clinical, practicum, or internship, direct supervision means that the supervisor is available to observe and correct, as needed, the performance of the trainee. For the purpose of a transfer care specialist, direct supervision means that the supervisor is available by being physically present or by telephone to advise and correct, as needed, the performance of the transfer care specialist. The supervising mortician ~~supervisor~~ is accountable for the actions of the clinical student, practicum student, or intern throughout the course of the training. The supervising mortician is accountable for any violations of law or rule, in the performance of their duties, by the clinical student, practicum student, ~~or~~ intern, or transfer care specialist.

Sec. 3. Minnesota Statutes 2022, section 149A.02, is amended by adding a subdivision to read:

Subd. 37d. **Transfer care specialist.** "Transfer care specialist" means an individual who is registered with the commissioner in accordance with section 149A.47 and is authorized to perform the removal of a dead human body from the place of death under the direct supervision of a licensed mortician.

Sec. 4. Minnesota Statutes 2022, section 149A.03, is amended to read:

149A.03 DUTIES OF COMMISSIONER.

The commissioner shall:

(1) enforce all laws and adopt and enforce rules relating to the:

(i) removal, preparation, transportation, arrangements for disposition, and final disposition of dead human bodies;

(ii) licensure, registration, and professional conduct of funeral directors, morticians, interns, practicum students, ~~and~~ clinical students, and transfer care specialists;

(iii) licensing and operation of a funeral establishment;

(iv) licensing and operation of an alkaline hydrolysis facility; and

(v) licensing and operation of a crematory;

(2) provide copies of the requirements for licensure, registration, and permits to all applicants;

(3) administer examinations and issue licenses, registrations, and permits to qualified persons and other legal entities;

(4) maintain a record of the name and location of all current licensees ~~and~~, interns, and transfer care specialists;

(5) perform periodic compliance reviews and premise inspections of licensees;

(6) accept and investigate complaints relating to conduct governed by this chapter;

(7) maintain a record of all current preneed arrangement trust accounts;

(8) maintain a schedule of application, examination, permit, registration, and licensure fees, initial and renewal, sufficient to cover all necessary operating expenses;

(9) educate the public about the existence and content of the laws and rules for mortuary science licensing and the removal, preparation, transportation, arrangements for disposition, and final disposition of dead human bodies to enable consumers to file complaints against licensees and others who may have violated those laws or rules;

(10) evaluate the laws, rules, and procedures regulating the practice of mortuary science in order to refine the standards for licensing and to improve the regulatory and enforcement methods used; and

(11) initiate proceedings to address and remedy deficiencies and inconsistencies in the laws, rules, or procedures governing the practice of mortuary science and the removal, preparation, transportation, arrangements for disposition, and final disposition of dead human bodies.

Sec. 5. Minnesota Statutes 2022, section 149A.09, is amended to read:

149A.09 DENIAL; REFUSAL TO REISSUE; REVOCATION; SUSPENSION; LIMITATION OF LICENSE, REGISTRATION, OR PERMIT.

Subdivision 1. **Denial; refusal to renew; revocation; and suspension.** The regulatory agency may deny, refuse to renew, revoke, or suspend any license, registration, or permit applied for or issued pursuant to this chapter when the person subject to regulation under this chapter:

(1) does not meet or fails to maintain the minimum qualification for holding a license, registration, or permit under this chapter;

(2) submits false or misleading material information to the regulatory agency in connection with a license, registration, or permit issued by the regulatory agency or the application for a license, registration, or permit;

(3) violates any law, rule, order, stipulation agreement, settlement, compliance agreement, license, registration, or permit that regulates the removal, preparation, transportation, arrangements for disposition, or final disposition of dead human bodies in Minnesota or any other state in the United States;

(4) is convicted of a crime, including a finding or verdict of guilt, an admission of guilt, or a no contest plea in any court in Minnesota or any other jurisdiction in the United States. "Conviction," as used in this subdivision, includes a conviction for an offense which, if committed in this state, would be deemed a felony or gross misdemeanor without regard to its designation elsewhere, or a criminal proceeding where a finding or verdict of guilty is made or returned, but the adjudication of guilt is either withheld or not entered;

(5) is convicted of a crime, including a finding or verdict of guilt, an admission of guilt, or a no contest plea in any court in Minnesota or any other jurisdiction in the United States that the regulatory agency determines is reasonably related to the removal, preparation, transportation, arrangements for disposition or final disposition of dead human bodies, or the practice of mortuary science;

(6) is adjudicated as mentally incompetent, mentally ill, developmentally disabled, or mentally ill and dangerous to the public;

(7) has a conservator or guardian appointed;

(8) fails to comply with an order issued by the regulatory agency or fails to pay an administrative penalty imposed by the regulatory agency;

(9) owes uncontested delinquent taxes in the amount of $500 or more to the Minnesota Department of Revenue, or any other governmental agency authorized to collect taxes anywhere in the United States;

(10) is in arrears on any court ordered family or child support obligations; or

(11) engages in any conduct that, in the determination of the regulatory agency, is unprofessional as prescribed in section 149A.70, subdivision 7, or renders the person unfit to practice mortuary science or to operate a funeral establishment or crematory.

Subd. 2. **Hearings related to refusal to renew, suspension, or revocation of license, registration, or permit.** If the regulatory agency proposes to deny renewal, suspend, or revoke a license, registration, or permit issued under this chapter, the regulatory agency must first notify, in writing, the person against whom the action is proposed to be taken and provide an opportunity to request a hearing under the contested case provisions of sections 14.57 to 14.62. If the subject of the proposed action does not request a hearing by notifying the regulatory agency, by mail, within 20 calendar days after the receipt of the notice of proposed action, the regulatory agency may proceed with the action without a hearing and the action will be the final order of the regulatory agency.

Subd. 3. **Review of final order.** A judicial review of the final order issued by the regulatory agency may be requested in the manner prescribed in sections 14.63 to 14.69. Failure to request a hearing pursuant to subdivision 2 shall constitute a waiver of the right to further agency or judicial review of the final order.

Subd. 4. **Limitations or qualifications placed on license, registration, or permit.** The regulatory agency may, where the facts support such action, place reasonable limitations or qualifications on the right

to practice mortuary science ~~or~~, to operate a funeral establishment or crematory, or to perform activities or actions permitted under this chapter.

Subd. 5. **Restoring license, registration, or permit.** The regulatory agency may, where there is sufficient reason, restore a license, registration, or permit that has been revoked, reduce a period of suspension, or remove limitations or qualifications.

Sec. 6. Minnesota Statutes 2022, section 149A.11, is amended to read:

149A.11 PUBLICATION OF DISCIPLINARY ACTIONS.

The regulatory agencies shall report all disciplinary measures or actions taken to the commissioner. At least annually, the commissioner shall publish and make available to the public a description of all disciplinary measures or actions taken by the regulatory agencies. The publication shall include, for each disciplinary measure or action taken, the name and business address of the licensee ~~or~~, intern, or transfer care specialist; the nature of the misconduct~~,~~; and the measure or action taken by the regulatory agency.

Sec. 7. **[149A.47] TRANSFER CARE SPECIALIST.**

Subdivision 1. **General.** A transfer care specialist may remove a dead human body from the place of death under the direct supervision of a licensed mortician if the transfer care specialist is registered with the commissioner in accordance with this section. A transfer care specialist is not licensed to engage in the practice of mortuary science and shall not engage in the practice of mortuary science except as provided in this section. A transfer care specialist must be an employee of a licensed funeral establishment.

Subd. 2. **Registration.** (a) To be eligible for registration as a transfer care specialist, an applicant must submit to the commissioner:

(1) a completed application on a form provided by the commissioner that includes at a minimum:

(i) the applicant's name, home address and telephone number, business name, business address and telephone number, and email address; and

(ii) the name, license number, business name, and business address and telephone number of the supervising licensed mortician;

(2) proof of completion of a training program that meets the requirements specified in subdivision 4; and

(3) the appropriate fee specified in section 149A.65.

(b) All transfer care specialist registrations are valid for one calendar year, beginning on January 1 and ending on December 31 regardless of the date of issuance. Fees shall not be prorated.

Subd. 3. **Duties.** (a) A transfer care specialist registered under this section is authorized to perform the removal of a dead human body from the place of death in accordance with this chapter to a licensed funeral establishment. A transfer care specialist must comply with the universal precaution requirements in section 149A.91, subdivision 1, when handling a dead human body.

(b) A transfer care specialist must work under the direct supervision of a licensed mortician. The supervising mortician is responsible for the work performed by the transfer care specialist. A licensed mortician may supervise up to four transfer care specialists at any one time.

Subd. 4. **Training program and continuing education.** (a) Each transfer care specialist must complete a training program prior to initial registration. A training program must be at least seven hours long and must cover, at a minimum, the following:

(1) ethical care and transportation procedures for a deceased person;

(2) health and safety concerns to the public and the individual performing the transfer of the deceased person, and the use of universal precautions and other reasonable precautions to minimize the risk for transmitting communicable diseases; and

(3) all relevant state and federal laws and regulations related to the transfer and transportation of deceased persons.

(b) A transfer care specialist must complete three hours of continuing education annually on content described in paragraph (a), clauses (1) to (3), and submit evidence of completion with the individual's registration renewal.

Subd. 5. **Renewal.** (a) A registration issued under this section expires on December 31 of the calendar year in which the registration was issued and must be renewed to remain valid.

(b) To renew a registration, a transfer care specialist must submit to the commissioner a completed renewal application as provided by the commissioner and the appropriate fee specified in section 149A.65. The renewal application must include proof of completion of the continuing education requirements in subdivision 4.

Sec. 8. Minnesota Statutes 2022, section 149A.60, is amended to read:

149A.60 PROHIBITED CONDUCT.

The regulatory agency may impose disciplinary measures or take disciplinary action against a person whose conduct is subject to regulation under this chapter for failure to comply with any provision of this chapter or laws, rules, orders, stipulation agreements, settlements, compliance agreements, licenses, registrations, and permits adopted~~,~~ or issued for the regulation of the removal, preparation, transportation, arrangements for disposition or final disposition of dead human bodies, or for the regulation of the practice of mortuary science.

Sec. 9. Minnesota Statutes 2022, section 149A.61, subdivision 4, is amended to read:

Subd. 4. **Licensees ~~and~~, interns, and transfer care specialists.** A licensee ~~or~~, intern, or transfer care specialist regulated under this chapter may report to the commissioner any conduct that the licensee ~~or~~, intern, or transfer care specialist has personal knowledge of, and reasonably believes constitutes grounds for, disciplinary action under this chapter.

Sec. 10. Minnesota Statutes 2022, section 149A.61, subdivision 5, is amended to read:

Subd. 5. **Courts.** The court administrator of district court or any court of competent jurisdiction shall report to the commissioner any judgment or other determination of the court that adjudges or includes a finding that a licensee ~~or~~, intern, or transfer care specialist is a person who is mentally ill, mentally incompetent, guilty of a felony or gross misdemeanor, guilty of violations of federal or state narcotics laws or controlled substances acts; appoints a guardian or conservator for the licensee ~~or~~, intern, or transfer care specialist; or commits a licensee ~~or~~, intern, or transfer care specialist.

Sec. 11. Minnesota Statutes 2022, section 149A.62, is amended to read:

149A.62 IMMUNITY; REPORTING.

Any person, private agency, organization, society, association, licensee, ~~or~~ intern, or transfer care specialist who, in good faith, submits information to a regulatory agency under section 149A.61 or otherwise reports violations or alleged violations of this chapter, is immune from civil liability or criminal prosecution. This section does not prohibit disciplinary action taken by the commissioner against any licensee ~~or~~, intern, or transfer care specialist pursuant to a self report of a violation.

Sec. 12. Minnesota Statutes 2022, section 149A.63, is amended to read:

149A.63 PROFESSIONAL COOPERATION.

A licensee, clinical student, practicum student, intern, transfer care specialist, or applicant for licensure under this chapter that is the subject of or part of an inspection or investigation by the commissioner or the commissioner's designee shall cooperate fully with the inspection or investigation. Failure to cooperate constitutes grounds for disciplinary action under this chapter.

Sec. 13. Minnesota Statutes 2022, section 149A.65, subdivision 2, is amended to read:

Subd. 2. **Mortuary science fees.** Fees for mortuary science are:

(1) $75 for the initial and renewal registration of a mortuary science intern;

(2) $125 for the mortuary science examination;

(3) $200 for issuance of initial and renewal mortuary science licenses;

(4) $100 late fee charge for a license renewal; ~~and~~

(5) $250 for issuing a mortuary science license by endorsement~~.~~; and

(6) $226 for the initial and renewal registration of a transfer care specialist.

Sec. 14. Minnesota Statutes 2022, section 149A.70, subdivision 3, is amended to read:

Subd. 3. **Advertising.** No licensee, clinical student, practicum student, ~~or~~ intern, or transfer care specialist shall publish or disseminate false, misleading, or deceptive advertising. False, misleading, or deceptive advertising includes, but is not limited to:

(1) identifying, by using the names or pictures of, persons who are not licensed to practice mortuary science in a way that leads the public to believe that those persons will provide mortuary science services;

(2) using any name other than the names under which the funeral establishment, alkaline hydrolysis facility, or crematory is known to or licensed by the commissioner;

(3) using a surname not directly, actively, or presently associated with a licensed funeral establishment, alkaline hydrolysis facility, or crematory, unless the surname had been previously and continuously used by the licensed funeral establishment, alkaline hydrolysis facility, or crematory; and

(4) using a founding or establishing date or total years of service not directly or continuously related to a name under which the funeral establishment, alkaline hydrolysis facility, or crematory is currently or was previously licensed.

Any advertising or other printed material that contains the names or pictures of persons affiliated with a funeral establishment, alkaline hydrolysis facility, or crematory shall state the position held by the persons and shall identify each person who is licensed or unlicensed under this chapter.

Sec. 15. Minnesota Statutes 2022, section 149A.70, subdivision 4, is amended to read:

Subd. 4. **Solicitation of business.** No licensee shall directly or indirectly pay or cause to be paid any sum of money or other valuable consideration for the securing of business or for obtaining the authority to dispose of any dead human body.

For purposes of this subdivision, licensee includes a registered intern, transfer care specialist, or any agent, representative, employee, or person acting on behalf of the licensee.

Sec. 16. Minnesota Statutes 2022, section 149A.70, subdivision 5, is amended to read:

Subd. 5. **Reimbursement prohibited.** No licensee, clinical student, practicum student, ~~or~~ intern, or transfer care specialist shall offer, solicit, or accept a commission, fee, bonus, rebate, or other reimbursement in consideration for recommending or causing a dead human body to be disposed of by a specific body donation program, funeral establishment, alkaline hydrolysis facility, crematory, mausoleum, or cemetery.

Sec. 17. Minnesota Statutes 2022, section 149A.70, subdivision 7, is amended to read:

Subd. 7. **Unprofessional conduct.** No licensee ~~or~~, intern, or transfer care specialist shall engage in or permit others under the licensee's ~~or~~, intern's, or transfer care specialist's supervision or employment to engage in unprofessional conduct. Unprofessional conduct includes, but is not limited to:

(1) harassing, abusing, or intimidating a customer, employee, or any other person encountered while within the scope of practice, employment, or business;

(2) using profane, indecent, or obscene language within the immediate hearing of the family or relatives of the deceased;

(3) failure to treat with dignity and respect the body of the deceased, any member of the family or relatives of the deceased, any employee, or any other person encountered while within the scope of practice, employment, or business;

(4) the habitual overindulgence in the use of or dependence on intoxicating liquors, prescription drugs, over-the-counter drugs, illegal drugs, or any other mood altering substances that substantially impair a person's work-related judgment or performance;

(5) revealing personally identifiable facts, data, or information about a decedent, customer, member of the decedent's family, or employee acquired in the practice or business without the prior consent of the individual, except as authorized by law;

(6) intentionally misleading or deceiving any customer in the sale of any goods or services provided by the licensee;

(7) knowingly making a false statement in the procuring, preparation, or filing of any required permit or document; or

(8) knowingly making a false statement on a record of death.

Sec. 18. Minnesota Statutes 2022, section 149A.90, subdivision 2, is amended to read:

Subd. 2. **Removal from place of death.** No person subject to regulation under this chapter shall remove or cause to be removed any dead human body from the place of death without being licensed or registered by the commissioner. Every dead human body shall be removed from the place of death by a licensed mortician or funeral director, except as provided in section 149A.01, subdivision 3.

Sec. 19. Minnesota Statutes 2022, section 149A.90, subdivision 4, is amended to read:

Subd. 4. **Certificate of removal.** No dead human body shall be removed from the place of death by a mortician ~~or~~, funeral director, or transfer care specialist or by a noncompensated person with the right to control the dead human body without the completion of a certificate of removal and, where possible, presentation of a copy of that certificate to the person or a representative of the legal entity with physical or legal custody of the body at the death site. The certificate of removal shall be in the format provided by the commissioner that contains, at least, the following information:

(1) the name of the deceased, if known;

(2) the date and time of removal;

(3) a brief listing of the type and condition of any personal property removed with the body;

(4) the location to which the body is being taken;

(5) the name, business address, and license number of the individual making the removal; and

(6) the signatures of the individual making the removal and, where possible, the individual or representative of the legal entity with physical or legal custody of the body at the death site.

Sec. 20. Minnesota Statutes 2022, section 149A.90, subdivision 5, is amended to read:

Subd. 5. **Retention of certificate of removal.** A copy of the certificate of removal shall be given, where possible, to the person or representative of the legal entity having physical or legal custody of the body at the death site. The original certificate of removal shall be retained by the individual making the removal and shall be kept on file, at the funeral establishment to which the body was taken, for a period of three calendar years following the date of the removal. If the removal was performed by a transfer care specialist not employed by the funeral establishment to which the body was taken, the transfer care specialist must retain a copy of the certificate of removal at the transfer care specialist's business address as registered with the commissioner for a period of three calendar years following the date of removal. Following this period, and subject to any other laws requiring retention of records, the funeral establishment may then place the records in storage or reduce them to microfilm, microfiche, laser disc, or any other method that can produce an accurate reproduction of the original record, for retention for a period of ten calendar years from the date of the removal of the body. At the end of this period and subject to any other laws requiring retention of records, the funeral establishment may destroy the records by shredding, incineration, or any other manner that protects the privacy of the individuals identified in the records.

ARTICLE 19

BEHAVIOR ANALYST LICENSURE

Section 1. **[148.9981] DEFINITIONS.**

Subdivision 1. **Scope.** For the purposes of sections 148.9981 to 148.9995, the terms in this section have the meanings given.

Subd. 2. **Accredited school or educational program.** "Accredited school or educational program" means a school, university, college, or other postsecondary education program that, at the time the student completes the program, is accredited by a regional accrediting association whose standards are substantially equivalent to those of the North Central Association of Colleges and Postsecondary Education Institutions or an accrediting association that evaluates schools of behavior analysis, psychology, or education for inclusion of the education, practicum, and core function standards.

Subd. 3. **Advisory council.** "Advisory council" means the Behavior Analyst Advisory Council established in section 148.9994.

Subd. 4. **Board.** "Board" means the Board of Psychology established in section 148.90.

Subd. 5. **Certifying entity.** "Certifying entity" means the Behavior Analyst Certification Board, Inc., or a successor organization or other organization approved by the board in consultation with the advisory council.

Subd. 6. **Client.** "Client" means an individual who is the recipient of behavior analysis services. Client also means "patient" as defined in section 144.291, subdivision 2, paragraph (g).

Subd. 7. **Licensed behavior analyst.** "Licensed behavior analyst" or "behavior analyst" means an individual who holds a valid license issued under sections 148.9981 to 148.9995 to engage in the practice of applied behavior analysis.

Subd. 8. **Licensee.** "Licensee" means an individual who holds a valid license issued under sections 148.9981 to 148.9995.

Subd. 9. **Practice of applied behavior analysis.** (a) "Practice of applied behavior analysis" means the design, implementation, and evaluation of social, instructional, and environmental modifications to produce socially significant improvements in human behavior. The practice of applied behavior analysis includes the empirical identification of functional relations between behavior and environmental factors, known as functional behavioral assessment and analysis. Applied behavior analysis interventions are based on scientific research, direct and indirect observation, and measurement of behavior and environment and utilize contextual factors, motivating operations, antecedent stimuli, positive reinforcement, and other procedures to help individuals develop new behaviors, increase or decrease existing behaviors, and emit behaviors under specific social, instructional, and environmental conditions.

(b) The practice of applied behavior analysis does not include the diagnosis of psychiatric or mental health disorders, psychological testing, neuropsychology, psychotherapy, cognitive therapy, sex therapy, hypnotherapy, psychoanalysis, or psychological counseling.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 2. **[148.9982] DUTIES OF THE BOARD OF PSYCHOLOGY.**

Subdivision 1. **General.** The board, in consultation with the advisory council, must:

(1) adopt and enforce standards for licensure, licensure renewal, and the regulation of behavior analysts;

(2) issue licenses to qualified individuals under sections 148.9981 to 148.9995;

(3) carry out disciplinary actions against licensed behavior analysts;

(4) educate the public about the existence and content of the regulations for behavior analyst licensing to enable consumers to file complaints against licensees who may have violated laws or rules the board is empowered to enforce; and

(5) collect license fees for behavior analysts as specified under section 148.9995.

Subd. 2. **Rulemaking.** The board, in consultation with the advisory council, may adopt rules necessary to carry out the provisions of sections 148.9981 to 148.9995.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 3. **[148.9983] REQUIREMENTS FOR LICENSURE.**

Subdivision 1. **General.** An individual seeking licensure as a behavior analyst must complete and submit a written application on forms provided by the board together with the appropriate fee as specified under section 148.9995.

Subd. 2. **Requirements for licensure.** An applicant for licensure as a behavior analyst must submit evidence satisfactory to the board that the applicant:

(1) has a current and active national certification as a board-certified behavior analyst issued by the certifying entity; or

(2) has completed the equivalent requirements for certification by the certifying entity, including satisfactorily passing a psychometrically valid examination administered by a nationally accredited credentialing organization.

Subd. 3. **Background investigation.** The applicant must complete a background check pursuant to section 214.075.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 4. **[148.9984] LICENSE RENEWAL REQUIREMENTS.**

Subdivision 1. **Biennial renewal.** A license must be renewed every two years.

Subd. 2. **License renewal notice.** At least 60 calendar days before the renewal deadline date, the board must mail a renewal notice to the licensee's last known address on file with the board. The notice must include instructions for accessing an online application for license renewal, the renewal deadline, and notice of fees required for renewal. The licensee's failure to receive notice does not relieve the licensee of the obligation to meet the renewal deadline and other requirements for license renewal.

Subd. 3. **Renewal requirements.** (a) To renew a license, a licensee must submit to the board:

(1) a completed and signed application for license renewal;

(2) the license renewal fee as specified under section 148.9995; and

(3) evidence satisfactory to the board that the licensee holds a current and active national certification as a behavior analyst from the certifying entity or otherwise meets renewal requirements as established by the board, in consultation with the advisory council.

(b) The application for license renewal and fee must be postmarked or received by the board by the end of the day on which the license expires or the following business day if the expiration date falls on a Saturday, Sunday, or holiday. A renewal application that is not completed and signed, or that is not accompanied by the correct fee, is void and must be returned to the licensee.

Subd. 4. **Pending renewal.** If a licensee's application for license renewal is postmarked or received by the board by the end of the business day on the expiration date of the license or the following business day if the expiration date falls on a Saturday, Sunday, or holiday, the licensee may continue to practice after the expiration date while the application for license renewal is pending with the board.

Subd. 5. **Late renewal fee.** If the application for license renewal is postmarked or received after the expiration date of the license or the following business day if the expiration date falls on a Saturday, Sunday, or holiday, the licensee must pay a biennial renewal late fee as specified by section 148.9995, in addition to the renewal fee, before the licensee's application for license renewal will be considered by the board.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 5. **[148.9985] EXPIRED LICENSE.**

(a) Within 30 days after the renewal date, a licensee who has not renewed their license must be notified by letter, sent to the last known address of the licensee in the board's file, that the renewal is overdue and that failure to pay the current fee and current biennial renewal late fee within 60 days after the renewal date will result in termination of the license.

(b) The board must terminate the license of a licensee whose license renewal is at least 60 days overdue and to whom notification has been sent as provided in paragraph (a). Failure of a licensee to receive notification is not grounds for later challenge of the termination. The former licensee must be notified of the termination by letter within seven days after board action, in the same manner as provided in paragraph (a).

(c) Notwithstanding paragraph (b), the board retains jurisdiction over a former licensee for complaints received after termination of a license regarding conduct that occurred during licensure.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 6. **[148.9986] PROHIBITED PRACTICE OR USE OF TITLES; PENALTY.**

Subdivision 1. **Practice.** Effective January 1, 2025, an individual must not engage in the practice of applied behavior analysis unless the individual is licensed under sections 148.9981 to 148.9995 as a behavior analyst or is exempt under section 148.9987. A psychologist licensed under sections 148.88 to 148.981 who practices behavior analysis is not required to obtain a license as a behavior analyst under sections 148.9981 to 148.9995.

Subd. 2. **Use of titles.** (a) An individual must not use a title incorporating the words "licensed behavior analyst," or "behavior analyst," or use any other title or description stating or implying that they are licensed or otherwise qualified to practice applied behavior analysis, unless that person holds a valid license under sections 148.9981 to 148.9995.

(b) Notwithstanding paragraph (a), a licensed psychologist who practices applied behavior analysis within the psychologist's scope of practice may use the title "behavior analyst," but must not use the title "licensed behavior analyst" unless the licensed psychologist holds a valid license as a behavior analyst issued under sections 148.9981 to 148.9995.

Subd. 3. **Penalty.** An individual who violates this section is guilty of a misdemeanor.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 7. **[148.9987] EXCEPTIONS TO LICENSE REQUIREMENT.**

(a) Sections 148.9981 to 148.9995 must not be construed to prohibit or restrict:

(1) the practice of an individual who is licensed to practice psychology in the state or an individual who is providing psychological services under the supervision of a licensed psychologist in accordance with section 148.925;

(2) the practice of any other profession or occupation licensed, certified, or registered by the state by an individual duly licensed, certified, or registered to practice the profession or occupation or to perform any act that falls within the scope of practice of the profession or occupation;

(3) an individual who is employed by a school district from providing behavior analysis services as part of the individual's employment with the school district, so long as the individual does not provide behavior analysis services to any person or entity other than as an employee of the school district or accept remuneration for the provision of behavior analysis services outside of the individual's employment with the school district;

(4) an employee of a program licensed under chapter 245D from providing the services described in section 245D.091, subdivision 1;

(5) teaching behavior analysis or conducting behavior analysis research if the teaching or research does not involve the direct delivery of behavior analysis services;

(6) providing behavior analysis services by an unlicensed supervisee or trainee under the authority and direction of a licensed behavior analyst and in compliance with the licensure and supervision standards required by law or rule;

(7) a family member or guardian of the recipient of behavior analysis services from performing behavior analysis services under the authority and direction of a licensed behavior analyst; or

(8) students or interns enrolled in an accredited school or educational program, or participating in a behavior analysis practicum, from engaging in the practice of applied behavior analysis while supervised by a licensed behavior analyst or instructor of an accredited school or educational program. These individuals must be designated as a behavior analyst student or intern.

(b) Notwithstanding paragraph (a), a licensed psychologist may supervise an unlicensed supervisee, trainee, student, or intern who is engaged in the practice of behavior analysis if the supervision is authorized under the Minnesota Psychology Practice Act.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 8. **[148.9988] NONTRANSFERABILITY OF LICENSES.**

A behavior analyst license is not transferable.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 9. **[148.9989] DUTY TO MAINTAIN CURRENT INFORMATION.**

All licensees and applicants for licensure must notify the board within 30 days of the occurrence of:

(1) a change of name, address, place of employment, or home or business telephone number; or

(2) a change in any other application information.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 10. **[148.999] DISCIPLINE; REPORTING.**

For purposes of sections 148.9981 to 148.9995, behavior analysts are subject to the provisions of sections 148.941, 148.952 to 148.965, and 148.98.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 11. **[148.9991] COMPETENT PROVISION OF SERVICES.**

Subdivision 1. **Limits on practice.** Behavior analysts must limit practice to the client populations and services for which the behavior analysts have competence or for which the behavior analysts are developing competence.

Subd. 2. **Developing competence.** When a behavior analyst is developing competence in a service, method, or procedure, or is developing competence to treat a specific client population, the behavior analyst must obtain professional education, training, continuing education, consultation, supervision or experience, or a combination thereof, necessary to demonstrate competence.

Subd. 3. **Limitations.** A behavior analyst must recognize the limitations to the scope of practice of applied behavior analysis. When the needs of a client appear to be outside the behavior analyst's scope of practice, the behavior analyst must inform the client that there may be other professional, technical, community, and administrative resources available to the client. A behavior analyst must assist with identifying resources when it is in the best interest of a client to be provided with alternative or complementary services.

Subd. 4. **Burden of proof.** Whenever a complaint is submitted to the board involving a violation of this section, the burden of proof is on the behavior analyst to demonstrate that the elements of competence have been reasonably met.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 12. **[148.9992] DUTY TO WARN; LIMITATION ON LIABILITY; VIOLENT BEHAVIOR OF PATIENT.**

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

(b) "Other person" means an immediate family member or someone who personally knows the client and has reason to believe the client is capable of and will carry out a serious, specific threat of harm to a specific, clearly identified or identifiable victim.

(c) "Reasonable efforts" means communicating a serious, specific threat to the potential victim and, if unable to make contact with the potential victim, communicating the serious, specific threat to the law enforcement agency closest to the potential victim or the client.

(d) "Licensee" has the meaning given in section 148.9981 and includes behavior analysis students, interns, and unlicensed supervisees who are participating in a behavior analysis practicum or enrolled in an accredited school or educational program.

Subd. 2. **Duty to warn.** The duty to predict, warn of, or take reasonable precautions to provide protection from violent behavior arises only when a client or other person has communicated to the licensee a specific, serious threat of physical violence against a specific, clearly identified or identifiable potential victim. If a duty to warn arises, the duty is discharged by the licensee if reasonable efforts are made to communicate the threat.

Subd. 3. **Liability standard.** If no duty to warn exists under subdivision 2, then no monetary liability and no cause of action may arise against a licensee for failure to predict, warn of, or take reasonable precautions to provide protection from a client's violent behavior.

Subd. 4. **Disclosure of confidences.** Good faith compliance with the duty to warn must not constitute a breach of confidence and must not result in monetary liability or a cause of action against the licensee.

Subd. 5. **Continuity of care.** Subdivision 2 must not be construed to authorize a licensee to terminate treatment of a client as a direct result of a client's violent behavior or threat of physical violence unless the client is referred to another practitioner or appropriate health care facility.

Subd. 6. **Exception.** This section does not apply to a threat to commit suicide or other threats by a client to harm the client, or to a threat by a client who is adjudicated as a person who has a mental illness and is dangerous to the public under chapter 253B.

Subd. 7. **Optional disclosure.** This section must not be construed to prohibit a licensee from disclosing confidences to third parties in a good faith effort to warn or take precautions against a client's violent behavior or threat to commit suicide for which a duty to warn does not arise.

Subd. 8. **Limitation on liability.** No monetary liability and no cause of action or disciplinary action by the board may arise against a licensee for disclosure of confidences to third parties, for failure to disclose confidences to third parties, or for erroneous disclosure of confidences to third parties in a good faith effort to warn against or take precautions against a client's violent behavior or threat of suicide for which a duty to warn does not arise.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 13. **[148.9993] INFORMED CONSENT.**

Subdivision 1. **Obtaining informed consent for services.** A behavior analyst must obtain informed consent from the client or the client's legal guardian before initiating services. The informed consent must be in writing, signed by the client, and include, at a minimum, the following:

(1) consent for the behavior analyst to engage in activities that directly affect the client;

(2) the goals, purposes, and procedures of the proposed services;

(3) the factors that may impact the duration of the proposed services;

(4) the applicable fee schedule for the proposed services;

(5) the significant risks and benefits of the proposed services;

(6) the behavior analyst's limits under section 148.9991, including, if applicable, information that the behavior analyst is developing competence in the proposed service, method, or procedure, and alternatives to the proposed service, if any; and

(7) the behavior analyst's responsibilities if the client terminates the service.

Subd. 2. **Updating informed consent.** If there is a substantial change in the nature or purpose of a service, the behavior analyst must obtain a new informed consent from the client.

Subd. 3. **Emergency or crisis services.** Informed consent is not required when a behavior analyst is providing emergency or crisis services. If services continue after the emergency or crisis has abated, informed consent must be obtained.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 14. **[148.9994] BEHAVIOR ANALYST ADVISORY COUNCIL.**

Subdivision 1. **Membership.** The Behavior Analyst Advisory Council is created and composed of five members appointed by the board. The advisory council consists of:

(1) one public member as defined in section 214.02;

(2) three members who are licensed behavior analysts; and

(3) one member who is a licensed psychologist and, to the extent practicable, who practices applied behavior analysis.

Subd. 2. **Administration.** The advisory council is established and administered under section 15.059, except that the advisory council does not expire.

Subd. 3. **Duties.** The advisory council must:

(1) advise the board regarding standards for behavior analysts;

(2) assist with the distribution of information regarding behavior analyst standards;

(3) advise the board on enforcement of sections 148.9981 to 148.9995;

(4) review license applications and license renewal applications and make recommendations to the board;

(5) review complaints and complaint investigation reports and make recommendations to the board on whether disciplinary action should be taken and, if applicable, what type;

(6) advise the board regarding evaluation and treatment protocols; and

(7) perform other duties authorized for advisory councils under chapter 214 as directed by the board to ensure effective oversight of behavior analysts.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 15. **[148.9995] FEES.**

Subdivision 1. **Fees.** All applicants and licensees must pay fees as follows:

(1) application fee, $225;

(2) license renewal fee, $225;

(3) inactive license renewal fee, $125;

(4) biennial renewal late fee, $100;

(5) inactive license renewal late fee, $100; and

(6) supervisor application processing fee, $225.

Subd. 2. **Nonrefundable fees.** All fees in this section are nonrefundable.

Subd. 3. **Deposit of fees.** Fees collected by the board under this section must be deposited in the state government special revenue fund.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 16. **INITIAL BEHAVIOR ANALYST ADVISORY COUNCIL.**

The Board of Psychology must make the first appointments to the Behavior Analyst Advisory Council authorized under Minnesota Statutes, section 148.9994, by September 1, 2024. The initial behavior analysts appointed to the advisory council need not be licensed under Minnesota Statutes, sections 148.9981 to 148.9995, but must hold a current and active national certification as a board certified behavior analyst. The chair of the Board of Psychology must convene the first meeting of the council by September 1, 2024, and must convene subsequent meetings of the council until an advisory chair is elected. The council must elect a chair from its members by the third meeting of the council.

EFFECTIVE DATE. This section is effective July 1, 2024.

ARTICLE 20

BOARD OF VETERINARY MEDICINE

Section 1. Minnesota Statutes 2022, section 156.001, is amended by adding a subdivision to read:

Subd. 5a. **Direct supervision.** "Direct supervision" means:

(1) when a supervising veterinarian or licensed veterinary technician is in the immediate area and within audible or visual range of an animal and the unlicensed veterinary employee treating the animal;

(2) the supervising veterinarian has met the requirements of a veterinarian-client-patient relationship under section 156.16, subdivision 12; and

(3) the supervising veterinarian assumes responsibility for the professional care given to an animal by a person working under the veterinarian's direction.

EFFECTIVE DATE. This section is effective July 1, 2026.

Sec. 2. Minnesota Statutes 2022, section 156.001, is amended by adding a subdivision to read:

Subd. 7a. **Licensed veterinary technician.** "Licensed veterinary technician" means a person licensed by the board under section 156.077.

EFFECTIVE DATE. This section is effective July 1, 2026.

Sec. 3. Minnesota Statutes 2022, section 156.001, is amended by adding a subdivision to read:

Subd. 10b. **Remote supervision.** "Remote supervision" means:

(1) a veterinarian is not on the premises but is acquainted with the keeping and care of an animal by virtue of an examination of the animal or medically appropriate and timely visits to the premises where the animal is kept;

(2) the veterinarian has given written or oral instructions to a licensed veterinary technician for ongoing care of an animal and is available by telephone or other form of immediate communication; and

(3) the employee treating the animal timely enters into the animal's medical record documentation of the treatment provided and the documentation is reviewed by the veterinarian.

EFFECTIVE DATE. This section is effective July 1, 2026.

Sec. 4. Minnesota Statutes 2022, section 156.001, is amended by adding a subdivision to read:

Subd. 12. **Veterinary technology.** "Veterinary technology" means the science and practice of providing professional support to veterinarians, including the direct supervision of unlicensed veterinary employees. Veterinary technology does not include veterinary diagnosis, prognosis, surgery, or medication prescription.

EFFECTIVE DATE. This section is effective July 1, 2026.

Sec. 5. Minnesota Statutes 2022, section 156.07, is amended to read:

156.07 LICENSE RENEWAL.

Persons licensed under this chapter shall conspicuously display their license in their principal place of business.

Persons now ~~qualified to practice veterinary medicine~~ licensed in this state, or who shall hereafter be licensed by the Board of Veterinary Medicine ~~to engage in the practice~~ as veterinarians or veterinary technicians, shall periodically renew their license in a manner prescribed by the board. The board shall establish license renewal fees and continuing education requirements. The board may establish, by rule, an inactive license category, at a lower fee, for licensees not actively engaged in the practice of veterinary medicine or veterinary technology within the state of Minnesota. The board may assess a charge for delinquent payment of a renewal fee.

Any person who is licensed to practice veterinary medicine or veterinary technology in this state pursuant to this chapter, shall be entitled to receive a license to continue to practice upon making application to the board and complying with the terms of this section and rules of the board.

EFFECTIVE DATE. This section is effective July 1, 2026.

Sec. 6. **[156.0721] INSTITUTIONAL LICENSURE.**

Subdivision 1. **Application and eligibility.** (a) Any person who seeks to practice veterinary medicine while employed by the University of Minnesota and who is not eligible for a regular license shall make a written application to the board for an institutional license using forms provided for that purpose or in a format accepted by the board. The board shall issue an institutional license to practice veterinary medicine to an applicant who:

(1) has obtained the degree of doctor of veterinary medicine or its equivalent from a nonaccredited college of veterinary medicine. A graduate from an accredited college and an applicant who has earned ECFVG or PAVE certificates should apply for a regular license to practice veterinary medicine;

(2) has passed the Minnesota Veterinary Jurisprudence Examination;

(3) is a person of good moral character, as attested by five notarized reference letters from adults not related to the applicant, at least two of whom are licensed veterinarians in the jurisdiction where the applicant is currently practicing or familiar with the applicant's clinical abilities as evidenced in clinical rotations;

(4) has paid the license application fee;

(5) provides proof of employment by the University of Minnesota;

(6) certifies that the applicant understands and agrees that the institutional license is valid only for the practice of veterinary medicine associated with the applicant's employment as a faculty member, intern, resident, or locum of the University of Minnesota College of Veterinary Medicine or other unit of the University of Minnesota;

(7) provides proof of graduation from a veterinary college;

(8) completed a criminal background check as defined in section 214.075; and

(9) provides other information and proof as the board may require by rules and regulations.

(b) The University of Minnesota may submit the applications of its employees who seek an institutional license in a compiled format acceptable to the board, with any license application fees in a single form of payment.

(c) The fee for a license issued under this subdivision is the same as for a regular license to practice veterinary medicine in the state. License payment and renewal deadlines, late payment fees, and other license requirements are also the same as for a regular license to practice veterinary medicine.

(d) The University of Minnesota may be responsible for timely payment of renewal fees and submission of renewal forms.

Subd. 2. **Scope of practice.** (a) An institutional license holder may practice veterinary medicine only as related to the license holder's regular function at the University of Minnesota. A person holding only an institutional license in this state must be remunerated for the practice of veterinary medicine in the state solely from state, federal, or institutional funds and not from the patient-owner beneficiary of the license holder's practice efforts.

(b) A license issued under this section must be canceled by the board upon receipt of information from the University of Minnesota that the holder of the license has left or is otherwise no longer employed at the University of Minnesota in this state.

(c) An institutional license holder must abide by all laws governing the practice of veterinary medicine in the state and is subject to the same disciplinary action as any other veterinarian licensed in the state.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 7. **[156.076] DIRECT SUPERVISION; UNLICENSED VETERINARY EMPLOYEES.**

(a) An unlicensed veterinary employee may only administer medication or render auxiliary or supporting assistance under the direct supervision of a licensed veterinarian or licensed veterinary technician.

(b) This section does not prohibit:

(1) the performance of generalized nursing tasks ordered by the veterinarian and performed by an unlicensed employee on inpatient animals during the hours when a veterinarian is not on the premises; or

(2) under emergency conditions, an unlicensed employee from rendering lifesaving aid and treatment to an animal in the absence of a veterinarian if the animal is in a life-threatening condition and requires immediate treatment to sustain life or prevent further injury.

EFFECTIVE DATE. This section is effective July 1, 2026.

Sec. 8. **[156.077] LICENSED VETERINARY TECHNICIANS.**

Subdivision 1. **Licensure; practice.** (a) The board shall issue a license to practice as a veterinary technician to an applicant who satisfies the requirements in this section and those imposed by the board in rule. A licensed veterinary technician may practice veterinary technology. A person may not use the title "veterinary technician" or the abbreviation "LVT" unless licensed by the board.

(b) The board may adopt by rule additional or temporary alternative licensure requirements or definitions for veterinary technician titles.

Subd. 2. **Applicants; qualifications.** Application for a license to practice veterinary technology in this state shall be made to the board on a form furnished by the board and accompanied by evidence satisfactory to the board that the applicant is at least 18 years of age, is of good moral character, and has:

(1) graduated from a veterinary technology program accredited or approved by the American Veterinary Medical Association or Canadian Veterinary Medical Association;

(2) received a passing score for the Veterinary Technician National Examination;

(3) received a passing score for the Minnesota Veterinary Technician Jurisprudence Examination; and

(4) completed a criminal background check.

Subd. 3. **Required with application.** A completed application must contain the following information and material:

(1) the application fee set by the board, which is not refundable if permission to take the jurisprudence examination is denied for good cause;

(2) proof of graduation from a veterinary technology program accredited or approved by the American Veterinary Medical Association or Canadian Veterinary Medical Association;

(3) affidavits from at least two licensed veterinarians and three adults who are not related to the applicant that establish how long, when, and under what circumstances the references have known the applicant and any other facts that may enable the board to determine the applicant's qualifications; and

(4) if the applicant has served in the armed forces, a copy of the applicant's discharge papers.

Subd. 4. **Temporary alternative qualifications.** (a) The board shall consider an application for licensure submitted by a person before July 1, 2031, if the person provides evidence satisfactory to the board that the person:

(1) is a certified veterinary technician in good standing with the Minnesota Veterinary Medical Association; or

(2) has at least 4,160 hours actively engaged in the practice of veterinary technology within the previous five years.

(b) Each applicant under this subdivision must also submit to the board affidavits from at least two licensed veterinarians and three adults who are not related to the applicant that establish how long, when, and under what circumstances the references have known the applicant and any other facts that may enable the board to determine the applicant's qualifications.

EFFECTIVE DATE. This section is effective July 1, 2026.

Sec. 9. **[156.078] NONRESIDENTS; LICENSED VETERINARY TECHNICIANS.**

A credentialed veterinary technician duly admitted to practice in any state, commonwealth, territory, or district of the United States or province of Canada who desires permission to practice veterinary technology in this state shall submit an application to the board on a form furnished by the board. The board shall review an application for transfer if the applicant submits:

(1) a copy of a diploma from an accredited or approved college of veterinary technology or certification from the dean, registrar, or secretary of an accredited or approved college of veterinary technology or a certificate of satisfactory completion of the PAVE program;

(2) if requesting waiver of examination, evidence of meeting licensure requirements in the state of the applicant's original licensure;

(3) affidavits of two licensed practicing doctors of veterinary medicine or veterinary technicians residing in the United States or Canadian licensing jurisdiction in which the applicant is or was most recently practicing, attesting that they are well acquainted with the applicant, that the applicant is a person of good moral character, and that the applicant has been actively engaged in practicing or teaching in such jurisdiction;

(4) a certificate from the agency that regulates the conduct of practice of veterinary technology in the jurisdiction in which the applicant is or was most recently practicing, stating that the applicant is in good standing and is not the subject of disciplinary action or pending disciplinary action;

(5) a certificate from all other jurisdictions in which the applicant holds a currently active license or held a license within the past ten years, stating that the applicant is and was in good standing and has not been subject to disciplinary action;

(6) in lieu of the certificates in clauses (4) and (5), certification from the Veterinary Information Verification Agency that the applicant's licensure is in good standing;

(7) a fee as set by the board in form of check or money order payable to the board, no part of which shall be refunded should the application be denied;

(8) score reports on previously taken national examinations in veterinary technology, certified by the Veterinary Information Verification Agency or evidence of employment as a veterinary technician for at least three years;

(9) proof that the applicant received a passing score for the Minnesota Veterinary Technician Jurisprudence Examination; and

(10) proof of a completed criminal background check.

EFFECTIVE DATE. This section is effective July 1, 2026.

Sec. 10. Minnesota Statutes 2022, section 156.12, subdivision 2, is amended to read:

Subd. 2. **Authorized activities.** No provision of this chapter shall be construed to prohibit:

(a) a person from rendering necessary gratuitous assistance in the treatment of any animal when the assistance does not amount to prescribing, testing for, or diagnosing, operating, or vaccinating and when the attendance of a licensed veterinarian cannot be procured;

(b) a person who is a regular student in an accredited or approved college of veterinary medicine from performing duties or actions assigned by instructors or preceptors or working under the direct supervision of a licensed veterinarian;

(c) a veterinarian regularly licensed in another jurisdiction from consulting with a licensed veterinarian in this state;

(d) the owner of an animal and the owner's regular employee from caring for and administering to the animal belonging to the owner, except where the ownership of the animal was transferred for purposes of circumventing this chapter;

(e) veterinarians who are in compliance with ~~subdivision 6~~ section 156.0721 and who are employed by the University of Minnesota from performing their duties with the College of Veterinary Medicine, ~~College of Agriculture,~~ Veterinary Diagnostic Laboratory, Agricultural Experiment Station, Agricultural Extension Service, Medical School, School of Public Health, School of Nursing, or other unit within the university; or a person from lecturing or giving instructions or demonstrations at the university or in connection with a continuing education course or seminar to veterinarians ~~or pathologists at the University of Minnesota Veterinary Diagnostic Laboratory~~;

(f) any person from selling or applying any pesticide, insecticide or herbicide;

(g) any person from engaging in bona fide scientific research or investigations which reasonably requires experimentation involving animals;

(h) any employee of a licensed veterinarian from performing duties other than diagnosis, prescription or surgical correction under the direction and supervision of the veterinarian, who shall be responsible for the performance of the employee;

(i) a graduate of a foreign college of veterinary medicine from working under the direct personal instruction, control, or supervision of a veterinarian faculty member of the College of Veterinary Medicine, University of Minnesota in order to complete the requirements necessary to obtain an ECFVG or PAVE certificate;

(j) a licensed chiropractor registered under section 148.01, subdivision 1a, from practicing animal chiropractic; or

(k) a person certified by the Emergency Medical Services Regulatory Board under chapter 144E from providing emergency medical care to a police dog wounded in the line of duty.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 11. Minnesota Statutes 2022, section 156.12, subdivision 4, is amended to read:

Subd. 4. **Titles.** It is unlawful for a person who has not received a professional degree from an accredited or approved college of veterinary medicine, ~~or~~ ECFVG or PAVE certification, or an institutional license under section 156.0721 to use any of the following titles or designations: Veterinary, veterinarian, animal doctor, animal surgeon, animal dentist, animal chiropractor, animal acupuncturist, or any other title, designation, word, letter, abbreviation, sign, card, or device tending to indicate that the person is qualified to practice veterinary medicine.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 12. **REPEALER.**

Minnesota Statutes 2022, section 156.12, subdivision 6, is repealed.

EFFECTIVE DATE. This section is effective July 1, 2025.

ARTICLE 21

BOARD OF DENTISTRY

Section 1. Minnesota Statutes 2022, section 150A.06, subdivision 1c, is amended to read:

Subd. 1c. **Specialty dentists.** (a) The board may grant one or more specialty licenses in the specialty areas of dentistry that are recognized by the Commission on Dental Accreditation.

(b) An applicant for a specialty license shall:

(1) have successfully completed a postdoctoral specialty program accredited by the Commission on Dental Accreditation, or have announced a limitation of practice before 1967;

(2) have been certified by a specialty board approved by the Minnesota Board of Dentistry, or provide evidence of having passed a clinical examination for licensure required for practice in any state or Canadian province, or in the case of oral and maxillofacial surgeons only, have a Minnesota medical license in good standing;

(3) have been in active practice or a postdoctoral specialty education program or United States government service at least 2,000 hours in the 36 months prior to applying for a specialty license;

(4) if requested by the board, be interviewed by a committee of the board, which may include the assistance of specialists in the evaluation process, and satisfactorily respond to questions designed to determine the applicant's knowledge of dental subjects and ability to practice;

(5) if requested by the board, present complete records on a sample of patients treated by the applicant. The sample must be drawn from patients treated by the applicant during the 36 months preceding the date of application. The number of records shall be established by the board. The records shall be reasonably representative of the treatment typically provided by the applicant for each specialty area;

(6) at board discretion, pass a board-approved English proficiency test if English is not the applicant's primary language;

(7) pass all components of the National Board Dental Examinations;

(8) pass the Minnesota Board of Dentistry jurisprudence examination;

(9) abide by professional ethical conduct requirements; and

(10) meet all other requirements prescribed by the Board of Dentistry.

(c) The application must include:

(1) a completed application furnished by the board;

(2) a nonrefundable fee; and

(3) a copy of the applicant's government-issued photo identification card.

(d) A specialty dentist holding one or more specialty licenses is limited to practicing in the dentist's designated specialty area or areas. The scope of practice must be defined by each national specialty board recognized by the Commission on Dental Accreditation.

~~(e) A specialty dentist holding a general dental license is limited to practicing in the dentist's designated specialty area or areas if the dentist has announced a limitation of practice. The scope of practice must be defined by each national specialty board recognized by the Commission on Dental Accreditation.~~

~~(f)~~ (e) All specialty dentists who have fulfilled the specialty dentist requirements and who intend to limit their practice to a particular specialty area or areas may apply for one or more specialty licenses.

Sec. 2. Minnesota Statutes 2022, section 150A.06, subdivision 8, is amended to read:

Subd. 8. **Licensure by credentials; dental assistant.** (a) Any dental assistant may, upon application and payment of a fee established by the board, apply for licensure based on an evaluation of the applicant's education, experience, and performance record in lieu of completing a board-approved dental assisting program for expanded functions as defined in rule, and may be interviewed by the board to determine if the applicant:

(1) has graduated from an accredited dental assisting program accredited by the Commission on Dental Accreditation ~~and~~ or is currently certified by the Dental Assisting National Board;

(2) is not subject to any pending or final disciplinary action in another state or Canadian province, or if not currently certified or registered, previously had a certification or registration in another state or Canadian province in good standing that was not subject to any final or pending disciplinary action at the time of surrender;

(3) is of good moral character and abides by professional ethical conduct requirements;

(4) at board discretion, has passed a board-approved English proficiency test if English is not the applicant's primary language; and

(5) has met all expanded functions curriculum equivalency requirements of a Minnesota board-approved dental assisting program.

(b) The board, at its discretion, may waive specific licensure requirements in paragraph (a).

(c) An applicant who fulfills the conditions of this subdivision and demonstrates the minimum knowledge in dental subjects required for licensure under subdivision 2a must be licensed to practice the applicant's profession.

(d) If the applicant does not demonstrate the minimum knowledge in dental subjects required for licensure under subdivision 2a, the application must be denied. If licensure is denied, the board may notify the applicant of any specific remedy that the applicant could take which, when passed, would qualify the applicant for licensure. A denial does not prohibit the applicant from applying for licensure under subdivision 2a.

(e) A candidate whose application has been denied may appeal the decision to the board according to subdivision 4a.

ARTICLE 22

PHYSICIAN ASSISTANT PRACTICE

Section 1. **REPEALER.**

Minnesota Statutes 2022, section 147A.09, subdivision 5, is repealed.

ARTICLE 23

BOARD OF SOCIAL WORK

Section 1. Minnesota Statutes 2022, section 148D.061, subdivision 1, is amended to read:

Subdivision 1. **Requirements for a provisional license.** An applicant may be issued a provisional license if the applicant:

~~(1) was born in a foreign country;~~

~~(2) communicates in English as a second language;~~

~~(3) has taken the applicable examination administered by the Association of Social Work Boards or similar examination body designated by the board;~~

~~(4)~~ (1) has met the requirements of section 148E.055, subdivision 2, ~~paragraph (a),~~ clauses (1), (3), (4), (5), and (6); ~~or~~ subdivision 3, ~~paragraph (a),~~ clauses (1), (3), (4), (5), and (6); ~~or~~ subdivision 4, ~~paragraph (a),~~ clauses (1), (2), (4), (5), (6), and (7); or subdivision 5, paragraph (a), clauses (1), (2), (3), (5), (6), (7), and (8); and

~~(5)~~ (2) complies with the requirements of subdivisions 2 to 7.

EFFECTIVE DATE. This section is effective October 1, 2024.

Sec. 2. Minnesota Statutes 2022, section 148D.061, subdivision 8, is amended to read:

Subd. 8. **Disciplinary or other action.** A licensee who is issued a provisional license is subject to the grounds for disciplinary action under section 148E.190. The board may also take action according to sections 148E.260 to 148E.270 if:

(1) the licensee's supervisor does not submit an evaluation as required by section 148D.063;

(2) an evaluation submitted according to section 148D.063 indicates that the licensee cannot practice social work competently and ethically; or

(3) the licensee does not comply with the requirements of subdivisions 1 to 7.

EFFECTIVE DATE. This section is effective October 1, 2024.

Sec. 3. Minnesota Statutes 2022, section 148D.062, subdivision 3, is amended to read:

Subd. 3. **Types of supervision.** (a) ~~Twenty-five hours~~ Half of the supervision hours required by subdivision 1 must consist of one-on-one ~~in-person~~ supervision. The supervision must be provided either in person or via eye-to-eye electronic media while maintaining visual contact.

(b) ~~Twelve and one-half hours~~ Half of the supervision hours must consist of one or more of the following types of supervision:

(1) ~~in-person~~ one-on-one supervision provided in person or via eye-to-eye electronic media while maintaining visual contact; or

(2) ~~in-person~~ group supervision provided in person, by telephone, or via eye-to-eye electronic media while maintaining visual contact.

(c) ~~To qualify as in-person~~ Group supervision~~, the group~~ must not exceed ~~seven members including the supervisor~~ six supervisees.

(d) Supervision must not be provided by email.

EFFECTIVE DATE. This section is effective October 1, 2024.

Sec. 4. Minnesota Statutes 2022, section 148D.062, subdivision 4, is amended to read:

Subd. 4. **Supervisor requirements.** (a) The supervision required by subdivision 1 must be provided by a supervisor who meets the requirements in section 148E.120 and has ~~either:~~

~~(1) 5,000 hours experience engaged in authorized social work practice; or~~

~~(2)~~ completed 30 hours of training in supervision, which may be satisfied by completing academic coursework in supervision or continuing education courses in supervision as defined in section 148E.010, subdivision 18.

(b) Supervision must be provided:

(1) if the supervisee is not engaged in clinical practice and the supervisee has a provisional license to practice as a licensed social worker, by:

(i) a licensed social worker who has completed the supervised practice requirements;

(ii) a licensed graduate social worker who has completed the supervised practice requirements;

(iii) a licensed independent social worker; or

(iv) a licensed independent clinical social worker;

(2) if the supervisee is not engaged in clinical practice and the supervisee has a provisional license to practice as a licensed graduate social worker, licensed independent social worker, or licensed independent clinical social worker, by:

(i) a licensed graduate social worker who has completed the supervised practice requirements;

(ii) a licensed independent social worker; or

(iii) a licensed independent clinical social worker;

(3) if the supervisee is engaged in clinical practice and the supervisee has a provisional license to practice as a licensed graduate social worker, licensed independent social worker, or licensed independent clinical social worker, by a licensed independent clinical social worker; or

(4) by a supervisor who meets the requirements in section 148E.120, subdivision 2.

EFFECTIVE DATE. This section is effective October 1, 2024.

Sec. 5. Minnesota Statutes 2022, section 148D.063, subdivision 1, is amended to read:

Subdivision 1. **Supervision plan.** (a) An applicant granted a provisional license must submit, on a form provided by the board, a supervision plan for meeting the supervision requirements in section 148D.062.

(b) The supervision plan must be submitted no later than 30 days after the licensee begins a social work practice position.

~~(c) The board may revoke a licensee's provisional license for failure to submit the supervision plan within 30 days after beginning a social work practice position.~~

~~(d)~~ (c) The supervision plan must include the following:

(1) the name of the supervisee, the name of the agency in which the supervisee is being supervised, and the supervisee's position title;

(2) the name and qualifications of the person providing the supervision;

(3) the number of hours of one-on-one ~~in-person~~ supervision and the number and type of additional hours of supervision to be completed by the supervisee;

(4) the supervisee's position description;

(5) a brief description of the supervision the supervisee will receive in the following content areas:

(i) clinical practice, if applicable;

(ii) development of professional social work knowledge, skills, and values;

(iii) practice methods;

(iv) authorized scope of practice;

(v) ensuring continuing competence; and

(vi) ethical standards of practice; and

(6) if applicable, a detailed description of the supervisee's clinical social work practice, addressing:

(i) the client population, the range of presenting issues, and the diagnoses;

(ii) the clinical modalities that were utilized; and

(iii) the process utilized for determining clinical diagnoses, including the diagnostic instruments used and the role of the supervisee in the diagnostic process.

~~(e)~~ (d) The board must receive a revised supervision plan within 30 days of any of the following changes:

(1) the supervisee has a new supervisor;

(2) the supervisee begins a new social work position;

(3) the scope or content of the supervisee's social work practice changes substantially;

(4) the number of practice or supervision hours changes substantially; or

(5) the type of supervision changes as supervision is described in section 148D.062.

~~(f) The board may revoke a licensee's provisional license for failure to submit a revised supervision plan as required in paragraph (e).~~

~~(g)~~ (e) The board must approve the supervisor and the supervision plan.

EFFECTIVE DATE. This section is effective October 1, 2024.

Sec. 6. Minnesota Statutes 2022, section 148D.063, subdivision 2, is amended to read:

Subd. 2. **Evaluation.** (a) When a licensee's supervisor submits an evaluation to the board according to section 148D.061, subdivision 6, the supervisee and supervisor must provide the following information on a form provided by the board:

(1) the name of the supervisee, the name of the agency in which the supervisee is being supervised, and the supervisee's position title;

(2) the name and qualifications of the supervisor;

(3) the number of hours and dates of each type of supervision completed;

(4) the supervisee's position description;

(5) a declaration that the supervisee has not engaged in conduct in violation of the standards of practice in sections 148E.195 to 148E.240;

(6) a declaration that the supervisee has practiced competently and ethically according to professional social work knowledge, skills, and values; and

(7) on a form provided by the board, an evaluation of the licensee's practice in the following areas:

(i) development of professional social work knowledge, skills, and values;

(ii) practice methods;

(iii) authorized scope of practice;

~~(iv) ensuring continuing competence;~~

~~(v)~~ (iv) ethical standards of practice; and

~~(vi)~~ (v) clinical practice, if applicable.

(b) The supervisor must attest to the satisfaction of the board that the supervisee has met or has made progress on meeting the applicable supervised practice requirements.

EFFECTIVE DATE. This section is effective October 1, 2024.

Sec. 7. Minnesota Statutes 2022, section 148E.055, is amended by adding a subdivision to read:

Subd. 2b. **Qualifications for licensure by completion of provisional license requirements as a licensed social worker (LSW).** To be licensed as a licensed social worker, an applicant for licensure by completion of provisional license requirements must provide evidence satisfactory to the board that the applicant:

(1) completed all requirements under section 148D.061, subdivisions 1 to 6; and

(2) continues to meet the requirements of subdivision 2, clauses (1) and (3) to (6).

EFFECTIVE DATE. This section is effective October 1, 2024.

Sec. 8. Minnesota Statutes 2022, section 148E.055, is amended by adding a subdivision to read:

Subd. 3b. **Qualifications for licensure by completion of provisional license requirements as a licensed graduate social worker (LGSW).** To be licensed as a licensed graduate social worker, an applicant for licensure by completion of provisional license requirements must provide evidence satisfactory to the board that the applicant:

(1) completed all requirements under section 148D.061, subdivisions 1 to 6; and

(2) continues to meet the requirements of subdivision 3, clauses (1) and (3) to (6).

EFFECTIVE DATE. This section is effective October 1, 2024.

Sec. 9. Minnesota Statutes 2022, section 148E.055, is amended by adding a subdivision to read:

Subd. 4b. **Qualifications for licensure by completion of provisional license requirements as a licensed independent social worker (LISW).** To be licensed as a licensed independent social worker, an applicant for licensure by completion of provisional license requirements must provide evidence satisfactory to the board that the applicant:

(1) completed all requirements under section 148D.061, subdivisions 1 to 6; and

(2) continues to meet the requirements of subdivision 4, clauses (1), (2), and (4) to (7).

EFFECTIVE DATE. This section is effective October 1, 2024.

Sec. 10. Minnesota Statutes 2022, section 148E.055, is amended by adding a subdivision to read:

Subd. 5b. **Qualifications for licensure by completion of provisional license requirements as a licensed independent clinical social worker (LICSW).** To be licensed as a licensed independent clinical social worker, an applicant for licensure by completion of provisional license requirements must provide evidence satisfactory to the board that the applicant:

(1) completed all requirements under section 148D.061, subdivisions 1 to 6; and

(2) continues to meet the requirements of subdivision 5, paragraph (a), clauses (1) to (3) and (5) to (8).

EFFECTIVE DATE. This section is effective October 1, 2024.

Sec. 11. **REVISOR INSTRUCTION.**

The revisor of statutes shall renumber each section of Minnesota Statutes listed in column A with the number listed in column B. The revisor of statutes shall also make necessary cross-reference changes in Minnesota Statutes and Minnesota Rules consistent with the renumbering.

Column A	Column B
148D.061	148E.0551
148D.062	148E.116
148D.063	148E.126

EFFECTIVE DATE. This section is effective October 1, 2024.

Sec. 12. **REPEALER.**

Minnesota Statutes 2022, section 148D.061, subdivision 9, is repealed.

EFFECTIVE DATE. This section is effective October 1, 2024.

ARTICLE 24

BOARD OF MARRIAGE AND FAMILY THERAPY

Section 1. **[148B.331] GUEST LICENSURE.**

Subdivision 1. **Generally.** (a) A nonresident of the state of Minnesota who is not seeking licensure in Minnesota and intends to practice marriage and family therapy in Minnesota must apply to the board for guest licensure. An applicant must apply for guest licensure at least 30 days prior to the expected date of practice in Minnesota and is subject to approval by the board or its designee.

(b) To be eligible for licensure under this section, the applicant must:

(1) have a license, certification, or registration in good standing to practice marriage and family therapy from another jurisdiction;

(2) have a graduate degree in marriage and family therapy from a regionally accredited institution or a degree in a related field from a regionally accredited institution with completed coursework meeting the educational requirements provided in Minnesota Rules, part 5300.0140, subpart 2;

(3) be of good moral character;

(4) have no pending complaints or active disciplinary or corrective actions in any jurisdiction;

(5) submit the required fee and complete the criminal background check according to section 214.075; and

(6) pay a fee to the board in the amount set forth in section 148B.392.

(c) A license issued under this section is valid for one year from the date of issuance and allows practice by the nonresident for a maximum of five months. The months in which the nonresident may practice under the license must be consecutive. A guest license is not renewable, but the nonresident may reapply for guest licensure, subject to continued eligibility under paragraph (b), following expiration of a guest license.

Subd. 2. **Other professional activity.** Notwithstanding subdivision 1, a nonresident of the state of Minnesota who is not seeking licensure in Minnesota may serve as an expert witness, organizational consultant, presenter, or educator without obtaining guest licensure, provided the nonresident is appropriately trained or educated, or has been issued a license, certificate, or registration by another jurisdiction.

Subd. 3. **Prohibitions and sanctions.** A person's privilege to practice under this section is subject to the prohibitions and sanctions for unprofessional or unethical conduct contained in Minnesota laws and rules for marriage and family therapy under this chapter.

EFFECTIVE DATE. This section is effective October 1, 2024.

Sec. 2. Minnesota Statutes 2023 Supplement, section 148B.392, subdivision 2, is amended to read:

Subd. 2. **Licensure and application fees.** Licensure and application fees established by the board shall not exceed the following amounts:

(1) application fee for national examination is $150;

(2) application fee for Licensed Marriage and Family Therapist (LMFT) ~~state examination~~ license is $150;

(3) initial LMFT license fee is prorated, but cannot exceed $225;

(4) annual renewal fee for LMFT license is $225;

(5) late fee for LMFT license renewal is $100;

(6) application fee for LMFT licensure by reciprocity is $300;

(7) application fee for ~~initial~~ Licensed Associate Marriage and Family Therapist (LAMFT) license is $100;

(8) annual renewal fee for LAMFT license is $100;

(9) late fee for LAMFT license renewal is $50;

(10) fee for reinstatement of LMFT or LAMFT license is $150;

(11) fee for LMFT emeritus license status is $225; ~~and~~

(12) fee for temporary license for members of the military is $100~~.~~; and

(13) fee for LMFT guest license is $150.

EFFECTIVE DATE. This section is effective October 1, 2024.

ARTICLE 25

SPEECH-LANGUAGE PATHOLOGY ASSISTANT LICENSURE

Section 1. Minnesota Statutes 2022, section 144.0572, subdivision 1, is amended to read:

Subdivision 1. **Criminal history background check requirements.** (a) Beginning January 1, 2018, an applicant for initial licensure, temporary licensure, or relicensure after a lapse in licensure as an audiologist or speech-language pathologist, a speech-language pathology assistant, or an applicant for initial certification as a hearing instrument dispenser, must 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).

(b) Beginning January 1, 2020, an applicant for a renewal license or certificate as an audiologist, speech-language pathologist, or hearing instrument dispenser who was licensed or obtained a certificate before January 1, 2018, must submit to a criminal history records check of state data completed by the BCA and a national criminal history records check, including a search of the records of the FBI.

(c) An applicant must submit to a background study under chapter 245C.

(d) The criminal history records check must be structured so that any new crimes that an applicant or licensee or certificate holder commits after the initial background check are flagged in the BCA's or FBI's database and reported back to the commissioner of human services.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 2. Minnesota Statutes 2022, section 148.511, is amended to read:

148.511 SCOPE.

Sections 148.511 to 148.5198 apply to persons who are applicants for licensure, who use protected titles, who represent that they are licensed, or who engage in the practice of speech-language pathology or audiology or practice as a speech-language pathology assistant. Sections 148.511 to 148.5198 do not apply to school personnel licensed by the Professional Educator Licensing and Standards Board and practicing within the scope of their school license under Minnesota Rules, part 8710.6000, or the paraprofessionals who assist these individuals.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 3. Minnesota Statutes 2022, section 148.512, subdivision 17a, is amended to read:

Subd. 17a. **Speech-language pathology assistant.** "Speech-language pathology assistant" means a person who meets the qualifications under section 148.5181 and provides speech-language pathology services under the supervision of a licensed speech-language pathologist in accordance with section 148.5192.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 4. Minnesota Statutes 2022, section 148.513, subdivision 1, is amended to read:

Subdivision 1. **Unlicensed practice prohibited.** A person must not engage in the practice of speech-language pathology or audiology or practice as a speech-language pathology assistant unless the person is licensed as a speech-language pathologist ~~or~~, an audiologist, or a speech-language pathology assistant under sections 148.511 to 148.5198 ~~or is practicing as a speech-language pathology assistant in accordance with section 148.5192~~. For purposes of this subdivision, a speech-language pathology assistant's duties are limited to the duties described in accordance with section 148.5192, subdivision 2.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 5. Minnesota Statutes 2022, section 148.513, subdivision 2, is amended to read:

Subd. 2. **Protected titles and restrictions on use; speech-language pathologists and audiologists.** (a) Notwithstanding paragraph ~~(b)~~ (c), the use of the following terms or initials which represent the following terms, alone or in combination with any word or words, by any person to form an occupational title is prohibited unless that person is licensed as a speech-language pathologist or audiologist under sections 148.511 to 148.5198:

(1) speech-language;

(2) speech-language pathologist, S, SP, or SLP;

(3) speech pathologist;

(4) language pathologist;

(5) audiologist, A, or AUD;

(6) speech therapist;

(7) speech clinician;

(8) speech correctionist;

(9) language therapist;

(10) voice therapist;

(11) voice pathologist;

(12) logopedist;

(13) communicologist;

(14) aphasiologist;

(15) phoniatrist;

(16) audiometrist;

(17) audioprosthologist;

(18) hearing therapist;

(19) hearing clinician; or

(20) hearing aid audiologist.

(b) Use of the term "Minnesota licensed" in conjunction with the titles protected under ~~this~~ paragraph (a) by any person is prohibited unless that person is licensed as a speech-language pathologist or audiologist under sections 148.511 to 148.5198.

~~(b)~~ (c) A speech-language pathology assistant practicing under ~~section 148.5192~~ sections 148.511 to 148.5198 must not represent, indicate, or imply to the public that the assistant is a licensed speech-language pathologist and shall only utilize ~~one of the following titles: "speech-language pathology assistant," "SLP assistant," or "SLP asst."~~ the titles provided in subdivision 2b.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 6. Minnesota Statutes 2022, section 148.513, is amended by adding a subdivision to read:

Subd. 2b. **Protected titles and restrictions on use; speech-language pathology assistant.** (a) The use of the following terms or initials which represent the following terms, alone or in combination with any word or words, by any person to form an occupational title is prohibited unless that person is licensed under section 148.5181:

(1) speech-language pathology assistant;

(2) SLP assistant; or

(3) SLP asst.

(b) Use of the term "Minnesota licensed" in conjunction with the titles protected under this subdivision by any person is prohibited unless that person is licensed under section 148.5181.

(c) A speech-language pathology assistant practicing under section 148.5192 must not represent, indicate, or imply to the public that the assistant is a licensed speech-language pathologist and must only utilize the title provided in paragraph (a).

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 7. Minnesota Statutes 2022, section 148.513, subdivision 3, is amended to read:

Subd. 3. **Exemption.** (a) Nothing in sections 148.511 to 148.5198 prohibits the practice of any profession or occupation licensed, certified, or registered by the state by any person duly licensed, certified, or registered to practice the profession or occupation or to perform any act that falls within the scope of practice of the profession or occupation.

(b) Subdivision 1 does not apply to a student participating in supervised field work or supervised course work that is necessary to meet the requirements of ~~section~~ sections 148.515, subdivision 2 ~~or 3~~, or 148.5181, subdivision 2, if the person is designated by a title which clearly indicates the person's status as a student trainee.

(c) Subdivisions 1 ~~and~~, 2, and 2a do not apply to a person visiting and then leaving the state and using titles restricted under this section while in the state, if the titles are used no more than 30 days in a calendar year as part of a professional activity that is limited in scope and duration and is in association with an audiologist or speech-language pathologist licensed under sections 148.511 to 148.5198.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 8. Minnesota Statutes 2022, section 148.514, subdivision 2, is amended to read:

Subd. 2. **General licensure qualifications.** An applicant for licensure must possess the qualifications required in one of the following clauses:

(1) a person who applies for licensure and does not meet the requirements in clause (2) or (3), must meet the requirements in section 148.515 or 148.5181, subdivision 2;

(2) a person who applies for licensure and who has a current certificate of clinical competence issued by the American Speech-Language-Hearing Association, or board certification by the American Board of Audiology, must meet the requirements of section 148.516; or

(3) a person who applies for licensure by reciprocity must meet the requirements under section 148.517 or 148.5181, subdivision 3.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 9. Minnesota Statutes 2022, section 148.515, subdivision 1, is amended to read:

Subdivision 1. **Applicability.** Except as provided in section 148.516 or 148.517, an applicant for speech-language pathology or audiology must meet the requirements in this section.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 10. Minnesota Statutes 2022, section 148.518, is amended to read:

148.518 LICENSURE FOLLOWING LAPSE OF LICENSURE STATUS.

Subdivision 1. **Speech-language pathology or audiology lapse.** ~~For~~ An applicant whose licensure status has lapsed~~, the applicant~~ and who is applying for a speech-language pathology or audiology license must:

(1) apply for licensure renewal according to section 148.5191 and document compliance with the continuing education requirements of section 148.5193 since the applicant's license lapsed;

(2) fulfill the requirements of section 148.517;

(3) apply for renewal according to section 148.5191, provide evidence to the commissioner that the applicant holds a current and unrestricted credential for the practice of speech-language pathology from the Professional Educator Licensing and Standards Board or for the practice of speech-language pathology or audiology in another jurisdiction that has requirements equivalent to or higher than those in effect for Minnesota, and provide evidence of compliance with Professional Educator Licensing and Standards Board or that jurisdiction's continuing education requirements;

(4) apply for renewal according to section 148.5191 and submit verified documentation of successful completion of 160 hours of supervised practice approved by the commissioner. To participate in a supervised practice, the applicant shall first apply and obtain temporary licensing according to section 148.5161; or

(5) apply for renewal according to section 148.5191 and provide documentation of obtaining a qualifying score on the examination described in section 148.515, subdivision 4, within one year of the application date for license renewal.

Subd. 2. **Speech-language pathology assistant licensure lapse.** An applicant applying for speech-language pathology assistant licensure and whose licensure status has lapsed must:

(1) apply for renewal according to section 148.5191, and provide evidence to the commissioner that the applicant has an associate's degree from a speech-language pathology assistant program that is accredited by the Higher Learning Commission of the North Central Association of Colleges;

(2) apply for renewal according to section 148.5191 and provide evidence to the commissioner that the applicant has a bachelor's degree in the discipline of communication sciences or disorders and a speech-language pathology assistant certificate program, including relevant coursework and supervised field experience according to section 148.5181; or

(3) apply for licensure renewal according to section 148.5191 and document compliance with the continuing education requirements of section 148.5193 since the applicant's license lapsed.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 11. **[148.5181] LICENSURE; SPEECH-LANGUAGE PATHOLOGY ASSISTANTS.**

Subdivision 1. **Applicability.** Except as provided in subdivisions 3 and 4, an applicant for licensure as a speech-language pathology assistant must meet the requirements of this section.

Subd. 2. **Educational requirements.** (a) To be eligible for speech-language pathology assistant licensure, an applicant must submit to the commissioner a transcript from an educational institution documenting satisfactory completion of either:

(1) an associate's degree from a speech-language pathology assistant program that is accredited by the Higher Learning Commission of the North Central Association of Colleges or its equivalent as approved by the commissioner and that includes at least 100 hours of supervised field work experience in speech-language pathology assisting; or

(2) a bachelor's degree in the discipline of communication sciences or disorders and a speech-language pathology assistant certificate program that includes:

(i) coursework in an introduction to speech-language pathology assisting, adult communication disorders and treatment, speech sound disorders, and language disorders at a speech-language pathology assistant level; and

(ii) at least 100 hours of supervised field work experience in speech-language pathology assisting.

(b) Within one month following expiration of a license, an applicant for licensure renewal as a speech-language pathology assistant must provide, on a form provided by the commissioner, evidence to the commissioner of a minimum of 20 contact hours of continuing education obtained within the two years immediately preceding licensure expiration. A minimum of 13 contact hours of continuing education must be directly related to the licensee's area of licensure. Seven contact hours of continuing education may be in areas generally related to the licensee's area of licensure. Licensees who are issued licenses for a period of less than two years must prorate the number of contact hours required for licensure renewal based on the number of months licensed during the biennial licensure period. Licensees must receive contact hours for continuing education activities only for the biennial licensure period in which the continuing education activity was performed.

Subd. 3. **Licensure by reciprocity.** The commissioner shall issue a speech-language pathology assistant license to a person who holds a current speech-language pathology assistant license in another state if the following conditions are met:

(1) payment of the commissioner's current fee for licensure; and

(2) submission of evidence of licensure in good standing from another state that maintains a system and standard of examinations for speech-language pathology assistants which meets or exceeds the current requirements for licensure in Minnesota.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 12. Minnesota Statutes 2022, section 148.519, subdivision 1, is amended to read:

Subdivision 1. **Applications for licensure; speech-language pathologists and audiologists.** (a) An applicant for licensure as a speech-language pathologist or audiologist must:

(1) submit a completed application for licensure on forms provided by the commissioner. The application must include the applicant's name, certification number under chapter 153A, if applicable, business address and telephone number, or home address and telephone number if the applicant practices speech-language pathology or audiology out of the home, and a description of the applicant's education, training, and experience, including previous work history for the five years immediately preceding the date of application. The commissioner may ask the applicant to provide additional information necessary to clarify information submitted in the application; and

(2) submit documentation of the certificate of clinical competence issued by the American Speech-Language-Hearing Association, board certification by the American Board of Audiology, or satisfy the following requirements:

(i) submit a transcript showing the completion of a master's or doctoral degree or its equivalent meeting the requirements of section 148.515, subdivision 2;

(ii) submit documentation of the required hours of supervised clinical training;

(iii) submit documentation of the postgraduate clinical or doctoral clinical experience meeting the requirements of section 148.515, subdivision 4; and

(iv) submit documentation of receiving a qualifying score on an examination meeting the requirements of section 148.515, subdivision 6.

(b) In addition, an applicant must:

(1) sign a statement that the information in the application is true and correct to the best of the applicant's knowledge and belief;

(2) submit with the application all fees required by section 148.5194;

(3) sign a waiver authorizing the commissioner to obtain access to the applicant's records in this or any other state in which the applicant has engaged in the practice of speech-language pathology or audiology; and

(4) consent to a fingerprint-based criminal history background check as required under section 144.0572, pay all required fees, and cooperate with all requests for information. An applicant must complete a new criminal history background check if more than one year has elapsed since the applicant last applied for a license.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 13. Minnesota Statutes 2022, section 148.519, is amended by adding a subdivision to read:

Subd. 1a. **Applications for licensure; speech-language pathology assistants.** An applicant for licensure as a speech-language pathology assistant must:

(1) submit a completed application on forms provided by the commissioner. The application must include the applicant's name, business address and telephone number, home address and telephone number, and a description of the applicant's education, training, and experience, including previous work history for the five years immediately preceding the application date. The commissioner may ask the applicant to provide additional information needed to clarify information submitted in the application;

(2) submit a transcript showing the completion of the requirements set forth in section 148.5181;

(3) submit a signed statement that the information in the application is true and correct to the best of the applicant's knowledge and belief;

(4) submit all fees required under section 148.5194;

(5) submit a signed waiver authorizing the commissioner to obtain access to the applicant's records in this or any other state in which the applicant has worked as a speech-language pathology assistant; and

(6) consent to a fingerprint-based criminal history background check as required under section 144.0572, pay all required fees, and cooperate with all requests for information. An applicant must complete a new criminal history background check if more than one year has lapsed since the applicant last applied for a license.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 14. Minnesota Statutes 2022, section 148.5191, subdivision 1, is amended to read:

Subdivision 1. **Renewal requirements.** To renew licensure, an applicant for license renewal as a speech-language pathologist or audiologist must:

(1) biennially complete a renewal application on a form provided by the commissioner and submit the biennial renewal fee;

(2) meet the continuing education requirements of section 148.5193 and submit evidence of attending continuing education courses, as required in section 148.5193, subdivision 6; and

(3) submit additional information if requested by the commissioner to clarify information presented in the renewal application. The information must be submitted within 30 days after the commissioner's request.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 15. Minnesota Statutes 2022, section 148.5191, is amended by adding a subdivision to read:

Subd. 1a. **Renewal requirements; speech-language pathology assistant.** To renew licensure, an applicant for license renewal as a speech-language pathology assistant must:

(1) biennially complete a renewal application on a form provided by the commissioner and submit the biennial renewal fee;

(2) meet the continuing education requirements of section 148.5193, subdivision 1a, and submit evidence of attending continuing education courses, as required in section 148.5193, subdivision 1a; and

(3) submit additional information if requested by the commissioner to clarify information presented in the renewal application. The information must be submitted within 30 days after the commissioner's request.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 16. Minnesota Statutes 2022, section 148.5192, subdivision 1, is amended to read:

Subdivision 1. **Delegation requirements.** A licensed speech-language pathologist may delegate duties to a licensed speech-language pathology assistant in accordance with this section following an initial introduction to a client with the speech-language pathologist and speech-language pathology assistant present. ~~Duties may only be delegated to an individual who has documented with a transcript from an educational institution satisfactory completion of either:~~

~~(1) an associate degree from a speech-language pathology assistant program that is accredited by the Higher Learning Commission of the North Central Association of Colleges or its equivalent as approved by the commissioner; or~~

~~(2) a bachelor's degree in the discipline of communication sciences or disorders with additional transcript credit in the area of instruction in assistant-level service delivery practices and completion of at least 100 hours of supervised field work experience as a speech-language pathology assistant student.~~

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 17. Minnesota Statutes 2022, section 148.5192, subdivision 2, is amended to read:

Subd. 2. **Delegated duties; prohibitions.** (a) A speech-language pathology assistant may perform only those duties delegated by a licensed speech-language pathologist and must be limited to duties within the training and experience of the speech-language pathology assistant.

(b) Duties may include the following as delegated by the supervising speech-language pathologist:

(1) assist with speech language and hearing screenings;

(2) implement documented treatment plans or protocols developed by the supervising speech-language pathologist;

(3) document client performance, including writing progress notes;

(4) assist with assessments of clients;

(5) assist with preparing materials and scheduling activities as directed;

(6) perform checks and maintenance of equipment;

(7) support the supervising speech-language pathologist in research projects, in-service training, and public relations programs; and

(8) collect data for quality improvement.

(c) A speech-language pathology assistant may not:

(1) perform standardized or nonstandardized diagnostic tests, perform formal or informal evaluations, or interpret test results;

(2) ~~screen or diagnose clients for feeding or swallowing disorders, including using a checklist or tabulating results of feeding or swallowing evaluations, or demonstrate swallowing strategies or precautions to clients or the clients' families~~ demonstrate strategies included in the feeding and swallowing plan developed by the speech-language pathologist or share such information with students, patients, clients, families, staff, and caregivers;

(3) participate in parent conferences, case conferences, or ~~any~~ interdisciplinary team ~~without the presence of the supervising speech-language pathologist or other licensed speech-language pathologist as authorized by the supervising speech-language pathologist~~ meetings without approval from the speech-language pathologist or misrepresent themselves as a speech-language pathologist at such a conference or meeting. The speech-language pathologist and speech-language pathology assistant are required to meet prior to the parent conferences, case conferences, or interdisciplinary team meetings to determine the information to be shared;

(4) provide client or family counseling or consult with the client or the family regarding the client status or service;

(5) write, develop, or modify a client's individualized treatment plan or individualized education program;

(6) select clients for service;

(7) discharge clients from service;

(8) disclose ~~clinical or confidential information either orally or in writing to anyone other than the supervising speech-language pathologist~~ information to other team members without permission from the supervising speech-language pathologist; or

(9) make referrals for additional services.

(d) A speech-language pathology assistant must ~~not~~ only sign ~~any formal~~ documents, including treatment plans, education plans, reimbursement forms, or reports, when cosigned by the supervising speech-language pathologist. The speech-language pathology assistant must sign or initial all treatment notes written by the assistant, which must then also be cosigned by the supervising speech-language pathologist.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 18. Minnesota Statutes 2022, section 148.5192, subdivision 3, is amended to read:

Subd. 3. **Supervision requirements.** (a) A supervising speech-language pathologist shall authorize and accept full responsibility for the performance, practice, and activity of a speech-language pathology assistant. The amount and type of supervision required must be based on the skills and experience of the speech-language pathology assistant. A minimum of one hour every 30 days of consultative supervision time must be documented for each speech-language pathology assistant.

(b) A supervising speech-language pathologist must:

(1) be licensed under sections 148.511 to 148.5198;

(2) hold a certificate of clinical competence from the American Speech-Language-Hearing Association or its equivalent as approved by the commissioner; and

(3) have completed at least ~~one~~ ten hours of continuing education ~~unit~~ in supervision.

(c) ~~The supervision of a speech-language pathology assistant shall be maintained on the following schedule:~~

~~(1) for the first 90 workdays, within a 40-hour work week, 30 percent of the work performed by the speech-language pathology assistant must be supervised and at least 20 percent of the work performed must be under direct supervision; and~~

~~(2) for the work period after the initial 90-day period, within a 40-hour work week, 20 percent of the work performed must be supervised and at least ten percent of the work performed must be under direct supervision~~ Once every 60 days, the supervising speech-language pathologist must treat or cotreat with the speech-language pathology assistant each client on the speech-language pathology assistant's caseload.

(d) For purposes of this section, "direct supervision" means ~~on-site, in-view~~ observation and guidance by the supervising speech-language pathologist during the performance of a delegated duty that occurs either on-site and in-view or through the use of real-time, two-way interactive audio and visual communication. The supervision requirements described in this section are minimum requirements. Additional supervision requirements may be imposed at the discretion of the supervising speech-language pathologist.

(e) A supervising speech-language pathologist must be available to communicate with a speech-language pathology assistant at any time the assistant is in direct contact with a client.

(f) A supervising speech-language pathologist must document activities performed by the assistant that are directly supervised by the supervising speech-language pathologist. At a minimum, the documentation must include:

(1) information regarding the quality of the speech-language pathology assistant's performance of the delegated duties; and

(2) verification that any delegated clinical activity was limited to duties authorized to be performed by the speech-language pathology assistant under this section.

(g) A supervising speech-language pathologist must review and cosign all informal treatment notes signed or initialed by the speech-language pathology assistant.

(h) A full-time, speech-language pathologist may supervise no more than ~~one~~ two full-time, speech-language pathology ~~assistant~~ assistants or the equivalent of ~~one~~ two full-time ~~assistant~~ assistants.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 19. Minnesota Statutes 2022, section 148.5193, subdivision 1, is amended to read:

Subdivision 1. **Number of contact hours required; speech-language pathologists and audiologists.** (a) An applicant for licensure renewal as a speech-language pathologist or audiologist must meet the requirements for continuing education stipulated by the American Speech-Language-Hearing Association or the American Board of Audiology, or satisfy the requirements described in paragraphs (b) to (e).

(b) Within one month following expiration of a license, an applicant for licensure renewal as either a speech-language pathologist or an audiologist must provide evidence to the commissioner of a minimum of 30 contact hours of continuing education obtained within the two years immediately preceding licensure expiration. A minimum of 20 contact hours of continuing education must be directly related to the licensee's area of licensure. Ten contact hours of continuing education may be in areas generally related to the licensee's area of licensure. Licensees who are issued licenses for a period of less than two years shall prorate the number of contact hours required for licensure renewal based on the number of months licensed during the biennial licensure period. Licensees shall receive contact hours for continuing education activities only for the biennial licensure period in which the continuing education activity was performed.

(c) An applicant for licensure renewal as both a speech-language pathologist and an audiologist must attest to and document completion of a minimum of 36 contact hours of continuing education offered by a continuing education sponsor within the two years immediately preceding licensure renewal. A minimum of 15 contact hours must be received in the area of speech-language pathology and a minimum of 15 contact hours must be received in the area of audiology. Six contact hours of continuing education may be in areas generally related to the licensee's areas of licensure. Licensees who are issued licenses for a period of less than two years shall prorate the number of contact hours required for licensure renewal based on the number of months licensed during the biennial licensure period. Licensees shall receive contact hours for continuing education activities only for the biennial licensure period in which the continuing education activity was performed.

(d) If the licensee is licensed by the Professional Educator Licensing and Standards Board:

(1) activities that are approved in the categories of Minnesota Rules, part 8710.7200, subpart 3, items A and B, and that relate to speech-language pathology, shall be considered:

(i) offered by a sponsor of continuing education; and

(ii) directly related to speech-language pathology;

(2) activities that are approved in the categories of Minnesota Rules, part 8710.7200, subpart 3, shall be considered:

(i) offered by a sponsor of continuing education; and

(ii) generally related to speech-language pathology; and

(3) one clock hour as defined in Minnesota Rules, part 8710.7200, subpart 1, is equivalent to 1.0 contact hours of continuing education.

(e) Contact hours may not be accumulated in advance and transferred to a future continuing education period.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 20. Minnesota Statutes 2022, section 148.5193, is amended by adding a subdivision to read:

Subd. 1a. **Continuing education; speech-language pathology assistants.** An applicant for licensure renewal as a speech-language pathology assistant must meet the requirements for continuing education established by the American Speech-Language-Hearing Association and submit evidence of attending continuing education courses. A licensee must receive contact hours for continuing education activities only for the biennial licensure period in which the continuing education activity was completed. Continuing education contact hours obtained in one licensure period must not be transferred to a future licensure period.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 21. Minnesota Statutes 2022, section 148.5194, is amended by adding a subdivision to read:

Subd. 3b. **Speech-language pathology assistant licensure fees.** The fee for initial licensure as a speech-language pathology assistant is $493. The fee for licensure renewal for a speech-language pathology assistant is $493.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 22. Minnesota Statutes 2022, section 148.5194, subdivision 8, is amended to read:

Subd. 8. **Penalty fees.** (a) The penalty fee for practicing speech-language pathology or audiology, practicing as a speech-language pathology assistant, or using protected titles without a current license after the credential has expired and before it is renewed is the amount of the license renewal fee for any part of the first month, plus the license renewal fee for any part of any subsequent month up to 36 months.

(b) The penalty fee for applicants who engage in the unauthorized practice of speech-language pathology or audiology, practice as a speech-language pathology assistant, or ~~using~~ use of protected titles before being issued a license is the amount of the license application fee for any part of the first month, plus the license application fee for any part of any subsequent month up to 36 months. This paragraph does not apply to

applicants not qualifying for a license who engage in the unauthorized practice of speech language pathology or audiology or in the unauthorized practice as a speech-language pathology assistant.

(c) The penalty fee for practicing speech-language pathology or audiology and failing to submit a continuing education report by the due date with the correct number or type of hours in the correct time period is $100 plus $20 for each missing clock hour. The penalty fee for a licensed speech-language pathology assistant who fails to submit a continuing education report by the due date with the correct number or type of hours in the correct time period is $100 plus $20 for each missing clock hour. "Missing" means not obtained between the effective and expiration dates of the certificate, the one-month period following the certificate expiration date, or the 30 days following notice of a penalty fee for failing to report all continuing education hours. The licensee must obtain the missing number of continuing education hours by the next reporting due date.

(d) Civil penalties and discipline incurred by licensees prior to August 1, 2005, for conduct described in paragraph (a), (b), or (c) shall be recorded as nondisciplinary penalty fees. For conduct described in paragraph (a) or (b) occurring after August 1, 2005, and exceeding six months, payment of a penalty fee does not preclude any disciplinary action reasonably justified by the individual case.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 23. Minnesota Statutes 2023 Supplement, section 148.5195, subdivision 3, is amended to read:

Subd. 3. **Grounds for disciplinary action by commissioner.** The commissioner may take any of the disciplinary actions listed in subdivision 4 on proof that the individual has:

(1) intentionally submitted false or misleading information to the commissioner or the advisory council;

(2) failed, within 30 days, to provide information in response to a written request by the commissioner or advisory council;

(3) performed services of a speech-language pathologist ~~or~~, audiologist, or speech-language pathology assistant in an incompetent or negligent manner;

(4) violated sections 148.511 to 148.5198;

(5) failed to perform services with reasonable judgment, skill, or safety due to the use of alcohol or drugs, or other physical or mental impairment;

(6) violated any state or federal law, rule, or regulation, and the violation is a felony or misdemeanor, an essential element of which is dishonesty, or which relates directly or indirectly to the practice of speech-language pathology or audiology or to the practice of a speech-language pathology assistant. Conviction for violating any state or federal law which relates to speech-language pathology ~~or~~, audiology, or to the practice of a speech-language pathology assistant is necessarily considered to constitute a violation, except as provided in chapter 364;

(7) aided or abetted another person in violating any provision of sections 148.511 to 148.5198;

(8) been or is being disciplined by another jurisdiction, if any of the grounds for the discipline is the same or substantially equivalent to those under sections 148.511 to 148.5198;

(9) not cooperated with the commissioner or advisory council in an investigation conducted according to subdivision 1;

(10) advertised in a manner that is false or misleading;

(11) engaged in conduct likely to deceive, defraud, or harm the public; or demonstrated a willful or careless disregard for the health, welfare, or safety of a client;

(12) failed to disclose to the consumer any fee splitting or any promise to pay a portion of a fee to any other professional other than a fee for services rendered by the other professional to the client;

(13) engaged in abusive or fraudulent billing practices, including violations of federal Medicare and Medicaid laws, Food and Drug Administration regulations, or state medical assistance laws;

(14) obtained money, property, or services from a consumer through the use of undue influence, high pressure sales tactics, harassment, duress, deception, or fraud;

(15) performed services for a client who had no possibility of benefiting from the services;

(16) failed to refer a client for medical evaluation or to other health care professionals when appropriate or when a client indicated symptoms associated with diseases that could be medically or surgically treated;

(17) had the certification required by chapter 153A denied, suspended, or revoked according to chapter 153A;

(18) used the term doctor of audiology, doctor of speech-language pathology, AuD, or SLPD without having obtained the degree from an institution accredited by the North Central Association of Colleges and Secondary Schools, the Council on Academic Accreditation in Audiology and Speech-Language Pathology, the United States Department of Education, or an equivalent;

(19) failed to comply with the requirements of section 148.5192 regarding supervision of speech-language pathology assistants; or

(20) if the individual is an audiologist or certified prescription hearing aid dispenser:

(i) prescribed to a consumer or potential consumer the use of a prescription hearing aid, unless the prescription from a physician, an audiologist, or a certified dispenser is in writing, is based on an audiogram that is delivered to the consumer or potential consumer when the prescription is made, and bears the following information in all capital letters of 12-point or larger boldface type: "THIS PRESCRIPTION MAY BE FILLED BY, AND PRESCRIPTION HEARING AIDS MAY BE PURCHASED FROM, THE LICENSED AUDIOLOGIST OR CERTIFIED DISPENSER OF YOUR CHOICE";

(ii) failed to give a copy of the audiogram, upon which the prescription is based, to the consumer when the consumer requests a copy;

(iii) failed to provide the consumer rights brochure required by section 148.5197, subdivision 3;

(iv) failed to comply with restrictions on sales of prescription hearing aids in sections 148.5197, subdivision 3, and 148.5198;

(v) failed to return a consumer's prescription hearing aid used as a trade-in or for a discount in the price of a new prescription hearing aid when requested by the consumer upon cancellation of the purchase agreement;

(vi) failed to follow Food and Drug Administration or Federal Trade Commission regulations relating to dispensing prescription hearing aids;

(vii) failed to dispense a prescription hearing aid in a competent manner or without appropriate training;

(viii) delegated prescription hearing aid dispensing authority to a person not authorized to dispense a prescription hearing aid under this chapter or chapter 153A;

(ix) failed to comply with the requirements of an employer or supervisor of a prescription hearing aid dispenser trainee;

(x) violated a state or federal court order or judgment, including a conciliation court judgment, relating to the activities of the individual's prescription hearing aid dispensing; or

(xi) failed to include on the audiogram the practitioner's printed name, credential type, credential number, signature, and date.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 24. Minnesota Statutes 2022, section 148.5195, subdivision 5, is amended to read:

Subd. 5. **Consequences of disciplinary actions.** Upon the suspension or revocation of licensure, the speech-language pathologist or audiologist, or speech-language pathology assistant, shall cease to practice speech-language pathology or audiology, or practice as a speech-language pathology assistant, to use titles protected under sections 148.511 to 148.5198, and to represent to the public that the speech-language pathologist or audiologist, or speech-language pathology assistant, is licensed by the commissioner.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 25. Minnesota Statutes 2022, section 148.5195, subdivision 6, is amended to read:

Subd. 6. **Reinstatement requirements after disciplinary action.** A speech-language pathologist or audiologist, or speech-language pathology assistant, who has had licensure suspended may petition on forms provided by the commissioner for reinstatement following the period of suspension specified by the commissioner. The requirements of section 148.5191 for renewing licensure must be met before licensure may be reinstated.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 26. Minnesota Statutes 2023 Supplement, section 148.5196, subdivision 1, is amended to read:

Subdivision 1. **Membership.** The commissioner shall appoint ~~12~~ 13 persons to a Speech-Language Pathologist and Audiologist Advisory Council. The ~~12~~ 13 persons must include:

(1) three public members, as defined in section 214.02. Two of the public members shall be either persons receiving services of a speech-language pathologist or audiologist, or family members of or caregivers to such persons, and at least one of the public members shall be either a hearing aid user or an advocate of one;

(2) three speech-language pathologists licensed under sections 148.511 to 148.5198, one of whom is currently and has been, for the five years immediately preceding the appointment, engaged in the practice of speech-language pathology in Minnesota and each of whom is employed in a different employment setting including, but not limited to, private practice, hospitals, rehabilitation settings, educational settings, and government agencies;

(3) one speech-language pathologist licensed under sections 148.511 to 148.5198, who is currently and has been, for the five years immediately preceding the appointment, employed by a Minnesota public school district or a Minnesota public school district consortium that is authorized by Minnesota Statutes and who is licensed in speech-language pathology by the Professional Educator Licensing and Standards Board;

(4) three audiologists licensed under sections 148.511 to 148.5198, two of whom are currently and have been, for the five years immediately preceding the appointment, engaged in the practice of audiology and the dispensing of prescription hearing aids in Minnesota and each of whom is employed in a different employment setting including, but not limited to, private practice, hospitals, rehabilitation settings, educational settings, industry, and government agencies;

(5) one nonaudiologist prescription hearing aid dispenser recommended by a professional association representing prescription hearing aid dispensers; ~~and~~

(6) one physician licensed under chapter 147 and certified by the American Board of Otolaryngology, Head and Neck Surgery; and

(7) one speech-language pathology assistant licensed under sections 148.511 to 148.5198.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 27. Minnesota Statutes 2022, section 148.5196, subdivision 3, is amended to read:

Subd. 3. **Duties.** The advisory council shall:

(1) advise the commissioner regarding speech-language pathologist and audiologist licensure standards;

(2) advise the commissioner regarding the delegation of duties to, the licensure standards for, and the training required for speech-language pathology assistants;

(3) advise the commissioner on enforcement of sections 148.511 to 148.5198;

(4) provide for distribution of information regarding speech-language pathologist ~~and~~, audiologist, and speech-language pathology assistant licensure standards;

(5) review applications and make recommendations to the commissioner on granting or denying licensure or licensure renewal;

(6) review reports of investigations relating to individuals and make recommendations to the commissioner as to whether licensure should be denied or disciplinary action taken against the individual;

(7) advise the commissioner regarding approval of continuing education activities provided by sponsors using the criteria in section 148.5193, subdivision 2; and

(8) perform other duties authorized for advisory councils under chapter 214, or as directed by the commissioner.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 28. Minnesota Statutes 2023 Supplement, section 245C.031, subdivision 4, is amended to read:

Subd. 4. **Applicants, licensees, and other occupations regulated by the commissioner of health.** The commissioner shall conduct an alternative background study, including a check of state data, and a national

criminal history records check of the following individuals. For studies under this section, the following persons shall complete a consent form and criminal history disclosure form:

(1) An applicant for initial licensure, temporary licensure, or relicensure after a lapse in licensure as an audiologist ~~or~~, speech-language pathologist, or speech-language pathologist assistant, or an applicant for initial certification as a hearing instrument dispenser who must submit to a background study under section 144.0572.

(2) An applicant for a renewal license or certificate as an audiologist, speech-language pathologist, or hearing instrument dispenser who was licensed or obtained a certificate before January 1, 2018.

EFFECTIVE DATE. This section is effective July 1, 2025.

ARTICLE 26

PHYSICIAN ASSISTANT LICENSURE COMPACT

Section 1. **[148.675] PHYSICIAN ASSISTANT LICENSURE COMPACT.**

The physician assistant (PA) licensure compact is enacted into law and entered into with all other jurisdictions legally joining in it in the form substantially specified in this section.

ARTICLE I

TITLE

This statute shall be known and cited as the physician assistant licensure compact.

ARTICLE II

DEFINITIONS

As used in this compact, and except as otherwise provided, the following terms have the meanings given them.

(a) "Adverse action" means any administrative, civil, equitable, or criminal action permitted by a state's laws that is imposed by a licensing board or other authority against a PA license, license application, or compact privilege such as license denial, censure, revocation, suspension, probation, monitoring of the licensee, or restriction on the licensee's practice.

(b) "Charter participating states" means the states that enacted the compact prior to the commission convening.

(c) "Compact privilege" means the authorization granted by a remote state to allow a licensee from another participating state to practice as a PA to provide medical services or other licensed activities to a patient located in the remote state under the remote state's laws and regulations.

(d) "Conviction" means a finding by a court that an individual is guilty of a felony or misdemeanor offense through adjudication or entry of a plea of guilt or no contest to the charge by the offender.

(e) "Criminal background check" means the submission of fingerprints or other biometric-based information for a license applicant for the purpose of obtaining that applicant's criminal history record information, as defined in Code of Federal Regulations, title 28, part 20, subpart 20.3, clause (d), from the

state's criminal history record repository, as defined in Code of Federal Regulations, title 28, part 20, subpart 20.3, clause (f).

(f) "Data system" means the repository of information about licensees, including but not limited to license status and adverse action, that is created and administered under the terms of this compact.

(g) "Executive committee" means a group of directors and ex officio individuals elected or appointed pursuant to article VII, paragraph (f), clause (2).

(h) "Impaired practitioner" means a PA whose practice is adversely affected by a health-related condition that impacts the PA's ability to practice.

(i) "Investigative information" means information, records, and documents received or generated by a licensing board pursuant to an investigation.

(j) "Jurisprudence requirement" means the assessment of an individual's knowledge of the laws and rules governing the practice of a PA in a state.

(k) "License" means current authorization by a state, other than authorization pursuant to a compact privilege, for a PA to provide medical services, which would be unlawful without current authorization.

(l) "Licensee" means an individual who holds a license from a state to provide medical services as a PA.

(m) "Licensing board" means any state entity authorized to license and otherwise regulate PAs.

(n) "Medical services" means health care services provided for the diagnosis, prevention, treatment, cure, or relief of a health condition, injury, or disease, as defined by a state's laws and regulations.

(o) "Model compact" means the model for the PA licensure compact on file with the Council of State Governments or other entity as designated by the commission.

(p) "Participating state" means a state that has enacted this compact.

(q) "PA" means an individual who is licensed as a physician assistant in a state. For purposes of this compact, any other title or status adopted by a state to replace the term "physician assistant" shall be deemed synonymous with "physician assistant" and shall confer the same rights and responsibilities to the licensee under the provisions of this compact at the time of its enactment.

(r) "PA Licensure Compact Commission" or "compact commission" or "commission" means the national administrative body created pursuant to article VII, paragraph (a).

(s) "Qualifying license" means an unrestricted license issued by a participating state to provide medical services as a PA.

(t) "Remote state" means a participating state where a licensee who is not licensed as a PA is exercising or seeking to exercise the compact privilege.

(u) "Rule" means a regulation promulgated by an entity that has the force and effect of law.

(v) "Significant investigative information" means investigative information that a licensing board, after an inquiry or investigation that includes notification and an opportunity for the PA to respond if required by state law, has reason to believe is not groundless and, if proven true, would indicate more than a minor infraction.

(w) "State" means any state, commonwealth, district, or territory of the United States.

ARTICLE III

STATE PARTICIPATION IN THE COMPACT

(a) To participate in this compact, a participating state must:

(1) license PAs;

(2) participate in the commission's data system;

(3) have a mechanism in place for receiving and investigating complaints against licensees and license applicants;

(4) notify the commission, in compliance with the terms of this compact and commission rules, of any adverse action against the licensee or license applicant and the existence of significant investigative information regarding a licensee or license applicant;

(5) fully implement a criminal background check requirement, within a time frame established by commission rule, by its licensing board receiving the results of a criminal background check and reporting to the commission whether the license applicant has been granted a license;

(6) fully comply with the rules of the compact commission;

(7) utilize a recognized national examination such as the National Commission on Certification of Physician Assistants (NCCPA) physician assistant national certifying examination as a requirement for PA licensure; and

(8) grant the compact privilege to a holder of a qualifying license in a participating state.

(b) Nothing in this compact prohibits a participating state from charging a fee for granting the compact privilege.

ARTICLE IV

COMPACT PRIVILEGE

(a) To exercise the compact privilege, a licensee must:

(1) have graduated from a PA program accredited by the Accreditation Review Commission on Education for the Physician Assistant, Inc. or other programs authorized by commission rule;

(2) hold current NCCPA certification;

(3) have no felony or misdemeanor convictions;

(4) have never had a controlled substance license, permit, or registration suspended or revoked by a state or by the United States Drug Enforcement Administration;

(5) have a unique identifier as determined by commission rule;

(6) hold a qualifying license;

(7) have had no revocation of a license or limitation or restriction due to an adverse action on any currently held license;

(8) if a licensee has had a limitation or restriction on a license or compact privilege due to an adverse action, two years must have elapsed from the date on which the license or compact privilege is no longer limited or restricted due to the adverse action;

(9) if a compact privilege has been revoked or is limited or restricted in a participating state for conduct that would not be a basis for disciplinary action in a participating state in which the licensee is practicing or applying to practice under a compact privilege, that participating state shall have the discretion not to consider such action as an adverse action requiring the denial or removal of a compact privilege in that state;

(10) notify the compact commission that the licensee is seeking the compact privilege in a remote state;

(11) meet any jurisprudence requirement of a remote state in which the licensee is seeking to practice under the compact privilege and pay any fees applicable to satisfying the jurisprudence requirement; and

(12) report to the commission any adverse action taken by any nonparticipating state within 30 days after the date the action is taken.

(b) The compact privilege is valid until the expiration or revocation of the qualifying license unless terminated pursuant to an adverse action. The licensee must also comply with all of the requirements of paragraph (a) to maintain the compact privilege in a remote state. If the participating state takes adverse action against a qualifying license, the licensee shall lose the compact privilege in any remote state in which the licensee has a compact privilege until all of the following occur:

(1) the license is no longer limited or restricted; and

(2) two years have elapsed from the date on which the license is no longer limited or restricted due to the adverse action.

(c) Once a restricted or limited license satisfies the requirements of paragraph (b), the licensee must meet the requirements of paragraph (a) to obtain a compact privilege in any remote state.

(d) For each remote state in which a PA seeks authority to prescribe controlled substances, the PA shall satisfy all requirements imposed by such state in granting or renewing such authority.

ARTICLE V

DESIGNATION OF THE STATE FROM WHICH LICENSEE IS APPLYING FOR COMPACT PRIVILEGE

Upon a licensee's application for a compact privilege, the licensee must identify to the commission the participating state from which the licensee is applying, in accordance with applicable rules adopted by the commission, and subject to the following requirements:

(1) the licensee must provide the commission with the address of the licensee's primary residence and thereafter shall immediately report to the commission any change in the address of the licensee's primary residence; and

(2) the licensee must consent to accept service of process by mail at the licensee's primary residence on file with the commission with respect to any action brought against the licensee by the commission or a participating state, including a subpoena, with respect to any action brought or investigation conducted by the commission or a participating state.

ARTICLE VI

ADVERSE ACTIONS

(a) A participating state in which a licensee is licensed shall have exclusive power to impose adverse action against the qualifying license issued by that participating state.

(b) In addition to the other powers conferred by state law, a remote state shall have the authority, in accordance with existing state due process law, to do the following:

(1) take adverse action against a PA's compact privilege in the state to remove a licensee's compact privilege or take other action necessary under applicable law to protect the health and safety of its citizens; and

(2) issue subpoenas for both hearings and investigations that require the attendance and testimony of witnesses and the production of evidence. Subpoenas issued by a licensing board in a participating state for the attendance and testimony of witnesses or the production of evidence from another participating state shall be enforced in the latter state by any court of competent jurisdiction, according to the practice and procedure of that court applicable to subpoenas issued in proceedings pending before it. The issuing authority shall pay any witness fees, travel expenses, mileage, and other fees required by the service statutes of the state in which the witnesses or evidence are located.

(c) Notwithstanding paragraph (b), clause (1), subpoenas may not be issued by a participating state to gather evidence of conduct in another state that is lawful in that other state, for the purpose of taking adverse action against a licensee's compact privilege or application for a compact privilege in that participating state.

(d) Nothing in this compact authorizes a participating state to impose discipline against a PA's compact privilege or to deny an application for a compact privilege in that participating state for the individual's otherwise lawful practice in another state.

(e) For purposes of taking adverse action, the participating state which issued the qualifying license shall give the same priority and effect to reported conduct received from any other participating state as it would if the conduct had occurred within the participating state which issued the qualifying license. In so doing, that participating state shall apply its own state laws to determine appropriate action.

(f) A participating state, if otherwise permitted by state law, may recover from the affected PA the costs of investigations and disposition of cases resulting from any adverse action taken against that PA.

(g) A participating state may take adverse action based on the factual findings of a remote state, provided that the participating state follows its own procedures for taking the adverse action.

(h) Joint investigations:

(1) in addition to the authority granted to a participating state by its respective state PA laws and regulations or other applicable state law, any participating state may participate with other participating states in joint investigations of licensees; and

(2) participating states shall share any investigative, litigation, or compliance materials in furtherance of any joint or individual investigation initiated under this compact.

(i) If an adverse action is taken against a PA's qualifying license, the PA's compact privilege in all remote states shall be deactivated until two years have elapsed after all restrictions have been removed from the state license. All disciplinary orders by the participating state which issued the qualifying license that impose adverse action against a PA's license shall include a statement that the PA's compact privilege is deactivated in all participating states during the pendency of the order.

(j) If any participating state takes adverse action, it promptly shall notify the administrator of the data system.

ARTICLE VII

ESTABLISHMENT OF THE PA LICENSURE COMPACT COMMISSION

(a) The participating states hereby create and establish a joint government agency and national administrative body known as the PA Licensure Compact Commission. The commission is an instrumentality of the compact states acting jointly, and is not an instrumentality of any one state. The commission shall come into existence on or after the effective date of the compact as set forth in article XI, paragraph (a).

(b) Membership, voting, and meetings:

(1) each participating state shall have and be limited to one delegate selected by that participating state's licensing board or, if the state has more than one licensing board, selected collectively by the participating state's licensing boards;

(2) the delegate shall be:

(i) a current PA, physician, or public member of a licensing board or PA council or committee; or

(ii) an administrator of a licensing board;

(3) any delegate may be removed or suspended from office as provided by the laws of the state from which the delegate is appointed;

(4) the participating state board shall fill any vacancy occurring in the commission within 60 days;

(5) each delegate shall be entitled to one vote on all matters voted on by the commission and shall otherwise have an opportunity to participate in the business and affairs of the commission;

(6) a delegate shall vote in person or by such other means as provided in the bylaws. The bylaws may provide for delegates' participation in meetings by telecommunications, video conference, or other means of communication;

(7) the commission shall meet at least once during each calendar year. Additional meetings shall be held as set forth in this compact and the bylaws; and

(8) the commission shall establish by rule a term of office for delegates.

(c) The commission shall have the following powers and duties:

(1) establish a code of ethics for the commission;

(2) establish the fiscal year of the commission;

(3) establish fees;

(4) establish bylaws;

(5) maintain its financial records in accordance with the bylaws;

(6) meet and take such actions as are consistent with the provisions of this compact and the bylaws;

(7) promulgate rules to facilitate and coordinate implementation and administration of this compact. The rules shall have the force and effect of law and shall be binding in all participating states;

(8) bring and prosecute legal proceedings or actions in the name of the commission, provided that the standing of any state licensing board to sue or be sued under applicable law shall not be affected;

(9) purchase and maintain insurance and bonds;

(10) borrow, accept, or contract for services of personnel, including but not limited to employees of a participating state;

(11) hire employees and engage contractors, elect or appoint officers, fix compensation, define duties, grant such individuals appropriate authority to carry out the purposes of this compact, and establish the commission's personnel policies and programs relating to conflicts of interest, qualifications of personnel, and other related personnel matters;

(12) accept any and all appropriate donations and grants of money, equipment, supplies, materials, and services, and receive, utilize, and dispose of the same, provided that at all times the commission shall avoid any appearance of impropriety or conflict of interest;

(13) lease, purchase, accept appropriate gifts or donations of, or otherwise to own, hold, improve, or use, any property, real, personal, or mixed, provided that at all times the commission shall avoid any appearance of impropriety;

(14) sell, convey, mortgage, pledge, lease, exchange, abandon, or otherwise dispose of any property real, personal, or mixed;

(15) establish a budget and make expenditures;

(16) borrow money;

(17) appoint committees, including standing committees composed of members, state regulators, state legislators or their representatives, and consumer representatives, and such other interested persons as may be designated in this compact and the bylaws;

(18) provide and receive information from, and cooperate with, law enforcement agencies;

(19) elect a chair, vice chair, secretary, and treasurer and such other officers of the commission as provided in the commission's bylaws;

(20) reserve for itself, in addition to those reserved exclusively to the commission under the compact, powers that the executive committee may not exercise;

(21) approve or disapprove a state's participation in the compact based upon its determination as to whether the state's compact legislation departs in a material manner from the model compact language;

(22) prepare and provide to the participating states an annual report; and

(23) perform such other functions as may be necessary or appropriate to achieve the purposes of this compact consistent with the state regulation of PA licensure and practice.

(d) Meetings of the commission:

(1) all meetings of the commission that are not closed pursuant to this paragraph shall be open to the public. Notice of public meetings shall be posted on the commission's website at least 30 days prior to the public meeting;

(2) notwithstanding clause (1), the commission may convene a public meeting by providing at least 24 hours' prior notice on the commission's website, and any other means as provided in the commission's rules, for any of the reasons it may dispense with notice of proposed rulemaking under article IX, paragraph (l);

(3) the commission may convene in a closed, nonpublic meeting or nonpublic part of a public meeting to receive legal advice or to discuss:

(i) noncompliance of a participating state with its obligations under this compact;

(ii) the employment, compensation, discipline, or other matters, practices, or procedures related to specific employees, or other matters related to the commission's internal personnel practices and procedures;

(iii) current, threatened, or reasonably anticipated litigation;

(iv) negotiation of contracts for the purchase, lease, or sale of goods, services, or real estate;

(v) accusing any person of a crime or formally censuring any person;

(vi) disclosure of trade secrets or commercial or financial information that is privileged or confidential;

(vii) disclosure of information of a personal nature where disclosure would constitute a clearly unwarranted invasion of personal privacy;

(viii) disclosure of investigative records compiled for law enforcement purposes;

(ix) disclosure of information related to any investigative reports prepared by or on behalf of, or for use of, the commission or other committee charged with responsibility of investigation or determination of compliance issues pursuant to this compact;

(x) legal advice; or

(xi) matters specifically exempted from disclosure by federal or participating states' statutes;

(4) if a meeting, or portion of a meeting, is closed pursuant to clause (3), the chair of the meeting or the chair's designee shall certify that the meeting or portion of the meeting may be closed and shall reference each relevant exempting provision; and

(5) the commission shall keep minutes that fully and clearly describe all matters discussed in a meeting and shall provide a full and accurate summary of actions taken, including a description of the views expressed. All documents considered in connection with an action shall be identified in such minutes. All minutes and documents of a closed meeting shall remain under seal, subject to release by a majority vote of the commission or order of a court of competent jurisdiction.

(e) Financing of the commission:

(1) the commission shall pay, or provide for the payment of, the reasonable expenses of its establishment, organization, and ongoing activities;

(2) the commission may accept any and all appropriate revenue sources, donations, and grants of money, equipment, supplies, materials, and services;

(3) the commission may levy on and collect an annual assessment from each participating state and may impose compact privilege fees on licensees of participating states to whom a compact privilege is granted, to cover the cost of the operations and activities of the commission and its staff. The cost of the operations and activities of the commission and its staff must be in a total amount sufficient to cover its annual budget as approved by the commission each year for which revenue is not provided by other sources. The aggregate annual assessment amount levied on participating states shall be allocated based upon a formula to be determined by commission rule:

(i) a compact privilege expires when the licensee's qualifying license in the participating state from which the licensee applied for the compact privilege expires; and

(ii) if the licensee terminates the qualifying license through which the licensee applied for the compact privilege before its scheduled expiration, and the licensee has a qualifying license in another participating state, the licensee shall inform the commission that it is changing the participating state through which it applies for a compact privilege to the other participating state and pay to the commission any compact privilege fee required by commission rule;

(4) the commission shall not incur obligations of any kind prior to securing the funds adequate to meet the same, nor shall the commission pledge the credit of any of the participating states, except by and with the authority of the participating state; and

(5) the commission shall keep accurate accounts of all receipts and disbursements. The receipts and disbursements of the commission shall be subject to the financial review and accounting procedures established under its bylaws. All receipts and disbursements of funds handled by the commission shall be subject to an annual financial review by a certified or licensed public accountant, and the report of the financial review shall be included in and become part of the annual report of the commission.

(f) The executive committee:

(1) the executive committee shall have the power to act on behalf of the commission according to the terms of this compact and commission rules;

(2) the executive committee shall be composed of nine members as follows:

(i) seven voting members who are elected by the commission from the current membership of the commission;

(ii) one ex officio, nonvoting member from a recognized national PA professional association; and

(iii) one ex officio, nonvoting member from a recognized national PA certification organization;

(3) the ex officio members will be selected by their respective organizations;

(4) the commission may remove any member of the executive committee as provided in its bylaws;

(5) the executive committee shall meet at least annually;

(6) the executive committee shall have the following duties and responsibilities:

(i) recommend to the entire commission changes to the commission's rules or bylaws, changes to this compact legislation, fees paid by compact participating states such as annual dues, and any commission compact fee charged to licensees for the compact privilege;

(ii) ensure compact administration services are appropriately provided, contractual or otherwise;

(iii) prepare and recommend the budget;

(iv) maintain financial records on behalf of the commission;

(v) monitor compact compliance of participating states and provide compliance reports to the commission;

(vi) establish additional committees as necessary;

(vii) exercise the powers and duties of the commission during the interim between commission meetings, except for issuing proposed rulemaking or adopting commission rules or bylaws, or exercising any other powers and duties exclusively reserved to the commission by the commission's rules; and

(viii) perform other duties as provided in commission's rules or bylaws;

(7) all meetings of the executive committee at which it votes or plans to vote on matters in exercising the powers and duties of the commission shall be open to the public, and public notice of such meetings shall be given as public meetings of the commission are given; and

(8) the executive committee may convene in a closed, nonpublic meeting for the same reasons that the commission may convene in a nonpublic meeting as set forth in paragraph (d), clause (3), and shall announce the closed meeting as the commission is required to under paragraph (d), clause (4), and keep minutes of the closed meeting as the commission is required to under paragraph (d), clause (5).

(g) Qualified immunity, defense, and indemnification:

(1) the members, officers, executive director, employees, and representatives of the commission shall be immune from suit and liability, both personally and in their official capacity, for any claim for damage to or loss of property or personal injury or other civil liability caused by or arising out of any actual or alleged act, error, or omission that occurred, or that the person against whom the claim is made had a reasonable basis for believing occurred, within the scope of commission employment, duties, or responsibilities, provided that nothing in this paragraph shall be construed to protect any such person from suit or liability for any damage, loss, injury, or liability caused by the intentional or willful or wanton misconduct of that person. The procurement of insurance of any type by the commission shall not in any way compromise or limit the immunity granted hereunder;

(2) the commission shall defend any member, officer, executive director, employee, or representative of the commission in any civil action seeking to impose liability arising out of any actual or alleged act, error, or omission that occurred within the scope of commission employment, duties, or responsibilities, or that the person against whom the claim is made had a reasonable basis for believing occurred within the scope of commission employment, duties, or responsibilities, provided that nothing herein shall be construed to prohibit that person from retaining their own counsel at their own expense, and provided further that the actual or alleged act, error, or omission did not result from that person's intentional or willful or wanton misconduct;

(3) the commission shall indemnify and hold harmless any member, officer, executive director, employee, or representative of the commission for the amount of any settlement or judgment obtained against that person arising out of any actual or alleged act, error, or omission that occurred within the scope of commission employment, duties, or responsibilities, or that such person had a reasonable basis for believing occurred within the scope of commission employment, duties, or responsibilities, provided that the actual or alleged act, error, or omission did not result from the intentional or willful or wanton misconduct of that person;

(4) except as provided under paragraph (i), venue is proper and judicial proceedings by or against the commission shall be brought solely and exclusively in a court of competent jurisdiction where the principal office of the commission is located. The commission may waive venue and jurisdictional defenses in any proceedings as authorized by commission rules;

(5) nothing herein shall be construed as a limitation on the liability of any licensee for professional malpractice or misconduct, which shall be governed solely by any other applicable state laws;

(6) nothing herein shall be construed to designate the venue or jurisdiction to bring actions for alleged acts of malpractice, professional misconduct, negligence, or other such civil action pertaining to the practice of a PA. All such matters shall be determined exclusively by state law other than this compact;

(7) nothing in this compact shall be interpreted to waive or otherwise abrogate a participating state's state action immunity or state action affirmative defense with respect to antitrust claims under the federal Sherman Act, Clayton Act, or any other state or federal antitrust or anticompetitive law or regulation; and

(8) nothing in this compact shall be construed to be a waiver of sovereign immunity by the participating states or by the commission.

(h) Notwithstanding paragraph (g), clause (1), the liability of the executive director, employees, or representatives of the interstate commission, acting within the scope of their employment or duties, may not exceed the limits of liability set forth under the constitution and laws of this state for state officials, employees, and agents. This paragraph expressly incorporates section 3.736, and neither expands nor limits the rights and remedies provided under that statute.

(i) Except for a claim alleging a violation of this compact, a claim against the commission, its executive director, employees, or representatives alleging a violation of the constitution and laws of this state may be brought in any county where the plaintiff resides. Nothing in this paragraph creates a private right of action.

ARTICLE VIII

DATA SYSTEM

(a) The commission shall provide for the development, maintenance, and utilization of a coordinated database and reporting system containing licensure and adverse action information, and the reporting of significant investigative information on all licensed PAs and applicants denied a license in participating states.

(b) Notwithstanding any other state law to the contrary, a participating state shall submit a uniform data set to the data system on all PAs to whom this compact is applicable, using a unique identifier, as required by the rules of the commission, including:

(1) identifying information;

(2) licensure data;

(3) adverse actions against a license or compact privilege;

(4) any denial of application for licensure and the reason or reasons for the denial, excluding the reporting of any criminal history record information where prohibited by law;

(5) the existence of significant investigative information; and

(6) other information that may facilitate the administration of this compact, as determined by the rules of the commission.

(c) Significant investigative information pertaining to a licensee in any participating state shall only be available to other participating states.

(d) The commission shall promptly notify all participating states of any reports it receives of any adverse action taken against a licensee or an individual applying for a license. This adverse action information shall be available to any other participating state.

(e) Participating states contributing information to the data system may, in accordance with state or federal law, designate information that may not be shared with the public without the express permission of the contributing state. Notwithstanding any such designation, such information shall be reported to the commission through the data system.

(f) Any information submitted to the data system that is subsequently expunged by federal law or the laws of the participating state contributing the information shall be removed from the data system upon reporting of such by the participating state to the commission.

(g) The records and information provided to a participating state pursuant to this compact or through the data system, when certified by the commission or an agent thereof, shall constitute the authenticated business records of the commission and shall be entitled to any associated hearsay exception in any relevant judicial, quasi-judicial, or administrative proceedings in a participating state.

ARTICLE IX

RULEMAKING

(a) The commission shall exercise its rulemaking powers pursuant to the criteria set forth in this article and the rules adopted thereunder. Commission rules shall become binding as of the date specified by the commission for each rule.

(b) The commission shall promulgate reasonable rules in order to effectively and efficiently implement and administer this compact and achieve its purposes. A commission rule shall be invalid and have no force or effect only if a court of competent jurisdiction holds that the rule is invalid because the commission exercised its rulemaking authority in a manner that is beyond the scope of the purposes of this compact, or the powers granted hereunder, or based upon another applicable standard of review.

(c) The rules of the commission shall have the force of law in each participating state, provided however that where the rules of the commission conflict with the laws of the participating state that establish the medical services a PA may perform in the participating state, as held by a court of competent jurisdiction, the rules of the commission shall be ineffective in that state to the extent of the conflict.

(d) If a majority of the legislatures of the participating states rejects a commission rule, by enactment of a statute or resolution in the same manner used to adopt the compact within four years of the date of adoption of the rule, then such rule shall have no further force and effect in any participating state or in any state applying to participate in the compact.

(e) Rules or amendments to the rules shall be adopted at a regular or special meeting of the commission.

(f) Prior to promulgation and adoption of a final rule or rules by the commission and at least 30 days in advance of the meeting at which the rule will be considered and voted upon, the commission shall file a notice of proposed rulemaking:

(1) on the website of the commission or other publicly accessible platform;

(2) to persons who have requested notice of the commission's notices of proposed rulemaking; and

(3) in such other ways as the commission may specify by rule.

(g) The notice of proposed rulemaking shall include:

(1) the time, date, and location of the public hearing on the proposed rule;

(2) the time, date, and location of the public hearing in which the proposed rule will be considered and voted upon;

(3) the text of the proposed rule and the reason for the proposed rule;

(4) a request for comments on the proposed rule from any interested person and the date by which written comments must be received; and

(5) the manner in which interested persons may submit notice to the commission of their intention to attend the public hearing and any written comments.

(h) Prior to adoption of a proposed rule, the commission shall allow persons to submit written data, facts, opinions, and arguments, which shall be made available to the public.

(i) If the hearing is held via electronic means, the commission shall publish the mechanism for access to the electronic hearing:

(1) all persons wishing to be heard at the hearing shall notify the commission of their desire to appear and testify at the hearing, not less than five business days before the scheduled date of the hearing, as directed in the notice of proposed rulemaking;

(2) hearings shall be conducted in a manner providing each person who wishes to comment a fair and reasonable opportunity to comment orally or in writing;

(3) all hearings shall be recorded. A copy of the recording and the written comments, data, facts, opinions, and arguments received in response to the proposed rulemaking shall be made available to a person on request; and

(4) nothing in this section shall be construed as requiring a separate hearing on each rule. Proposed rules may be grouped for the convenience of the commission at hearings required by this article.

(j) Following the public hearing, the commission shall consider all written and oral comments timely received.

(k) The commission shall, by majority vote of all delegates, take final action on the proposed rule and shall determine the effective date of the rule, if adopted, based on the rulemaking record and the full text of the rule. The commission:

(1) shall, if adopted, post the rule on the commission's website;

(2) may adopt changes to the proposed rule provided the changes do not expand the original purpose of the proposed rule;

(3) shall provide on its website an explanation of the reasons for substantive changes made to the proposed rule as well as reasons for substantive changes not made that were recommended by commenters; and

(4) shall determine a reasonable effective date for the rule. Except for an emergency as provided in paragraph (l), the effective date of the rule shall be no sooner than 30 days after the commission issued the notice that it adopted the rule.

(l) Upon determination that an emergency exists, the commission may consider and adopt an emergency rule with 24 hours' prior notice, without the opportunity for comment or hearing, provided that the usual rulemaking procedures provided in the compact and in this article shall be retroactively applied to the rule as soon as reasonably possible, in no event later than 90 days after the effective date of the rule. For the purposes of this provision, an emergency rule is one that must be adopted immediately by the commission in order to:

(1) meet an imminent threat to public health, safety, or welfare;

(2) prevent a loss of commission or participating state funds;

(3) meet a deadline for the promulgation of a commission rule that is established by federal law or rule; or

(4) protect public health and safety.

(m) The commission or an authorized committee of the commission may direct revisions to a previously adopted commission rule for purposes of correcting typographical errors, errors in format, errors in consistency, or grammatical errors. Public notice of any revisions shall be posted on the website of the commission. The revision shall be subject to challenge by any person for a period of 30 days after posting. The revision may be challenged only on grounds that the revision results in a material change to a rule. A challenge shall be made as set forth in the notice of revisions and delivered to the commission prior to the end of the notice period. If no challenge is made, the revision will take effect without further action. If the revision is challenged, the revision may not take effect without the approval of the commission.

(n) No participating state's rulemaking requirements shall apply under this compact.

ARTICLE X

OVERSIGHT, DISPUTE RESOLUTION, AND ENFORCEMENT

(a) Oversight:

(1) the executive and judicial branches of state government in each participating state shall enforce this compact and take all actions necessary and appropriate to implement the compact;

(2) venue is proper and judicial proceedings by or against the commission shall be brought solely and exclusively in a court of competent jurisdiction where the principal office of the commission is located. The commission may waive venue and jurisdictional defenses to the extent it adopts or consents to participate in alternative dispute resolution proceedings. Nothing herein shall affect or limit the selection or propriety of venue in any action against a licensee for professional malpractice, misconduct, or any such similar matter; and

(3) the commission shall be entitled to receive service of process in any such proceeding regarding the enforcement or interpretation of the compact or the commission's rules and shall have standing to intervene in such a proceeding for all purposes. Failure to provide service of process to the commission shall render a judgment or order void as to the commission, this compact, or commission rules.

(b) Default, technical assistance, and termination:

(1) if the commission determines that a participating state has defaulted in the performance of its obligations or responsibilities under this compact or the commission rules, the commission shall:

(i) provide written notice to the defaulting state and other participating states describing the default, the proposed means of curing the default, or any other action that the commission may take; and

(ii) offer remedial training and specific technical assistance regarding the default;

(2) if a state in default fails to cure the default, the defaulting state may be terminated from this compact upon an affirmative vote of a majority of the delegates of the participating states, and all rights, privileges, and benefits conferred by this compact may be terminated on the effective date of termination. A cure of the default does not relieve the offending state of obligations or liabilities incurred during the period of default;

(3) termination of participation in this compact shall be imposed only after all other means of securing compliance have been exhausted. Notice of intent to suspend or terminate shall be given by the commission to the governor, the majority and minority leaders of the defaulting state's legislature, and the licensing board or boards of each of the participating states;

(4) a state that has been terminated is responsible for all assessments, obligations, and liabilities incurred through the effective date of termination, including obligations that extend beyond the effective date of termination;

(5) the commission shall not bear any costs related to a state that is found to be in default or that has been terminated from this compact, unless agreed upon in writing between the commission and the defaulting state;

(6) the defaulting state may appeal its termination from the compact by the commission by petitioning the United States District Court for the District of Columbia or the federal district where the commission has its principal offices. The prevailing member shall be awarded all costs of such litigation, including reasonable attorney fees; and

(7) upon the termination of a state's participation in the compact, the state shall immediately provide notice to all licensees within that state of such termination:

(i) licensees who have been granted a compact privilege in that state shall retain the compact privilege for 180 days following the effective date of such termination; and

(ii) licensees who are licensed in that state who have been granted a compact privilege in a participating state shall retain the compact privilege for 180 days, unless the licensee also has a qualifying license in a participating state or obtains a qualifying license in a participating state before the 180-day period ends, in which case the compact privilege shall continue.

(c) Dispute resolution:

(1) upon request by a participating state, the commission shall attempt to resolve disputes related to this compact that arise among participating states and between participating and nonparticipating states; and

(2) the commission shall promulgate a rule providing for both mediation and binding dispute resolution for disputes, as appropriate.

(d) Enforcement:

(1) the commission, in the reasonable exercise of its discretion, shall enforce the provisions of this compact and rules of the commission;

(2) if compliance is not secured after all means to secure compliance have been exhausted, by majority vote, the commission may initiate legal action in the United States District Court for the District of Columbia or the federal district where the commission has its principal offices against a participating state in default, to enforce compliance with the provisions of this compact and the commission's promulgated rules and bylaws. The relief sought may include both injunctive relief and damages. In the event judicial enforcement is necessary, the prevailing member shall be awarded all costs of such litigation, including reasonable attorney fees; and

(3) the remedies herein shall not be the exclusive remedies of the commission. The commission may pursue any other remedies available under federal or state law.

(e) Legal action against the commission:

(1) a participating state may initiate legal action against the commission in the United States District Court for the District of Columbia or the federal district where the commission has its principal offices to enforce compliance with the provisions of the compact and the commission's rules. The relief sought may include both injunctive relief and damages. In the event judicial enforcement is necessary, the prevailing party shall be awarded all costs of such litigation, including reasonable attorney fees; and

(2) no person other than a participating state shall enforce this compact against the commission.

ARTICLE XI

DATE OF IMPLEMENTATION OF THE PA LICENSURE COMPACT COMMISSION

(a) This compact shall come into effect on the date on which the compact statute is enacted into law in the seventh participating state.

(b) On or after the effective date of the compact, the commission shall convene and review the enactment of each of the charter participating states to determine if the statute enacted by each charter participating state is materially different than the model compact. A charter participating state whose enactment is found to be materially different from the model compact shall be entitled to the default process set forth in article X, paragraph (b).

(c) If any participating state later withdraws from the compact or its participation is terminated, the commission shall remain in existence and the compact shall remain in effect even if the number of participating states should be less than seven. Participating states enacting the compact subsequent to the commission convening shall be subject to the process set forth in article VII, paragraph (c), clause (21), to determine if their enactments are materially different from the model compact and whether they qualify for participation in the compact.

(d) Any participating state enacting the compact subsequent to the seven initial charter participating states shall be subject to the process set forth in article VII, paragraph (c), clause (21), to determine if the state's enactment is materially different from the model compact and whether the state qualifies for participation in the compact.

(e) All actions taken for the benefit of the commission or in furtherance of the purposes of the administration of the compact prior to the effective date of the compact or the commission coming into existence shall be considered to be actions of the commission unless specifically repudiated by the commission.

(f) Any state that joins this compact shall be subject to the commission's rules and bylaws as they exist on the date on which this compact becomes law in that state. Any rule that has been previously adopted by the commission shall have the full force and effect of law on the day this compact becomes law in that state.

(g) Any participating state may withdraw from this compact by enacting a statute repealing the same:

(1) a participating state's withdrawal shall not take effect until 180 days after enactment of the repealing statute. During this 180-day period, all compact privileges that were in effect in the withdrawing state and were granted to licensees licensed in the withdrawing state shall remain in effect. If any licensee licensed in the withdrawing state is also licensed in another participating state or obtains a license in another participating state within the 180 days, the licensee's compact privileges in other participating states shall not be affected by the passage of the 180 days;

(2) withdrawal shall not affect the continuing requirement of the state licensing board or boards of the withdrawing state to comply with the investigative and adverse action reporting requirements of this compact prior to the effective date of withdrawal; and

(3) upon the enactment of a statute withdrawing a state from this compact, the state shall immediately provide notice of such withdrawal to all licensees within that state. Such withdrawing state shall continue to recognize all licenses granted pursuant to this compact for a minimum of 180 days after the date of such notice of withdrawal.

(h) Nothing contained in this compact shall be construed to invalidate or prevent any PA licensure agreement or other cooperative arrangement between participating states or a participating state and a nonparticipating state that does not conflict with the provisions of this compact.

(i) This compact may be amended by the participating states. No amendment to this compact shall become effective and binding upon any participating state until it is enacted materially in the same manner into the laws of all participating states, as determined by the commission.

ARTICLE XII

CONSTRUCTION AND SEVERABILITY

(a) This compact and the commission's rulemaking authority shall be liberally construed so as to effectuate the purposes of the compact and its implementation and administration. Provisions of the compact expressly authorizing or requiring the promulgation of rules shall not be construed to limit the commission's rulemaking authority solely for those purposes.

(b) The provisions of this compact shall be severable and if any phrase, clause, sentence, or provision of this compact is held by a court of competent jurisdiction to be contrary to the constitution of any participating state, of a state seeking participation in the compact, or of the United States, or the applicability thereof to any government, agency, person, or circumstance is held to be unconstitutional by a court of competent jurisdiction, the validity of the remainder of this compact and the applicability thereof to any government, agency, person, or circumstance shall not be affected thereby.

(c) Notwithstanding paragraph (b) or any provision of this article, the commission may deny a state's participation in the compact or, in accordance with the requirements of article X, paragraph (b), terminate a participating state's participation in the compact, if it determines that a constitutional requirement of a participating state is, or would be with respect to a state seeking to participate in the compact, a material departure from the compact. Otherwise, if this compact shall be held to be contrary to the constitution of

any participating state, the compact shall remain in full force and effect as to the remaining participating states and in full force and effect as to the participating state affected as to all severable matters.

ARTICLE XIII

BINDING EFFECT OF THE COMPACT

(a) Nothing herein prevents the enforcement of any other law of a participating state that is not inconsistent with this compact.

(b) Any laws in a participating state in conflict with this compact are superseded to the extent of the conflict.

(c) All agreements between the commission and the participating states are binding in accordance with their terms.

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

Sec. 2. **DIRECTION TO BOARD OF MEDICAL PRACTICE.**

The Board of Medical Practice must publish the effective date of the compact in Minnesota Statutes, section 148.675, in the State Register and on the board's website.

ARTICLE 27

OCCUPATIONAL THERAPY LICENSURE COMPACT

Section 1. **[148.645] OCCUPATIONAL THERAPY LICENSURE COMPACT.**

ARTICLE I

TITLE

This statute shall be known and cited as the occupational therapist licensure compact.

ARTICLE II

DEFINITIONS

As used in this compact, and except as otherwise provided, the following definitions shall apply:

(A) "Active duty military" means full-time duty status in the active uniformed service of the United States, including members of the National Guard and Reserve on active duty orders pursuant to United States Code, title 10, sections 1209 and 1211.

(B) "Adverse action" means any administrative, civil, equitable, or criminal action permitted by a state's laws which is imposed by a licensing board or other authority against an occupational therapist or occupational therapy assistant, including actions against an individual's license or compact privilege such as censure, revocation, suspension, probation, monitoring of the licensee, or restriction on the licensee's practice.

(C) "Alternative program" means a nondisciplinary monitoring process approved by an occupational therapy licensing board.

(D) "Compact privilege" means the authorization, which is equivalent to a license, granted by a remote state to allow a licensee from another member state to practice as an occupational therapist or practice as an occupational therapy assistant in the remote state under its laws and rules. The practice of occupational therapy occurs in the member state where the patient or client is located at the time of the patient or client encounter.

(E) "Continuing competence" or "continuing education" means a requirement, as a condition of license renewal, to provide evidence of participation in, and completion of, educational and professional activities relevant to practice or area of work.

(F) "Current significant investigative information" means investigative information that a licensing board, after an inquiry or investigation that includes notification and an opportunity for the occupational therapist or occupational therapy assistant to respond, if required by state law, has reason to believe is not groundless and, if proven true, would indicate more than a minor infraction.

(G) "Data system" means a repository of information about licensees, including but not limited to license status, investigative information, compact privileges, and adverse actions.

(H) "Encumbered license" means a license in which an adverse action restricts the practice of occupational therapy by the licensee or said adverse action has been reported to the National Practitioners Data Bank (NPDB).

(I) "Executive committee" means a group of directors elected or appointed to act on behalf of, and within the powers granted to them by, the commission.

(J) "Home state" means the member state that is the licensee's primary state of residence.

(K) "Impaired practitioner" means an individual whose professional practice is adversely affected by substance abuse, addiction, or other health-related conditions.

(L) "Investigative information" means information, records, or documents received or generated by an occupational therapy licensing board pursuant to an investigation.

(M) "Jurisprudence requirement" means the assessment of an individual's knowledge of the laws and rules governing the practice of occupational therapy in a state.

(N) "Licensee" means an individual who currently holds an authorization from the state to practice as an occupational therapist or as an occupational therapy assistant.

(O) "Member state" means a state that has enacted the compact.

(P) "Occupational therapist" means an individual who is licensed by a state to practice occupational therapy.

(Q) "Occupational therapy assistant" means an individual who is licensed by a state to assist in the practice of occupational therapy.

(R) "Occupational therapy," "occupational therapy practice," and "the practice of occupational therapy" mean the care and services provided by an occupational therapist or an occupational therapy assistant as set forth in the member state's statutes and regulations.

(S) "Occupational therapy compact commission" or "commission" means the national administrative body whose membership consists of all states that have enacted the compact.

(T) "Occupational therapy licensing board" or "licensing board" means the agency of a state that is authorized to license and regulate occupational therapists and occupational therapy assistants.

(U) "Primary state of residence" means the state, also known as the home state, in which an occupational therapist or occupational therapy assistant who is not active duty military declares a primary residence for legal purposes as verified by driver's license, federal income tax return, lease, deed, mortgage, or voter registration or other verifying documentation as further defined by commission rules.

(V) "Remote state" means a member state other than the home state where a licensee is exercising or seeking to exercise the compact privilege.

(W) "Rule" means a regulation promulgated by the commission that has the force of law.

(X) "State" means any state, commonwealth, district, or territory of the United States of America that regulates the practice of occupational therapy.

(Y) "Single-state license" means an occupational therapist or occupational therapy assistant license issued by a member state that authorizes practice only within the issuing state and does not include a compact privilege in any other member state.

(Z) "Telehealth" means the application of telecommunication technology to deliver occupational therapy services for assessment, intervention, or consultation.

ARTICLE III

STATE PARTICIPATION IN THE COMPACT

(A) To participate in the compact, a member state shall:

(1) license occupational therapists and occupational therapy assistants;

(2) participate fully in the commission's data system, including but not limited to using the commission's unique identifier as defined in rules of the commission;

(3) have a mechanism in place for receiving and investigating complaints about licensees;

(4) notify the commission, in compliance with the terms of the compact and rules, of any adverse action or the availability of investigative information regarding a licensee;

(5) implement or utilize procedures for considering the criminal history records of applicants for an initial compact privilege. These procedures shall include the submission of fingerprints or other biometric-based information by applicants for the purpose of obtaining an applicant's criminal history record information from the Federal Bureau of Investigation and the agency responsible for retaining that state's criminal records;

(i) A member state shall, within a time frame established by the commission, require a criminal background check for a licensee seeking or applying for a compact privilege whose primary state of residence is that member state by receiving the results of the Federal Bureau of Investigation criminal record search, and shall use the results in making licensure decisions.

(ii) Communication between a member state, the commission, and among member states regarding the verification of eligibility for licensure through the compact shall not include any information received from the Federal Bureau of Investigation relating to a federal criminal records check performed by a member state under Public Law 92-544;

(6) comply with the rules of the commission;

(7) utilize only a recognized national examination as a requirement for licensure pursuant to the rules of the commission; and

(8) have continuing competence or education requirements as a condition for license renewal.

(B) A member state shall grant the compact privilege to a licensee holding a valid unencumbered license in another member state in accordance with the terms of the compact and rules.

(C) Member states may charge a fee for granting a compact privilege.

(D) A member state shall provide for the state's delegate to attend all occupational therapy compact commission meetings.

(E) Individuals not residing in a member state shall continue to be able to apply for a member state's single-state license as provided under the laws of each member state. However, the single-state license granted to these individuals shall not be recognized as granting the compact privilege in any other member state.

(F) Nothing in this compact shall affect the requirements established by a member state for the issuance of a single-state license.

ARTICLE IV

COMPACT PRIVILEGE

(A) To exercise the compact privilege under the terms and provisions of the compact, the licensee shall:

(1) hold a license in the home state;

(2) have a valid United States Social Security number or national practitioner identification number;

(3) have no encumbrance on any state license;

(4) be eligible for a compact privilege in any member state in accordance with Article IV, (D), (F), (G), and (H);

(5) have paid all fines and completed all requirements resulting from any adverse action against any license or compact privilege, and two years have elapsed from the date of such completion;

(6) notify the commission that the licensee is seeking the compact privilege within a remote state or states;

(7) pay any applicable fees, including any state fee, for the compact privilege;

(8) complete a criminal background check in accordance with Article III, (A)(5). The licensee shall be responsible for the payment of any fee associated with the completion of a criminal background check;

(9) meet any jurisprudence requirements established by the remote state or states in which the licensee is seeking a compact privilege; and

(10) report to the commission adverse action taken by any nonmember state within 30 days from the date the adverse action is taken.

(B) The compact privilege is valid until the expiration date of the home state license. The licensee must comply with the requirements of Article IV, (A), to maintain the compact privilege in the remote state.

(C) A licensee providing occupational therapy in a remote state under the compact privilege shall function within the laws and regulations of the remote state.

(D) Occupational therapy assistants practicing in a remote state shall be supervised by an occupational therapist licensed or holding a compact privilege in that remote state.

(E) A licensee providing occupational therapy in a remote state is subject to that state's regulatory authority. A remote state may, in accordance with due process and that state's laws, remove a licensee's compact privilege in the remote state for a specific period of time, impose fines, or take any other necessary actions to protect the health and safety of its citizens. The licensee may be ineligible for a compact privilege in any state until the specific time for removal has passed and all fines are paid.

(F) If a home state license is encumbered, the licensee shall lose the compact privilege in any remote state until the following occur:

(1) the home state license is no longer encumbered; and

(2) two years have elapsed from the date on which the home state license is no longer encumbered in accordance with Article IV, (F)(1).

(G) Once an encumbered license in the home state is restored to good standing, the licensee must meet the requirements of Article IV, (A), to obtain a compact privilege in any remote state.

(H) If a licensee's compact privilege in any remote state is removed, the individual may lose the compact privilege in any other remote state until the following occur:

(1) the specific period of time for which the compact privilege was removed has ended;

(2) all fines have been paid and all conditions have been met;

(3) two years have elapsed from the date of completing requirements for Article IV, (H)(1) and (2); and

(4) the compact privileges are reinstated by the commission and the compact data system is updated to reflect reinstatement.

(I) If a licensee's compact privilege in any remote state is removed due to an erroneous charge, privileges shall be restored through the compact data system.

(J) Once the requirements of Article IV, (H), have been met, the licensee must meet the requirements in Article IV, (A), to obtain a compact privilege in a remote state.

ARTICLE V

OBTAINING A NEW HOME STATE LICENSE BY VIRTUE OF COMPACT PRIVILEGE

(A) An occupational therapist or occupational therapy assistant may hold a home state license, which allows for compact privileges in member states, in only one member state at a time.

(B) If an occupational therapist or occupational therapy assistant changes their primary state of residence by moving between two member states:

(1) the occupational therapist or occupational therapy assistant shall file an application for obtaining a new home state license by virtue of a compact privilege, pay all applicable fees, and notify the current and new home state in accordance with applicable rules adopted by the commission;

(2) upon receipt of an application for obtaining a new home state license by virtue of compact privilege, the new home state shall verify that the occupational therapist or occupational therapy assistant meets the pertinent criteria outlined in Article IV via the data system, without need for primary source verification except for:

(i) an FBI fingerprint-based criminal background check if not previously performed or updated pursuant to applicable rules adopted by the commission in accordance with Public Law 92-544;

(ii) other criminal background checks as required by the new home state; and

(iii) submission of any requisite jurisprudence requirements of the new home state;

(3) the former home state shall convert the former home state license into a compact privilege once the new home state has activated the new home state license in accordance with applicable rules adopted by the commission;

(4) notwithstanding any other provision of this compact, if the occupational therapist or occupational therapy assistant cannot meet the criteria in Article IV, the new home state shall apply its requirements for issuing a new single-state license; and

(5) the occupational therapist or the occupational therapy assistant shall pay all applicable fees to the new home state in order to be issued a new home state license.

(C) If an occupational therapist or occupational therapy assistant changes their primary state of residence by moving from a member state to a nonmember state, or from a nonmember state to a member state, the state criteria shall apply for issuance of a single-state license in the new state.

(D) Nothing in this compact shall interfere with a licensee's ability to hold a single-state license in multiple states; however, for the purposes of this compact, a licensee shall have only one home state license.

(E) Nothing in this compact shall affect the requirements established by a member state for the issuance of a single-state license.

ARTICLE VI

ACTIVE DUTY MILITARY PERSONNEL OR THEIR SPOUSES

Active duty military personnel, or their spouses, shall designate a home state where the individual has a current license in good standing. The individual may retain the home state designation during the period the service member is on active duty. Subsequent to designating a home state, the individual shall only change their home state through application for licensure in the new state or through the process described in Article V.

ARTICLE VII

ADVERSE ACTIONS

(A) A home state shall have exclusive power to impose adverse action against an occupational therapist's or occupational therapy assistant's license issued by the home state.

(B) In addition to the other powers conferred by state law, a remote state shall have the authority, in accordance with existing state due process law, to:

(1) take adverse action against an occupational therapist's or occupational therapy assistant's compact privilege within that member state; and

(2) issue subpoenas for both hearings and investigations that require the attendance and testimony of witnesses as well as the production of evidence. Subpoenas issued by a licensing board in a member state for the attendance and testimony of witnesses or the production of evidence from another member state shall be enforced in the latter state by any court of competent jurisdiction, according to the practice and procedure of that court applicable to subpoenas issued in proceedings pending before that court. The issuing authority shall pay any witness fees, travel expenses, mileage, and other fees required by the service statutes of the state in which the witnesses or evidence are located.

(C) For purposes of taking adverse action, the home state shall give the same priority and effect to reported conduct received from a member state as it would if the conduct had occurred within the home state. In so doing, the home state shall apply its own state laws to determine appropriate action.

(D) The home state shall complete any pending investigations of an occupational therapist or occupational therapy assistant who changes their primary state of residence during the course of the investigations. The home state, where the investigations were initiated, shall also have the authority to take appropriate action and shall promptly report the conclusions of the investigations to the compact commission data system. The occupational therapy compact commission data system administrator shall promptly notify the new home state of any adverse actions.

(E) A member state, if otherwise permitted by state law, may recover from the affected occupational therapist or occupational therapy assistant the costs of investigations and disposition of cases resulting from any adverse action taken against that occupational therapist or occupational therapy assistant.

(F) A member state may take adverse action based on the factual findings of the remote state, provided that the member state follows its own procedures for taking the adverse action.

(G) Joint Investigations:

(1) In addition to the authority granted to a member state by its respective state occupational therapy laws and regulations or other applicable state law, any member state may participate with other member states in joint investigations of licensees.

(2) Member states shall share any investigative, litigation, or compliance materials in furtherance of any joint or individual investigation initiated under the compact.

(H) If an adverse action is taken by the home state against an occupational therapist's or occupational therapy assistant's license, the occupational therapist's or occupational therapy assistant's compact privilege in all other member states shall be deactivated until all encumbrances have been removed from the state license. All home state disciplinary orders that impose adverse action against an occupational therapist's or occupational therapy assistant's license shall include a statement that the occupational therapist's or occupational therapy assistant's compact privilege is deactivated in all member states during the pendency of the order.

(I) If a member state takes adverse action, the member state shall promptly notify the administrator of the data system. The administrator of the data system shall promptly notify the home state of any adverse actions by remote states.

(J) Nothing in this compact shall override a member state's decision that participation in an alternative program may be used in lieu of adverse action.

ARTICLE VIII

ESTABLISHMENT OF THE OCCUPATIONAL THERAPY COMPACT COMMISSION

(A) The compact member states hereby create and establish a joint public agency known as the occupational therapy compact commission:

(1) The commission is an instrumentality of the compact states.

(2) Except as provided under paragraph (I), venue is proper and judicial proceedings by or against the commission shall be brought solely and exclusively in a court of competent jurisdiction where the principal office of the commission is located. The commission may waive venue and jurisdictional defenses to the extent it adopts or consents to participate in alternative dispute resolution proceedings.

(3) Nothing in this compact shall be construed to be a waiver of sovereign immunity.

(B) Membership, Voting, and Meetings:

(1) Each member state shall have and be limited to one delegate selected by that member state's licensing board.

(2) The delegate shall be either:

(i) a current member of the licensing board who is an occupational therapist, occupational therapy assistant, or public member; or

(ii) an administrator of the licensing board.

(3) Any delegate may be removed or suspended from office as provided by the law of the state from which the delegate is appointed.

(4) The member state board shall fill any vacancy occurring in the commission within 90 days.

(5) Each delegate shall be entitled to one vote with regard to the promulgation of rules and creation of bylaws and shall otherwise have an opportunity to participate in the business and affairs of the commission. A delegate shall vote in person or by such other means as provided in the bylaws. The bylaws may provide for delegates' participation in meetings by telephone or other means of communication.

(6) The commission shall meet at least once during each calendar year. Additional meetings shall be held as set forth in the bylaws.

(7) The commission shall establish by rule a term of office for delegates.

(C) The commission shall have the following powers and duties:

(1) establish a code of ethics for the commission;

(2) establish the fiscal year of the commission;

(3) establish bylaws;

(4) maintain its financial records in accordance with the bylaws;

(5) meet and take such actions as are consistent with the provisions of this compact and the bylaws;

(6) promulgate uniform rules to facilitate and coordinate implementation and administration of this compact. The rules shall have the force and effect of law and shall be binding in all member states;

(7) bring and prosecute legal proceedings or actions in the name of the commission, provided that the standing of any state occupational therapy licensing board to sue or be sued under applicable law shall not be affected;

(8) purchase and maintain insurance and bonds;

(9) borrow, accept, or contract for services of personnel, including but not limited to employees of a member state;

(10) hire employees, elect or appoint officers, fix compensation, define duties, grant such individuals appropriate authority to carry out the purposes of the compact, and establish the commission's personnel policies and programs relating to conflicts of interest, qualifications of personnel, and other related personnel matters;

(11) accept any and all appropriate donations and grants of money, equipment, supplies, materials, and services, and receive, utilize, and dispose of the same; provided that at all times the commission shall avoid any appearance of impropriety or conflict of interest;

(12) lease, purchase, accept appropriate gifts or donations of, or otherwise own, hold, improve, or use any property, real, personal, or mixed; provided that at all times the commission shall avoid any appearance of impropriety;

(13) sell, convey, mortgage, pledge, lease, exchange, abandon, or otherwise dispose of any property real, personal, or mixed;

(14) establish a budget and make expenditures;

(15) borrow money;

(16) appoint committees, including standing committees composed of members, state regulators, state legislators or their representatives, and consumer representatives, and other interested persons as may be designated in this compact and the bylaws;

(17) provide and receive information from, and cooperate with, law enforcement agencies;

(18) establish and elect an executive committee; and

(19) perform other functions as may be necessary or appropriate to achieve the purposes of this compact consistent with the state regulation of occupational therapy licensure and practice.

(D) The Executive Committee:

(1) The executive committee shall have the power to act on behalf of the commission according to the terms of this compact.

(2) The executive committee shall be composed of nine members:

(i) seven voting members who are elected by the commission from the current membership of the commission;

(ii) one ex-officio, nonvoting member from a recognized national occupational therapy professional association; and

(iii) one ex-officio, nonvoting member from a recognized national occupational therapy certification organization.

(3) The ex-officio members will be selected by their respective organizations.

(4) The commission may remove any member of the executive committee as provided in the bylaws.

(5) The executive committee shall meet at least annually.

(6) The executive committee shall have the following duties and responsibilities:

(i) recommend to the entire commission changes to the rules or bylaws, changes to this compact legislation, fees paid by compact member states such as annual dues, and any commission compact fee charged to licensees for the compact privilege;

(ii) ensure compact administration services are appropriately provided, contractual or otherwise;

(iii) prepare and recommend the budget;

(iv) maintain financial records on behalf of the commission;

(v) monitor compact compliance of member states and provide compliance reports to the commission;

(vi) establish additional committees as necessary; and

(vii) perform other duties as provided in rules or bylaws.

(E) Meetings of the Commission:

(1) All meetings shall be open to the public, and public notice of meetings shall be given in the same manner as required under the rulemaking provisions in Article X.

(2) The commission or the executive committee or other committees of the commission may convene in a closed, nonpublic meeting if the commission or executive committee or other committees of the commission must discuss:

(i) noncompliance of a member state with its obligations under the compact;

(ii) the employment, compensation, discipline, or other matters, practices, or procedures related to specific employees or other matters related to the commission's internal personnel practices and procedures;

(iii) current, threatened, or reasonably anticipated litigation;

(iv) negotiation of contracts for the purchase, lease, or sale of goods, services, or real estate;

(v) accusing any person of a crime or formally censuring any person;

(vi) disclosure of trade secrets or commercial or financial information that is privileged or confidential;

(vii) disclosure of information of a personal nature where disclosure would constitute a clearly unwarranted invasion of personal privacy;

(viii) disclosure of investigative records compiled for law enforcement purposes;

(ix) disclosure of information related to any investigative reports prepared by or on behalf of or for use of the commission or other committee charged with responsibility of investigation or determination of compliance issues pursuant to the compact; or

(x) matters specifically exempted from disclosure by federal or member state statute.

(3) If a meeting, or portion of a meeting, is closed pursuant to this provision, the commission's legal counsel or designee shall certify that the meeting may be closed and shall reference each relevant exempting provision.

(4) The commission shall keep minutes that fully and clearly describe all matters discussed in a meeting and shall provide a full and accurate summary of actions taken, and the reasons therefore, including a description of the views expressed. All documents considered in connection with an action shall be identified in such minutes. All minutes and documents of a closed meeting shall remain under seal, subject to release by a majority vote of the commission or order of a court of competent jurisdiction.

(F) Financing of the Commission:

(1) The commission shall pay, or provide for the payment of, the reasonable expenses of its establishment, organization, and ongoing activities.

(2) The commission may accept any and all appropriate revenue sources, donations, and grants of money, equipment, supplies, materials, and services.

(3) The commission may levy on and collect an annual assessment from each member state or impose fees on other parties to cover the cost of the operations and activities of the commission and its staff, which must be in a total amount sufficient to cover its annual budget as approved by the commission each year for which revenue is not provided by other sources. The aggregate annual assessment amount shall be allocated based upon a formula to be determined by the commission, which shall promulgate a rule binding upon all member states.

(4) The commission shall not incur obligations of any kind prior to securing the funds adequate to meet the same; nor shall the commission pledge the credit of any of the member states, except by and with the authority of the member state.

(5) The commission shall keep accurate accounts of all receipts and disbursements. The receipts and disbursements of the commission shall be subject to the audit and accounting procedures established under its bylaws. However, all receipts and disbursements of funds handled by the commission shall be audited yearly by a certified or licensed public accountant, and the report of the audit shall be included in and become part of the annual report of the commission.

(G) Qualified Immunity, Defense, and Indemnification:

(1) The members, officers, executive director, employees, and representatives of the commission shall be immune from suit and liability, either personally or in their official capacity, for any claim for damage to or loss of property or personal injury or other civil liability caused by or arising out of any actual or alleged act, error, or omission that occurred, or that the person against whom the claim is made had a reasonable basis for believing occurred within the scope of commission employment, duties, or responsibilities; provided that nothing in this paragraph shall be construed to protect any such person from suit or liability for any damage, loss, injury, or liability caused by the intentional or willful or wanton misconduct of that person.

(2) The commission shall defend any member, officer, executive director, employee, or representative of the commission in any civil action seeking to impose liability arising out of any actual or alleged act, error, or omission that occurred within the scope of commission employment, duties, or responsibilities, or that the person against whom the claim is made had a reasonable basis for believing occurred within the scope of commission employment, duties, or responsibilities; provided that nothing herein shall be construed to prohibit that person from retaining their own counsel; and provided further, that the actual or alleged act, error, or omission did not result from that person's intentional or willful or wanton misconduct.

(3) The commission shall indemnify and hold harmless any member, officer, executive director, employee, or representative of the commission for the amount of any settlement or judgment obtained against that person arising out of any actual or alleged act, error, or omission that occurred within the scope of commission employment, duties, or responsibilities, or that such person had a reasonable basis for believing occurred within the scope of commission employment, duties, or responsibilities; provided that the actual or alleged act, error, or omission did not result from the intentional or willful or wanton misconduct of that person.

(H) Notwithstanding paragraph (G), clause (1), the liability of the executive director, employees, or representatives of the interstate commission, acting within the scope of their employment or duties, may not exceed the limits of liability set forth under the constitution and laws of this state for state officials, employees, and agents. This paragraph expressly incorporates section 3.736, and neither expands nor limits the rights and remedies provided under that statute.

(I) Except for a claim alleging a violation of this compact, a claim against the commission, its executive director, employees, or representatives alleging a violation of the constitution and laws of this state may be brought in any county where the plaintiff resides. Nothing in this paragraph creates a private right of action.

(J) Nothing in this compact shall be construed as a limitation on the liability of any licensee for professional malpractice or misconduct, which shall be governed solely by any other applicable state laws.

ARTICLE IX

DATA SYSTEM

(A) The commission shall provide for the development, maintenance, and utilization of a coordinated database and reporting system containing licensure, adverse action, and investigative information on all licensed individuals in member states.

(B) A member state shall submit a uniform data set to the data system on all individuals to whom this compact is applicable, utilizing a unique identifier, as required by the rules of the commission, including:

(1) identifying information;

(2) licensure data;

(3) adverse actions against a license or compact privilege;

(4) nonconfidential information related to alternative program participation;

(5) any denial of application for licensure and the reason or reasons for such denial;

(6) other information that may facilitate the administration of this compact, as determined by the rules of the commission; and

(7) current significant investigative information.

(C) Current significant investigative information and other investigative information pertaining to a licensee in any member state will only be available to other member states.

(D) The commission shall promptly notify all member states of any adverse action taken against a licensee or an individual applying for a license. Adverse action information pertaining to a licensee in any member state will be available to any other member state.

(E) Member states contributing information to the data system may designate information that may not be shared with the public without the express permission of the contributing state.

(F) Any information submitted to the data system that is subsequently required to be expunged by the laws of the member state contributing the information shall be removed from the data system.

ARTICLE X

RULEMAKING

(A) The commission shall exercise its rulemaking powers pursuant to the criteria set forth in this Article and the rules adopted thereunder. Rules and amendments shall become binding as of the date specified in each rule or amendment.

(B) The commission shall promulgate reasonable rules in order to effectively and efficiently achieve the purposes of the compact. Notwithstanding the foregoing, in the event the commission exercises its rulemaking authority in a manner that is beyond the scope of the purposes of the compact, or the powers granted hereunder, then such an action by the commission shall be invalid and have no force and effect.

(C) If a majority of the legislatures of the member states rejects a rule, by enactment of a statute or resolution in the same manner used to adopt the compact within four years of the date of adoption of the rule, then such rule shall have no further force and effect in any member state.

(D) Rules or amendments to the rules shall be adopted at a regular or special meeting of the commission.

(E) Prior to promulgation and adoption of a final rule or rules by the commission, and at least 30 days in advance of the meeting at which the rule will be considered and voted upon, the commission shall file a notice of proposed rulemaking:

(1) on the website of the commission or other publicly accessible platform; and

(2) on the website of each member state occupational therapy licensing board or other publicly accessible platform or the publication in which each state would otherwise publish proposed rules.

(F) The notice of proposed rulemaking shall include:

(1) the proposed time, date, and location of the meeting in which the rule will be considered and voted upon;

(2) the text of the proposed rule or amendment and the reason for the proposed rule;

(3) a request for comments on the proposed rule from any interested person; and

(4) the manner in which interested persons may submit notice to the commission of their intention to attend the public hearing and any written comments.

(G) Prior to adoption of a proposed rule, the commission shall allow persons to submit written data, facts, opinions, and arguments, which shall be made available to the public.

(H) The commission shall grant an opportunity for a public hearing before it adopts a rule or amendment if a hearing is requested by:

(1) at least 25 persons;

(2) a state or federal governmental subdivision or agency; or

(3) an association or organization having at least 25 members.

(I) If a hearing is held on the proposed rule or amendment, the commission shall publish the place, time, and date of the scheduled public hearing. If the hearing is held via electronic means, the commission shall publish the mechanism for access to the electronic hearing:

(1) All persons wishing to be heard at the hearing shall notify the executive director of the commission or other designated member in writing of their desire to appear and testify at the hearing not less than five business days before the scheduled date of the hearing.

(2) Hearings shall be conducted in a manner providing each person who wishes to comment a fair and reasonable opportunity to comment orally or in writing.

(3) All hearings will be recorded. A copy of the recording will be made available on request.

(4) Nothing in this Article shall be construed as requiring a separate hearing on each rule. Rules may be grouped for the convenience of the commission at hearings required by this Article.

(J) Following the scheduled hearing date, or by the close of business on the scheduled hearing date if the hearing was not held, the commission shall consider all written and oral comments received.

(K) If no written notice of intent to attend the public hearing by interested parties is received, the commission may proceed with promulgation of the proposed rule without a public hearing.

(L) The commission shall, by majority vote of all members, take final action on the proposed rule and shall determine the effective date of the rule, if any, based on the rulemaking record and the full text of the rule.

(M) Upon determination that an emergency exists, the commission may consider and adopt an emergency rule without prior notice, opportunity for comment, or hearing; provided that the usual rulemaking procedures provided in the compact and in this Article shall be retroactively applied to the rule as soon as reasonably possible, in no event later than 90 days after the effective date of the rule. For the purposes of this provision, an emergency rule is one that must be adopted immediately in order to:

(1) meet an imminent threat to public health, safety, or welfare;

(2) prevent a loss of commission or member state funds;

(3) meet a deadline for the promulgation of an administrative rule that is established by federal law or rule; or

(4) protect public health and safety.

(N) The commission or an authorized committee of the commission may direct revisions to a previously adopted rule or amendment for purposes of correcting typographical errors, errors in format, errors in consistency, or grammatical errors. Public notice of any revisions shall be posted on the website of the commission. The revision shall be subject to challenge by any person for a period of 30 days after posting.

The revision may be challenged only on grounds that the revision results in a material change to a rule. A challenge shall be made in writing and delivered to the chair of the commission prior to the end of the notice period. If no challenge is made, the revision will take effect without further action. If the revision is challenged, the revision may not take effect without the approval of the commission.

ARTICLE XI

OVERSIGHT, DISPUTE RESOLUTION, AND ENFORCEMENT

(A) Oversight:

(1) The executive, legislative, and judicial branches of state government in each member state shall enforce this compact and take all actions necessary and appropriate to effectuate the compact's purposes and intent. The provisions of this compact and the rules promulgated hereunder shall have standing as statutory law.

(2) All courts shall take judicial notice of the compact and the rules in any judicial or administrative proceeding in a member state pertaining to the subject matter of this compact which may affect the powers, responsibilities, or actions of the commission.

(3) The commission shall be entitled to receive service of process in any such proceeding, and shall have standing to intervene in such a proceeding for all purposes. Failure to provide service of process to the commission shall render a judgment or order void as to the commission, this compact, or promulgated rules.

(B) Default, Technical Assistance, and Termination:

(1) If the commission determines that a member state has defaulted in the performance of its obligations or responsibilities under this compact or the promulgated rules, the commission shall:

(i) provide written notice to the defaulting state and other member states of the nature of the default, the proposed means of curing the default, or any other action to be taken by the commission; and

(ii) provide remedial training and specific technical assistance regarding the default.

(2) If a state in default fails to cure the default, the defaulting state may be terminated from the compact upon an affirmative vote of a majority of the member states, and all rights, privileges, and benefits conferred by this compact may be terminated on the effective date of termination. A cure of the default does not relieve the offending state of obligations or liabilities incurred during the period of default.

(3) Termination of membership in the compact shall be imposed only after all other means of securing compliance have been exhausted. Notice of intent to suspend or terminate shall be given by the commission to the governor, the majority and minority leaders of the defaulting state's legislature, and each of the member states.

(4) A state that has been terminated is responsible for all assessments, obligations, and liabilities incurred through the effective date of termination, including obligations that extend beyond the effective date of termination.

(5) The commission shall not bear any costs related to a state that is found to be in default or that has been terminated from the compact, unless agreed upon in writing between the commission and the defaulting state.

(6) The defaulting state may appeal the action of the commission by petitioning the United States District Court for the District of Columbia or the federal district where the commission has its principal offices. The prevailing member shall be awarded all costs of such litigation, including reasonable attorney fees.

(C) Dispute Resolution:

(1) Upon request by a member state, the commission shall attempt to resolve disputes related to the compact that arise among member states and between member and nonmember states.

(2) The commission shall promulgate a rule providing for both mediation and binding dispute resolution for disputes as appropriate.

(D) Enforcement:

(1) The commission, in the reasonable exercise of its discretion, shall enforce the provisions and rules of this compact.

(2) By majority vote, the commission may initiate legal action in the United States District Court for the District of Columbia or the federal district where the commission has its principal offices against a member state in default to enforce compliance with the provisions of the compact and its promulgated rules and bylaws. The relief sought may include both injunctive relief and damages. In the event that judicial enforcement is necessary, the prevailing member shall be awarded all costs of such litigation, including reasonable attorney fees.

(3) The remedies herein shall not be the exclusive remedies of the commission. The commission may pursue any other remedies available under federal or state law.

ARTICLE XII

DATE OF IMPLEMENTATION OF THE INTERSTATE COMMISSION FOR OCCUPATIONAL THERAPY PRACTICE AND ASSOCIATED RULES, WITHDRAWAL, AND AMENDMENT

(A) The compact shall come into effect on the date on which the compact statute is enacted into law in the tenth member state. The provisions, which become effective at that time, shall be limited to the powers granted to the commission relating to assembly and the promulgation of rules. Thereafter, the commission shall meet and exercise rulemaking powers necessary to the implementation and administration of the compact.

(B) Any state that joins the compact subsequent to the commission's initial adoption of the rules shall be subject to the rules as they exist on the date on which the compact becomes law in that state. Any rule that has been previously adopted by the commission shall have the full force and effect of law on the day the compact becomes law in that state.

(C) Any member state may withdraw from this compact by enacting a statute repealing the same:

(1) A member state's withdrawal shall not take effect until six months after enactment of the repealing statute.

(2) Withdrawal shall not affect the continuing requirement of the withdrawing state's occupational therapy licensing board to comply with the investigative and adverse action reporting requirements of this compact prior to the effective date of withdrawal.

(D) Nothing contained in this compact shall be construed to invalidate or prevent any occupational therapy licensure agreement or other cooperative arrangement between a member state and a nonmember state that does not conflict with the provisions of this compact.

(E) This compact may be amended by the member states. No amendment to this compact shall become effective and binding upon any member state until it is enacted into the laws of all member states.

ARTICLE XIII

CONSTRUCTION AND SEVERABILITY

This compact shall be liberally construed so as to effectuate the purposes thereof. The provisions of this compact shall be severable and if any phrase, clause, sentence, or provision of this compact is declared to be contrary to the constitution of any member state or of the United States or the applicability thereof to any government, agency, person, or circumstance is held invalid, the validity of the remainder of this compact and the applicability thereof to any government, agency, person, or circumstance shall not be affected thereby. If this compact shall be held contrary to the constitution of any member state, the compact shall remain in full force and effect as to the remaining member states and in full force and effect as to the member state affected as to all severable matters.

ARTICLE XIV

BINDING EFFECT OF COMPACT AND OTHER LAWS

(A) A licensee providing occupational therapy in a remote state under the compact privilege shall function within the laws and regulations of the remote state.

(B) Nothing herein prevents the enforcement of any other law of a member state that is not inconsistent with the compact.

(C) Any laws in a member state in conflict with the compact are superseded to the extent of the conflict.

(D) Any lawful actions of the commission, including all rules and bylaws promulgated by the commission, are binding upon the member states.

(E) All agreements between the commission and the member states are binding in accordance with their terms.

(F) In the event any provision of the compact exceeds the constitutional limits imposed on the legislature of any member state, the provision shall be ineffective to the extent of the conflict with the constitutional provision in question in that member state.

ARTICLE 28

PHYSICAL THERAPY LICENSURE COMPACT

Section 1. **[148.676] PHYSICAL THERAPY LICENSURE COMPACT.**

The physical therapy licensure compact is enacted into law and entered into with all other jurisdictions legally joining in the compact in the form substantially specified in this section.

ARTICLE I

TITLE

This statute shall be known and cited as the physical therapy licensure compact.

ARTICLE II

DEFINITIONS

As used in this compact, and except as otherwise provided, the following terms have the meanings given them.

(a) "Active duty military" means full-time duty status in the active uniformed service of the United States, including members of the National Guard and Reserve on active duty orders pursuant to United States Code, title 10, chapters 1209 and 1211.

(b) "Adverse action" means disciplinary action taken by a physical therapy licensing board based upon misconduct, unacceptable performance, or a combination of both.

(c) "Alternative program" means a nondisciplinary monitoring or practice remediation process approved by a physical therapy licensing board. Alternative program includes but is not limited to substance abuse issues.

(d) "Compact privilege" means the authorization granted by a remote state to allow a licensee from another member state to practice as a physical therapist or work as a physical therapist assistant in the remote state under its laws and rules. The practice of physical therapy occurs in the member state where the patient or client is located at the time of the patient or client encounter.

(e) "Continuing competence" means a requirement, as a condition of license renewal, to provide evidence of participation in, or completion of, educational and professional activities relevant to practice or area of work.

(f) "Data system" means a repository of information about licensees, including examination, licensure, investigative, compact privilege, and adverse action.

(g) "Encumbered license" means a license that a physical therapy licensing board has limited in any way.

(h) "Executive board" means a group of directors elected or appointed to act on behalf of, and within the powers granted to them by, the commission.

(i) "Home state" means the member state that is the licensee's primary state of residence.

(j) "Investigative information" means information, records, and documents received or generated by a physical therapy licensing board pursuant to an investigation.

(k) "Jurisprudence requirement" means the assessment of an individual's knowledge of the laws and rules governing the practice of physical therapy in a state.

(l) "Licensee" means an individual who currently holds an authorization from the state to practice as a physical therapist or to work as a physical therapist assistant.

(m) "Member state" means a state that has enacted the compact.

(n) "Party state" means any member state in which a licensee holds a current license or compact privilege or is applying for a license or compact privilege.

(o) "Physical therapist" means an individual who is licensed by a state to practice physical therapy.

(p) "Physical therapist assistant" means an individual who is licensed or certified by a state and who assists the physical therapist in selected components of physical therapy.

(q) "Physical therapy," "physical therapy practice," or "the practice of physical therapy" means the care and services provided by or under the direction and supervision of a licensed physical therapist.

(r) "Physical Therapy Compact Commission" or "commission" means the national administrative body whose membership consists of all states that have enacted the compact.

(s) "Physical therapy licensing board" or "licensing board" means the agency of a state that is responsible for the licensing and regulation of physical therapists and physical therapist assistants.

(t) "Remote state" means a member state other than the home state where a licensee is exercising or seeking to exercise the compact privilege.

(u) "Rule" means a regulation, principle, or directive promulgated by the commission that has the force of law.

(v) "State" means any state, commonwealth, district, or territory of the United States that regulates the practice of physical therapy.

ARTICLE III

STATE PARTICIPATION IN THE COMPACT

(a) To participate in the compact, a state must:

(1) participate fully in the commission's data system, including using the commission's unique identifier as defined in rules;

(2) have a mechanism in place for receiving and investigating complaints about licensees;

(3) notify the commission, in compliance with the terms of the compact and rules, of any adverse action or the availability of investigative information regarding a licensee;

(4) fully implement a criminal background check requirement, within a time frame established by rule, by receiving the results of the Federal Bureau of Investigation record search on criminal background checks and use the results in making licensure decisions in accordance with paragraph (b);

(5) comply with the rules of the commission;

(6) utilize a recognized national examination as a requirement for licensure pursuant to the rules of the commission; and

(7) have continuing competence requirements as a condition for license renewal.

(b) Upon adoption of this compact, the member state shall have the authority to obtain biometric-based information from each physical therapy licensure applicant and submit this information to the Federal Bureau of Investigation for a criminal background check in accordance with United States Code, title 28, section 534, and United States Code, title 42, section 14616.

(c) A member state shall grant the compact privilege to a licensee holding a valid unencumbered license in another member state in accordance with the terms of the compact and rules.

(d) Member states may charge a fee for granting a compact privilege.

ARTICLE IV

COMPACT PRIVILEGE

(a) To exercise the compact privilege under the terms and provisions of the compact, the licensee shall:

(1) hold a license in the home state;

(2) have no encumbrance on any state license;

(3) be eligible for a compact privilege in any member state in accordance with paragraphs (d), (g), and (h);

(4) have not had any adverse action against any license or compact privilege within the previous two years;

(5) notify the commission that the licensee is seeking the compact privilege within a remote state or states;

(6) pay any applicable fees, including any state fee, for the compact privilege;

(7) meet any jurisprudence requirements established by the remote state or states in which the licensee is seeking a compact privilege; and

(8) report to the commission adverse action taken by any nonmember state within 30 days from the date the adverse action is taken.

(b) The compact privilege is valid until the expiration date of the home license. The licensee must comply with the requirements of paragraph (a) to maintain the compact privilege in the remote state.

(c) A licensee providing physical therapy in a remote state under the compact privilege shall function within the laws and regulations of the remote state.

(d) A licensee providing physical therapy in a remote state is subject to that state's regulatory authority. A remote state may, in accordance with due process and that state's laws, remove a licensee's compact privilege in the remote state for a specific period of time, impose fines, or take any other necessary actions to protect the health and safety of its citizens. The licensee is not eligible for a compact privilege in any state until the specific time for removal has passed and all fines are paid.

(e) If a home state license is encumbered, the licensee shall lose the compact privilege in any remote state until the following occur:

(1) the home state license is no longer encumbered; and

(2) two years have elapsed from the date of the adverse action.

(f) Once an encumbered license in the home state is restored to good standing, the licensee must meet the requirements of paragraph (a) to obtain a compact privilege in any remote state.

(g) If a licensee's compact privilege in any remote state is removed, the individual shall lose the compact privilege in any remote state until the following occur:

(1) the specific period of time for which the compact privilege was removed has ended;

(2) all fines have been paid; and

(3) two years have elapsed from the date of the adverse action.

(h) Once the requirements of paragraph (g) have been met, the licensee must meet the requirements in paragraph (a) to obtain a compact privilege in a remote state.

ARTICLE V

ACTIVE DUTY MILITARY PERSONNEL OR THEIR SPOUSES

A licensee who is active duty military or is the spouse of an individual who is active duty military may designate one of the following as the home state:

(1) home of record;

(2) permanent change of station (PCS) state; or

(3) state of current residence if different than the PCS state or home of record.

ARTICLE VI

ADVERSE ACTIONS

(a) A home state shall have exclusive power to impose adverse action against a license issued by the home state.

(b) A home state may take adverse action based on the investigative information of a remote state, so long as the home state follows its own procedures for imposing adverse action.

(c) Nothing in this compact shall override a member state's decision that participation in an alternative program may be used in lieu of adverse action and that such participation shall remain nonpublic if required by the member state's laws. Member states must require licensees who enter any alternative programs in lieu of discipline to agree not to practice in any other member state during the term of the alternative program without prior authorization from such other member state.

(d) Any member state may investigate actual or alleged violations of the statutes and rules authorizing the practice of physical therapy in any other member state in which a physical therapist or physical therapist assistant holds a license or compact privilege.

(e) A remote state shall have the authority to:

(1) take adverse actions as set forth in article IV, paragraph (d), against a licensee's compact privilege in the state;

(2) issue subpoenas for both hearings and investigations that require the attendance and testimony of witnesses and the production of evidence. Subpoenas issued by a physical therapy licensing board in a party state for the attendance and testimony of witnesses, or the production of evidence from another party state, shall be enforced in the latter state by any court of competent jurisdiction, according to the practice and procedure of that court applicable to subpoenas issued in proceedings pending before it. The issuing authority shall pay any witness fees, travel expenses, mileage, and other fees required by the service statutes of the state where the witnesses or evidence are located; and

(3) if otherwise permitted by state law, recover from the licensee the costs of investigations and disposition of cases resulting from any adverse action taken against that licensee.

(f) In addition to the authority granted to a member state by its respective physical therapy practice act or other applicable state law, a member state may participate with other member states in joint investigations of licensees.

(g) Member states shall share any investigative, litigation, or compliance materials in furtherance of any joint or individual investigation initiated under the compact.

ARTICLE VII

ESTABLISHMENT OF THE PHYSICAL THERAPY COMPACT COMMISSION

(a) The compact member states hereby create and establish a joint public agency known as the Physical Therapy Compact Commission:

(1) the commission is an instrumentality of the compact states;

(2) except as provided under paragraph (h), venue is proper and judicial proceedings by or against the commission shall be brought solely and exclusively in a court of competent jurisdiction where the principal office of the commission is located. The commission may waive venue and jurisdictional defenses to the extent it adopts or consents to participate in alternative dispute resolution proceedings; and

(3) nothing in this compact shall be construed to be a waiver of sovereign immunity.

(b) Membership, voting, and meetings:

(1) each member state shall have and be limited to one delegate selected by that member state's licensing board;

(2) the delegate shall be a current member of the licensing board who is a physical therapist, physical therapist assistant, public member, or the board administrator;

(3) each delegate shall be entitled to one vote with regard to the promulgation of rules and creation of bylaws and shall otherwise have an opportunity to participate in the business and affairs of the commission;

(4) a delegate shall vote in person or by such other means as provided in the bylaws. The bylaws may provide for delegates' participation in meetings by telephone or other means of communication;

(5) any delegate may be removed or suspended from office as provided by the laws of the state from which the delegate is appointed;

(6) the member state board shall fill any vacancy occurring in the commission;

(7) the commission shall meet at least once during each calendar year. Additional meetings shall be held as set forth in the bylaws;

(8) all meetings shall be open to the public and public notice of meetings shall be given in the same manner as required under the rulemaking provisions in article IX;

(9) the commission or the executive board or other committees of the commission may convene in a closed, nonpublic meeting if the commission or executive board or other committees of the commission must discuss:

(i) noncompliance of a member state with its obligations under the compact;

(ii) the employment, compensation, discipline, or other matters, practices, or procedures related to specific employees or other matters related to the commission's internal personnel practices and procedures;

(iii) current, threatened, or reasonably anticipated litigation;

(iv) negotiation of contracts for the purchase, lease, or sale of goods, services, or real estate;

(v) accusing any person of a crime or formally censuring any person;

(vi) disclosure of trade secrets or commercial or financial information that is privileged or confidential;

(vii) disclosure of information of a personal nature where disclosure would constitute a clearly unwarranted invasion of personal privacy;

(viii) disclosure of investigative records compiled for law enforcement purposes;

(ix) disclosure of information related to any investigative reports prepared by or on behalf of or for use of the commission or other committee charged with responsibility of investigation or determination of compliance issues pursuant to the compact; or

(x) matters specifically exempted from disclosure by federal or member state statute;

(10) if a meeting, or portion of a meeting, is closed pursuant to this provision, the commission's legal counsel or designee shall certify that the meeting may be closed and shall reference each relevant exempting provision; and

(11) the commission shall keep minutes that fully and clearly describe all matters discussed in a meeting and shall provide a full and accurate summary of actions taken and the reasons therefore, including a description of the views expressed. All documents considered in connection with an action shall be identified in such minutes. All minutes and documents of a closed meeting shall remain under seal, subject to release by a majority vote of the commission or order of a court of competent jurisdiction.

(c) The commission shall have the following powers and duties:

(1) establish the fiscal year of the commission;

(2) establish bylaws;

(3) maintain its financial records in accordance with the bylaws;

(4) meet and take such actions as are consistent with the provisions of this compact and the bylaws;

(5) promulgate uniform rules to facilitate and coordinate implementation and administration of this compact. The rules shall have the force and effect of law and shall be binding in all member states;

(6) bring and prosecute legal proceedings or actions in the name of the commission, provided that the standing of any state physical therapy licensing board to sue or be sued under applicable law shall not be affected;

(7) purchase and maintain insurance and bonds;

(8) borrow, accept, or contract for services of personnel, including but not limited to employees of a member state;

(9) hire employees; elect or appoint officers; fix compensation; define duties; grant such individuals appropriate authority to carry out the purposes of the compact; and establish the commission's personnel policies and programs relating to conflicts of interest, qualifications of personnel, and other related personnel matters;

(10) accept any and all appropriate donations and grants of money, equipment, supplies, materials, and services and receive, utilize, and dispose of the same, provided that at all times the commission shall avoid any appearance of impropriety or conflict of interest;

(11) lease; purchase; accept appropriate gifts or donations of; or otherwise to own, hold, improve, or use any property, real, personal, or mixed, provided that at all times the commission shall avoid any appearance of impropriety;

(12) sell, convey, mortgage, pledge, lease, exchange, abandon, or otherwise dispose of any property real, personal, or mixed;

(13) establish a budget and make expenditures;

(14) borrow money;

(15) appoint committees, including standing committees composed of members, state regulators, state legislators or their representatives, consumer representatives, and such other interested persons as may be designated in this compact and the bylaws;

(16) provide and receive information from, and cooperate with, law enforcement agencies;

(17) establish and elect an executive board; and

(18) perform such other functions as may be necessary or appropriate to achieve the purposes of this compact consistent with the state regulation of physical therapy licensure and practice.

(d) The executive board:

(1) the executive board shall have the power to act on behalf of the commission according to the terms of this compact;

(2) the executive board shall be composed of nine members as follows:

(i) seven voting members who are elected by the commission from the current membership of the commission;

(ii) one ex officio, nonvoting member from the recognized national physical therapy professional association; and

(iii) one ex officio, nonvoting member from the recognized membership organization of the physical therapy licensing boards;

(3) the ex officio members must be selected by their respective organizations;

(4) the commission may remove any member of the executive board as provided in the bylaws;

(5) the executive board shall meet at least annually; and

(6) the executive board shall have the following duties and responsibilities:

(i) recommend to the entire commission changes to the rules or bylaws, changes to this compact legislation, fees paid by compact member states such as annual dues, and any commission compact fee charged to licensees for the compact privilege;

(ii) ensure compact administration services are appropriately provided, contractual or otherwise;

(iii) prepare and recommend the budget;

(iv) maintain financial records on behalf of the commission;

(v) monitor compact compliance of member states and provide compliance reports to the commission;

(vi) establish additional committees as necessary; and

(vii) other duties as provided in rules or bylaws.

(e) Financing of the commission:

(1) the commission shall pay, or provide for the payment of, the reasonable expenses of the commission's establishment, organization, and ongoing activities;

(2) the commission may accept any and all appropriate revenue sources, donations, and grants of money, equipment, supplies, materials, and services;

(3) the commission may levy on and collect an annual assessment from each member state or impose fees on other parties to cover the cost of the operations and activities of the commission and the commission's staff, which must be in a total amount sufficient to cover its annual budget as approved each year for which revenue is not provided by other sources. The aggregate annual assessment amount shall be allocated based upon a formula to be determined by the commission, which shall promulgate a rule binding upon all member states;

(4) the commission shall not incur obligations of any kind prior to securing the funds adequate to meet the same; nor shall the commission pledge the credit of any of the member states, except by and with the authority of the member state; and

(5) the commission shall keep accurate accounts of all receipts and disbursements. The receipts and disbursements of the commission shall be subject to the audit and accounting procedures established under the commission's bylaws. However, all receipts and disbursements of funds handled by the commission shall be audited yearly by a certified or licensed public accountant and the report of the audit shall be included in and become part of the annual report of the commission.

(f) Qualified immunity, defense, and indemnification:

(1) the members, officers, executive director, employees, and representatives of the commission shall be immune from suit and liability, either personally or in their official capacity, for any claim for damage to or loss of property or personal injury or other civil liability caused by or arising out of any actual or alleged act, error, or omission that occurred, or that the person against whom the claim is made had a reasonable basis for believing occurred, within the scope of commission employment, duties, or responsibilities, provided that nothing in this paragraph shall be construed to protect any such person from suit or liability for any damage, loss, injury, or liability caused by the intentional or willful or wanton misconduct of that person;

(2) the commission shall defend any member, officer, executive director, employee, or representative of the commission in any civil action seeking to impose liability arising out of any actual or alleged act,

error, or omission that occurred within the scope of commission employment, duties, or responsibilities, or that the person against whom the claim is made had a reasonable basis for believing occurred within the scope of commission employment, duties, or responsibilities, provided that nothing herein shall be construed to prohibit that person from retaining his or her own counsel, and provided further that the actual or alleged act, error, or omission did not result from the intentional or willful or wanton misconduct of that person; and

(3) the commission shall indemnify and hold harmless any member, officer, executive director, employee, or representative of the commission for the amount of any settlement or judgment obtained against that person arising out of any actual or alleged act, error, or omission that occurred within the scope of commission employment, duties, or responsibilities, or that such person had a reasonable basis for believing occurred within the scope of commission employment, duties, or responsibilities, provided that the actual or alleged act, error, or omission did not result from the intentional or willful or wanton misconduct of that person.

(g) Notwithstanding paragraph (f), clause (1), the liability of the executive director, employees, or representatives of the interstate commission, acting within the scope of their employment or duties, may not exceed the limits of liability set forth under the constitution and laws of this state for state officials, employees, and agents. This paragraph expressly incorporates section 3.736, and neither expands nor limits the rights and remedies provided under that statute.

(h) Except for a claim alleging a violation of this compact, a claim against the commission, its executive director, employees, or representatives alleging a violation of the constitution and laws of this state may be brought in any county where the plaintiff resides. Nothing in this paragraph creates a private right of action.

(i) Nothing in this compact shall be construed as a limitation on the liability of any licensee for professional malpractice or misconduct, which shall be governed solely by any other applicable state laws.

ARTICLE VIII

DATA SYSTEM

(a) The commission shall provide for the development, maintenance, and utilization of a coordinated database and reporting system containing licensure, adverse action, and investigative information on all licensed individuals in member states.

(b) Notwithstanding any other provision of state law to the contrary, a member state shall submit a uniform data set to the data system on all individuals to whom this compact is applicable as required by the rules of the commission, including:

(1) identifying information;

(2) licensure data;

(3) adverse actions against a license or compact privilege;

(4) nonconfidential information related to alternative program participation;

(5) any denial of application for licensure and the reason or reasons for the denial; and

(6) other information that may facilitate the administration of this compact, as determined by the rules of the commission.

(c) Investigative information pertaining to a licensee in any member state will only be available to other party states.

(d) The commission shall promptly notify all member states of any adverse action taken against a licensee or an individual applying for a license. Adverse action information pertaining to a licensee in any member state will be available to any other member state.

(e) Member states contributing information to the data system may designate information that may not be shared with the public without the express permission of the contributing state.

(f) Any information submitted to the data system that is subsequently required to be expunged by the laws of the member state contributing the information shall be removed from the data system.

ARTICLE IX

RULEMAKING

(a) The commission shall exercise its rulemaking powers pursuant to the criteria set forth in this article and the rules adopted thereunder. Rules and amendments shall become binding as of the date specified in each rule or amendment.

(b) If a majority of the legislatures of the member states rejects a rule, by enactment of a statute or resolution in the same manner used to adopt the compact within four years of the date of adoption of the rule, then such rule shall have no further force and effect in any member state.

(c) Rules or amendments to the rules shall be adopted at a regular or special meeting of the commission.

(d) Prior to promulgation and adoption of a final rule or rules by the commission and at least 30 days in advance of the meeting at which the rule will be considered and voted upon, the commission shall file a notice of proposed rulemaking:

(1) on the website of the commission or other publicly accessible platform; and

(2) on the website of each member state physical therapy licensing board or other publicly accessible platform or the publication in which each state would otherwise publish proposed rules.

(e) The notice of proposed rulemaking shall include:

(1) the proposed time, date, and location of the meeting in which the rule will be considered and voted upon;

(2) the text of the proposed rule or amendment and the reason for the proposed rule;

(3) a request for comments on the proposed rule from any interested person; and

(4) the manner in which interested persons may submit notice to the commission of their intention to attend the public hearing and any written comments.

(f) Prior to adoption of a proposed rule, the commission shall allow persons to submit written data, facts, opinions, and arguments, which shall be made available to the public.

(g) The commission shall grant an opportunity for a public hearing before it adopts a rule or amendment if a hearing is requested by:

(1) at least 25 persons;

(2) a state or federal governmental subdivision or agency; or

(3) an association having at least 25 members.

(h) If a hearing is held on the proposed rule or amendment, the commission shall publish the place, time, and date of the scheduled public hearing. If the hearing is held via electronic means, the commission shall publish the mechanism for access to the electronic hearing:

(1) all persons wishing to be heard at the hearing shall notify the executive director of the commission or other designated member in writing of their desire to appear and testify at the hearing not less than five business days before the scheduled date of the hearing;

(2) hearings shall be conducted in a manner providing each person who wishes to comment a fair and reasonable opportunity to comment orally or in writing;

(3) all hearings will be recorded. A copy of the recording will be made available on request; and

(4) nothing in this section shall be construed as requiring a separate hearing on each rule. Rules may be grouped for the convenience of the commission at hearings required by this section.

(i) Following the scheduled hearing date, or by the close of business on the scheduled hearing date if the hearing was not held, the commission shall consider all written and oral comments received.

(j) If no written notice of intent to attend the public hearing by interested parties is received, the commission may proceed with promulgation of the proposed rule without a public hearing.

(k) The commission shall, by majority vote of all members, take final action on the proposed rule and shall determine the effective date of the rule, if any, based on the rulemaking record and the full text of the rule.

(l) Upon determination that an emergency exists, the commission may consider and adopt an emergency rule without prior notice, opportunity for comment, or hearing, provided that the usual rulemaking procedures provided in the compact and in this section shall be retroactively applied to the rule as soon as reasonably possible, in no event later than 90 days after the effective date of the rule. For the purposes of this provision, an emergency rule is one that must be adopted immediately in order to:

(1) meet an imminent threat to public health, safety, or welfare;

(2) prevent a loss of commission or member state funds;

(3) meet a deadline for the promulgation of an administrative rule that is established by federal law or rule; or

(4) protect public health and safety.

(m) The commission or an authorized committee of the commission may direct revisions to a previously adopted rule or amendment for purposes of correcting typographical errors, errors in format, errors in consistency, or grammatical errors. Public notice of any revisions shall be posted on the website of the commission. The revision shall be subject to challenge by any person for a period of 30 days after posting. The revision may be challenged only on grounds that the revision results in a material change to a rule. A challenge shall be made in writing and delivered to the chair of the commission prior to the end of the notice period. If no challenge is made, the revision will take effect without further action. If the revision is challenged, the revision may not take effect without the approval of the commission.

ARTICLE X

OVERSIGHT, DISPUTE RESOLUTION, AND ENFORCEMENT

(a) Oversight:

(1) the executive, legislative, and judicial branches of state government in each member state shall enforce this compact and take all actions necessary and appropriate to effectuate the compact's purposes and intent. The provisions of this compact and the rules promulgated hereunder shall have standing as statutory law;

(2) all courts shall take judicial notice of the compact and the rules in any judicial or administrative proceeding in a member state pertaining to the subject matter of this compact which may affect the powers, responsibilities, or actions of the commission; and

(3) the commission shall be entitled to receive service of process in any such proceeding and shall have standing to intervene in such a proceeding for all purposes. Failure to provide service of process to the commission shall render a judgment or order void as to the commission, this compact, or promulgated rules.

(b) Default, technical assistance, and termination:

(1) if the commission determines that a member state has defaulted in the performance of its obligations or responsibilities under this compact or the promulgated rules, the commission shall:

(i) provide written notice to the defaulting state and other member states of the nature of the default, the proposed means of curing the default, or any other action to be taken by the commission; and

(ii) provide remedial training and specific technical assistance regarding the default;

(2) if a state in default fails to cure the default, the defaulting state may be terminated from the compact upon an affirmative vote of a majority of the member states, and all rights, privileges, and benefits conferred by this compact may be terminated on the effective date of termination. A cure of the default does not relieve the offending state of obligations or liabilities incurred during the period of default;

(3) termination of membership in the compact shall be imposed only after all other means of securing compliance have been exhausted. Notice of intent to suspend or terminate shall be given by the commission to the governor, the majority and minority leaders of the defaulting state's legislature, and each of the member states;

(4) a state that has been terminated is responsible for all assessments, obligations, and liabilities incurred through the effective date of termination, including obligations that extend beyond the effective date of termination;

(5) the commission shall not bear any costs related to a state that is found to be in default or that has been terminated from the compact, unless agreed upon in writing between the commission and the defaulting state; and

(6) the defaulting state may appeal the action of the commission by petitioning the United States District Court for the District of Columbia or the federal district where the commission has its principal offices. The prevailing member shall be awarded all costs of such litigation, including reasonable attorney fees.

(c) Dispute resolution:

(1) upon request by a member state, the commission shall attempt to resolve disputes related to the compact that arise among member states and between member and nonmember states; and

(2) the commission shall promulgate a rule providing for both mediation and binding dispute resolution for disputes as appropriate.

(d) Enforcement:

(1) the commission, in the reasonable exercise of its discretion, shall enforce the provisions and rules of this compact;

(2) by majority vote, the commission may initiate legal action in the United States District Court for the District of Columbia or the federal district where the commission has its principal offices against a member state in default to enforce compliance with the provisions of the compact and its promulgated rules and bylaws. The relief sought may include both injunctive relief and damages. In the event judicial enforcement is necessary, the prevailing member shall be awarded all costs of such litigation, including reasonable attorney fees; and

(3) the remedies herein shall not be the exclusive remedies of the commission. The commission may pursue any other remedies available under federal or state law.

ARTICLE XI

DATE OF IMPLEMENTATION OF THE INTERSTATE COMPACT FOR PHYSICAL THERAPY PRACTICE AND ASSOCIATED RULES, WITHDRAWAL, AND AMENDMENTS

(a) The compact shall come into effect on the date on which the compact statute is enacted into law in the tenth member state. The provisions, which become effective at that time, shall be limited to the powers granted to the commission relating to assembly and the promulgation of rules. Thereafter, the commission shall meet and exercise rulemaking powers necessary to the implementation and administration of the compact.

(b) Any state that joins the compact subsequent to the commission's initial adoption of the rules shall be subject to the rules as they exist on the date on which the compact becomes law in that state. Any rule that has been previously adopted by the commission shall have the full force and effect of law on the day the compact becomes law in that state.

(c) Any member state may withdraw from this compact by enacting a statute repealing the same:

(1) a member state's withdrawal shall not take effect until six months after enactment of the repealing statute; and

(2) withdrawal shall not affect the continuing requirement of the withdrawing state's physical therapy licensing board to comply with the investigative and adverse action reporting requirements of this compact prior to the effective date of withdrawal.

(d) Nothing contained in this compact shall be construed to invalidate or prevent any physical therapy licensure agreement or other cooperative arrangement between a member state and a nonmember state that does not conflict with the provisions of this compact.

(e) This compact may be amended by the member states. No amendment to this compact shall become effective and binding upon any member state until it is enacted into the laws of all member states.

ARTICLE XII

CONSTRUCTION AND SEVERABILITY

This compact shall be liberally construed so as to effectuate the purposes thereof. The provisions of this compact shall be severable and if any phrase, clause, sentence, or provision of this compact is declared to be contrary to the constitution of any party state or of the United States or the applicability thereof to any government, agency, person, or circumstance is held invalid, the validity of the remainder of this compact and the applicability thereof to any government, agency, person, or circumstance shall not be affected thereby. If this compact shall be held contrary to the constitution of any party state, the compact shall remain in full force and effect as to the remaining party states and in full force and effect as to the party state affected as to all severable matters.

EFFECTIVE DATE. This section is effective the day following final enactment. The Board of Physical Therapy must publish the effective date of the compact in the State Register and on the board's website.

ARTICLE 29

LICENSED PROFESSIONAL COUNSELOR COMPACT

Section 1. **[148B.75] LICENSED PROFESSIONAL COUNSELOR INTERSTATE COMPACT.**

The licensed professional counselor interstate compact is enacted into law and entered into with all other jurisdictions legally joining in it, in the form substantially specified in this section.

ARTICLE I

TITLE

This statute shall be known and cited as the professional counselors licensure compact.

ARTICLE II

DEFINITIONS

(a) As used in this compact, and except as otherwise provided, the following definitions shall apply.

(b) "Active duty military" means full-time duty status in the active uniformed service of the United States, including members of the national guard and reserve on active duty orders pursuant to United States Code, title 10, chapters 1209 and 1211.

(c) "Adverse action" means any administrative, civil, equitable, or criminal action permitted by a state's laws which is imposed by a licensing board or other authority against a licensed professional counselor, including actions against an individual's license or privilege to practice such as revocation, suspension, probation, monitoring of the licensee, limitation on the licensee's practice, or any other encumbrance on licensure affecting a licensed professional counselor's authorization to practice, including issuance of a cease and desist action.

(d) "Alternative program" means a non-disciplinary monitoring or practice remediation process approved by a professional counseling licensing board to address impaired practitioners.

(e) "Continuing competence" and "continuing education" means a requirement, as a condition of license renewal, to provide evidence of participation in, or completion of, educational and professional activities relevant to practice or area of work.

(f) "Counseling compact commission" or "commission" means the national administrative body whose membership consists of all states that have enacted the compact.

(g) "Current significant investigative information" means:

(1) investigative information that a licensing board, after a preliminary inquiry that includes notification and an opportunity for the licensed professional counselor to respond, if required by state law, has reason to believe is not groundless and, if proved true, would indicate more than a minor infraction; or

(2) investigative information that indicates that the licensed professional counselor represents an immediate threat to public health and safety regardless of whether the licensed professional counselor has been notified and had an opportunity to respond.

(h) "Data system" means a repository of information about licensees, including but not limited to continuing education, examination, licensure, investigative, privilege to practice, and adverse action information.

(i) "Encumbered license" means a license in which an adverse action restricts the practice of licensed professional counseling by the licensee and said adverse action has been reported to the National Practitioners Data Bank (NPDB).

(j) "Encumbrance" means a revocation or suspension of, or any limitation on, the full and unrestricted practice of licensed professional counseling by a licensing board.

(k) "Executive committee" means a group of directors elected or appointed to act on behalf of, and within the powers granted to them by, the commission.

(l) "Home state" means the member state that is the licensee's primary state of residence.

(m) "Impaired practitioner" means an individual who has a condition that may impair their ability to practice as a licensed professional counselor without some type of intervention and may include but is not limited to alcohol and drug dependence, mental health impairment, and neurological or physical impairment.

(n) "Investigative information" means information, records, and documents received or generated by a professional counseling licensing board pursuant to an investigation.

(o) "Jurisprudence requirement," if required by a member state, means the assessment of an individual's knowledge of the laws and rules governing the practice of professional counseling in a state.

(p) "Licensed professional counselor" means a counselor licensed by a member state, regardless of the title used by that state, to independently assess, diagnose, and treat behavioral health conditions.

(q) "Licensee" means an individual who currently holds an authorization from the state to practice as a licensed professional counselor.

(r) "Licensing board" means the agency of a state, or equivalent, that is responsible for the licensing and regulation of licensed professional counselors.

(s) "Member state" means a state that has enacted the compact.

(t) "Privilege to practice" means a legal authorization, which is equivalent to a license, permitting the practice of professional counseling in a remote state.

(u) "Professional counseling" means the assessment, diagnosis, and treatment of behavioral health conditions by a licensed professional counselor.

(v) "Remote state" means a member state other than the home state, where a licensee is exercising or seeking to exercise the privilege to practice.

(w) "Rule" means a regulation promulgated by the commission that has the force of law.

(x) "Single state license" means a licensed professional counselor license issued by a member state that authorizes practice only within the issuing state and does not include a privilege to practice in any other member state.

(y) "State" means any state, commonwealth, district, or territory of the United States that regulates the practice of professional counseling.

(z) "Telehealth" means the application of telecommunication technology to deliver professional counseling services remotely to assess, diagnose, and treat behavioral health conditions.

(aa) "Unencumbered license" means a license that authorizes a licensed professional counselor to engage in the full and unrestricted practice of professional counseling.

ARTICLE III

STATE PARTICIPATION IN THE COMPACT

(a) To participate in the compact, a state must currently:

(1) license and regulate licensed professional counselors;

(2) require licensees to pass a nationally recognized exam approved by the commission;

(3) require licensees to have a 60 semester-hour or 90 quarter-hour master's degree in counseling or 60 semester-hours or 90 quarter-hours of graduate coursework including the following topic areas:

(i) professional counseling orientation and ethical practice;

(ii) social and cultural diversity;

(iii) human growth and development;

(iv) career development;

(v) counseling and helping relationships;

(vi) group counseling and group work;

(vii) diagnosis and treatment; assessment and testing;

(viii) research and program evaluation; and

(ix) other areas as determined by the commission;

(4) require licensees to complete a supervised postgraduate professional experience as defined by the commission; and

(5) have a mechanism in place for receiving and investigating complaints about licensees.

(b) A member state shall:

(1) participate fully in the commission's data system, including using the commission's unique identifier as defined in rules;

(2) notify the commission, in compliance with the terms of the compact and rules, of any adverse action or the availability of investigative information regarding a licensee;

(3) implement or utilize procedures for considering the criminal history records of applicants for an initial privilege to practice. These procedures shall include the submission of fingerprints or other biometric-based information by applicants for the purpose of obtaining an applicant's criminal history record information from the Federal Bureau of Investigation and the agency responsible for retaining that state's criminal records;

(i) a member state must fully implement a criminal background check requirement, within a time frame established by rule, by receiving the results of the Federal Bureau of Investigation record search and shall use the results in making licensure decisions; and

(ii) communication between a member state, the commission, and among member states regarding the verification of eligibility for licensure through the compact shall not include any information received from the Federal Bureau of Investigation relating to a federal criminal records check performed by a member state under Public Law 92-544;

(4) comply with the rules of the commission;

(5) require an applicant to obtain or retain a license in the home state and meet the home state's qualifications for licensure or renewal of licensure, as well as all other applicable state laws;

(6) grant the privilege to practice to a licensee holding a valid unencumbered license in another member state in accordance with the terms of the compact and rules; and

(7) provide for the attendance of the state's commissioner to the counseling compact commission meetings.

(c) Member states may charge a fee for granting the privilege to practice.

(d) Individuals not residing in a member state shall continue to be able to apply for a member state's single state license as provided under the laws of each member state. However, the single state license granted to these individuals shall not be recognized as granting a privilege to practice professional counseling in any other member state.

(e) Nothing in this compact shall affect the requirements established by a member state for the issuance of a single state license.

(f) A license issued to a licensed professional counselor by a home state to a resident in that state shall be recognized by each member state as authorizing a licensed professional counselor to practice professional counseling, under a privilege to practice, in each member state.

ARTICLE IV

PRIVILEGE TO PRACTICE

(a) To exercise the privilege to practice under the terms and provisions of the compact, the licensee shall:

(1) hold a license in the home state;

(2) have a valid United States Social Security number or national practitioner identifier;

(3) be eligible for a privilege to practice in any member state in accordance with this article, paragraphs (d), (g), and (h);

(4) have not had any encumbrance or restriction against any license or privilege to practice within the previous two years;

(5) notify the commission that the licensee is seeking the privilege to practice within a remote state(s);

(6) pay any applicable fees, including any state fee, for the privilege to practice;

(7) meet any continuing competence or education requirements established by the home state;

(8) meet any jurisprudence requirements established by the remote state in which the licensee is seeking a privilege to practice; and

(9) report to the commission any adverse action, encumbrance, or restriction on license taken by any nonmember state within 30 days from the date the action is taken.

(b) The privilege to practice is valid until the expiration date of the home state license. The licensee must comply with the requirements of this article, paragraph (a), to maintain the privilege to practice in the remote state.

(c) A licensee providing professional counseling in a remote state under the privilege to practice shall adhere to the laws and regulations of the remote state.

(d) A licensee providing professional counseling services in a remote state is subject to that state's regulatory authority. A remote state may, in accordance with due process and that state's laws, remove a licensee's privilege to practice in the remote state for a specific period of time, impose fines, or take any other necessary actions to protect the health and safety of its citizens. The licensee may be ineligible for a privilege to practice in any member state until the specific time for removal has passed and all fines are paid.

(e) If a home state license is encumbered, the licensee shall lose the privilege to practice in any remote state until the following occur:

(1) the home state license is no longer encumbered; and

(2) have not had any encumbrance or restriction against any license or privilege to practice within the previous two years.

(f) Once an encumbered license in the home state is restored to good standing, the licensee must meet the requirements of this article, paragraph (a), to obtain a privilege to practice in any remote state.

(g) If a licensee's privilege to practice in any remote state is removed, the individual may lose the privilege to practice in all other remote states until the following occur:

(1) the specific period of time for which the privilege to practice was removed has ended;

(2) all fines have been paid; and

(3) have not had any encumbrance or restriction against any license or privilege to practice within the previous two years.

(h) Once the requirements of this article, paragraph (g), have been met, the licensee must meet the requirements in this article, paragraph (a), to obtain a privilege to practice in a remote state.

ARTICLE V

OBTAINING A NEW HOME STATE LICENSE BASED ON A PRIVILEGE TO PRACTICE

(a) A licensed professional counselor may hold a home state license, which allows for a privilege to practice in other member states, in only one member state at a time.

(b) If a licensed professional counselor changes primary state of residence by moving between two member states:

(1) the licensed professional counselor shall file an application for obtaining a new home state license based on a privilege to practice, pay all applicable fees, and notify the current and new home state in accordance with applicable rules adopted by the commission;

(2) upon receipt of an application for obtaining a new home state license by virtue of a privilege to practice, the new home state shall verify that the licensed professional counselor meets the pertinent criteria outlined in article IV via the data system, without need for primary source verification, except for:

(i) a Federal Bureau of Investigation fingerprint-based criminal background check if not previously performed or updated pursuant to applicable rules adopted by the commission in accordance with Public Law 92-544;

(ii) other criminal background checks as required by the new home state; and

(iii) completion of any requisite jurisprudence requirements of the new home state;

(3) the former home state shall convert the former home state license into a privilege to practice once the new home state has activated the new home state license in accordance with applicable rules adopted by the commission;

(4) notwithstanding any other provision of this compact, if the licensed professional counselor cannot meet the criteria in article VI, the new home state may apply its requirements for issuing a new single state license; and

(5) the licensed professional counselor shall pay all applicable fees to the new home state in order to be issued a new home state license.

(c) If a licensed professional counselor changes primary state of residence by moving from a member state to a nonmember state, or from a nonmember state to a member state, the state criteria shall apply for issuance of a single state license in the new state.

(d) Nothing in this compact shall interfere with a licensee's ability to hold a single state license in multiple states, however, for the purposes of this compact, a licensee shall have only one home state license.

(e) Nothing in this compact shall affect the requirements established by a member state for the issuance of a single state license.

ARTICLE VI

ACTIVE DUTY MILITARY PERSONNEL OR THEIR SPOUSES

Active duty military personnel, or their spouse, shall designate a home state where the individual has a current license in good standing. The individual may retain the home state designation during the period the service member is on active duty. Subsequent to designating a home state, the individual shall only change their home state through application for licensure in the new state or through the process outlined in article V.

ARTICLE VII

COMPACT PRIVILEGE TO PRACTICE TELEHEALTH

(a) Member states shall recognize the right of a licensed professional counselor, licensed by a home state in accordance with article III and under rules promulgated by the commission, to practice professional counseling in any member state via telehealth under a privilege to practice as provided in the compact and rules promulgated by the commission.

(b) A licensee providing professional counseling services in a remote state under the privilege to practice shall adhere to the laws and regulations of the remote state.

ARTICLE VIII

ADVERSE ACTIONS

(a) In addition to the other powers conferred by state law, a remote state shall have the authority, in accordance with existing state due process law, to:

(1) take adverse action against a licensed professional counselor's privilege to practice within that member state; and

(2) issue subpoenas for both hearings and investigations that require the attendance and testimony of witnesses as well as the production of evidence. Subpoenas issued by a licensing board in a member state for the attendance and testimony of witnesses or the production of evidence from another member state shall be enforced in the latter state by any court of competent jurisdiction according to the practice and procedure of that court applicable to subpoenas issued in proceedings pending before it. The issuing authority shall pay any witness fees, travel expenses, mileage, and other fees required by the service statutes of the state in which the witnesses or evidence are located.

(b) Only the home state shall have the power to take adverse action against a licensed professional counselor's license issued by the home state.

(c) For purposes of taking adverse action, the home state shall give the same priority and effect to reported conduct received from a member state as it would if the conduct had occurred within the home state. In so doing, the home state shall apply its own state laws to determine appropriate action.

(d) The home state shall complete any pending investigations of a licensed professional counselor who changes primary state of residence during the course of the investigations. The home state shall also have the authority to take appropriate action and shall promptly report the conclusions of the investigations to the administrator of the data system. The administrator of the coordinated licensure information system shall promptly notify the new home state of any adverse actions.

(e) A member state, if otherwise permitted by state law, may recover from the affected licensed professional counselor the costs of investigations and dispositions of cases resulting from any adverse action taken against that licensed professional counselor.

(f) A member state may take adverse action based on the factual findings of the remote state, provided that the member state follows its own procedures for taking the adverse action.

(g) Joint investigations:

(1) in addition to the authority granted to a member state by its respective professional counseling practice act or other applicable state law, any member state may participate with other member states in joint investigations of licensees; and

(2) member states shall share any investigative, litigation, or compliance materials in furtherance of any joint or individual investigation initiated under the compact.

(h) If adverse action is taken by the home state against the license of a licensed professional counselor, the licensed professional counselor's privilege to practice in all other member states shall be deactivated until all encumbrances have been removed from the state license. All home state disciplinary orders that impose adverse action against the license of a licensed professional counselor shall include a statement that the licensed professional counselor's privilege to practice is deactivated in all member states during the pendency of the order.

(i) If a member state takes adverse action, it shall promptly notify the administrator of the data system. The administrator of the data system shall promptly notify the home state of any adverse actions by remote states.

(j) Nothing in this compact shall override a member state's decision that participation in an alternative program may be used in lieu of adverse action.

ARTICLE IX

ESTABLISHMENT OF COUNSELING COMPACT COMMISSION

(a) The compact member states hereby create and establish a joint public agency known as the counseling compact commission:

(1) the commission is an instrumentality of the compact states;

(2) except as provided under paragraph (i), venue is proper and judicial proceedings by or against the commission shall be brought solely and exclusively in a court of competent jurisdiction where the principal office of the commission is located. The commission may waive venue and jurisdictional defenses to the extent it adopts or consents to participate in alternative dispute resolution proceedings; and

(3) nothing in this compact shall be construed to be a waiver of sovereign immunity.

(b) Membership, voting, and meetings:

(1) each member state shall have and be limited to one delegate selected by that member state's licensing board;

(2) the delegate shall be either:

(i) a current member of the licensing board at the time of appointment who is a licensed professional counselor or public member; or

(ii) an administrator of the licensing board;

(3) any delegate may be removed or suspended from office as provided by the law of the state from which the delegate is appointed;

(4) the member state licensing board shall fill any vacancy occurring on the commission within 60 days;

(5) each delegate shall be entitled to one vote with regard to the promulgation of rules and creation of bylaws and shall otherwise have an opportunity to participate in the business and affairs of the commission;

(6) a delegate shall vote in person or by such other means as provided in the bylaws. The bylaws may provide for delegates' participation in meetings by telephone or other means of communication;

(7) the commission shall meet at least once during each calendar year. Additional meetings shall be held as set forth in the bylaws; and

(8) the commission shall by rule establish a term of office for delegates and may by rule establish term limits.

(c) The commission shall have the following powers and duties:

(1) establish the fiscal year of the commission;

(2) establish bylaws;

(3) maintain its financial records in accordance with the bylaws;

(4) meet and take such actions as are consistent with the provisions of this compact and the bylaws;

(5) promulgate rules which shall be binding to the extent and in the manner provided for in the compact;

(6) bring and prosecute legal proceedings or actions in the name of the commission, provided that the standing of any state licensing board to sue or be sued under applicable law shall not be affected;

(7) purchase and maintain insurance and bonds;

(8) borrow, accept, or contract for services of personnel, including but not limited to employees of a member state;

(9) hire employees, elect or appoint officers, fix compensation, define duties, grant such individuals appropriate authority to carry out the purposes of the compact, and establish the commission's personnel policies and programs relating to conflicts of interest, qualifications of personnel, and other related personnel matters;

(10) accept any and all appropriate donations and grants of money, equipment, supplies, materials, and services and to receive, utilize, and dispose of the same; provided that at all times the commission shall avoid any appearance of impropriety and conflict of interest;

(11) lease, purchase, accept appropriate gifts or donations of, or otherwise to own, hold, improve, or use any property, real, personal, or mixed; provided that at all times the commission shall avoid any appearance of impropriety;

(12) sell convey, mortgage, pledge, lease, exchange, abandon, or otherwise dispose of any property real, personal, or mixed;

(13) establish a budget and make expenditures;

(14) borrow money;

(15) appoint committees, including standing committees composed of members, state regulators, state legislators or their representatives, and consumer representatives, and such other interested persons as may be designated in this compact and the bylaws;

(16) provide and receive information from, and cooperate with, law enforcement agencies;

(17) establish and elect an executive committee; and

(18) perform such other functions as may be necessary or appropriate to achieve the purposes of this compact consistent with the state regulation of professional counseling licensure and practice.

(d) The executive committee:

(1) the executive committee shall have the power to act on behalf of the commission according to the terms of this compact;

(2) the executive committee shall be composed of up to eleven members:

(i) seven voting members who are elected by the commission from the current membership of the commission;

(ii) up to four ex-officio, nonvoting members from four recognized national professional counselor organizations; and

(iii) the ex-officio members will be selected by their respective organizations;

(3) the commission may remove any member of the executive committee as provided in the bylaws;

(4) the executive committee shall meet at least annually; and

(5) the executive committee shall have the following duties and responsibilities:

(i) recommend to the entire commission changes to the rules or bylaws, changes to this compact legislation, fees paid by compact member states such as annual dues, and any commission compact fee charged to licensees for the privilege to practice;

(ii) ensure compact administration services are appropriately provided, contractual or otherwise;

(iii) prepare and recommend the budget;

(iv) maintain financial records on behalf of the commission;

(v) monitor compact compliance of member states and provide compliance reports to the commission;

(vi) establish additional committees as necessary; and

(vii) other duties as provided in rules or bylaws.

(e) Meetings of the commission:

(1) all meetings shall be open to the public, and public notice of meetings shall be given in the same manner as required under the rulemaking provisions in article XI;

(2) the commission or the executive committee or other committees of the commission may convene in a closed, non-public meeting if the commission or executive committee or other committees of the commission must discuss:

(i) non-compliance of a member state with its obligations under the compact;

(ii) the employment, compensation, discipline, or other matters, practices, or procedures related to specific employees or other matters related to the commission's internal personnel practices and procedures;

(iii) current, threatened, or reasonably anticipated litigation;

(iv) negotiation of contracts for the purchase, lease, or sale of goods, services, or real estate;

(v) accusing any person of a crime or formally censuring any person;

(vi) disclosure of trade secrets or commercial or financial information that is privileged or confidential;

(vii) disclosure of information of a personal nature where disclosure would constitute a clearly unwarranted invasion of personal privacy;

(viii) disclosure of investigative records compiled for law enforcement purposes;

(ix) disclosure of information related to any investigative reports prepared by or on behalf of or for use of the commission or other committee charged with responsibility of investigation or determination of compliance issues pursuant to the compact; or

(x) matters specifically exempted from disclosure by federal or member state statute;

(3) if a meeting, or portion of a meeting, is closed pursuant to this provision, the commission's legal counsel or designee shall certify that the meeting may be closed and shall reference each relevant exempting provision; and

(4) the commission shall keep minutes that fully and clearly describe all matters discussed in a meeting and shall provide a full and accurate summary of actions taken and the reasons therefore, including a description of the views expressed. All documents considered in connection with an action shall be identified in such minutes. All minutes and documents of a closed meeting shall remain under seal, subject to release by a majority vote of the commission or order of a court of competent jurisdiction.

(f) Financing of the commission:

(i) the commission shall pay, or provide for the payment of, the reasonable expenses of its establishment, organization, and ongoing activities;

(ii) the commission may accept any and all appropriate revenue sources, donations, and grants of money, equipment, supplies, materials, and services;

(iii) the commission may levy on and collect an annual assessment from each member state or impose fees on other parties to cover the cost of the operations and activities of the commission and its staff, which must be in a total amount sufficient to cover its annual budget as approved each year for which revenue is not provided by other sources. The aggregate annual assessment amount shall be allocated based upon a formula to be determined by the commission, which shall promulgate a rule binding upon all member states;

(iv) the commission shall not incur obligations of any kind prior to securing the funds adequate to meet the same; nor shall the commission pledge the credit of any of the member states, except by and with the authority of the member state; and

(v) the commission shall keep accurate accounts of all receipts and disbursements. The receipts and disbursements of the commission shall be subject to the audit and accounting procedures established under its bylaws. However, all receipts and disbursements of funds handled by the commission shall be audited yearly by a certified or licensed public accountant, and the report of the audit shall be included in and become part of the annual report of the commission.

(g) Qualified immunity, defense, and indemnification:

(1) the members, officers, executive director, employees, and representatives of the commission shall be immune from suit and liability, either personally or in their official capacity, for any claim for damage to or loss of property or personal injury or other civil liability caused by or arising out of any actual or alleged act, error, or omission that occurred, or that the person against whom the claim is made had a reasonable basis for believing occurred within the scope of commission employment, duties, or responsibilities; provided that nothing in this paragraph shall be construed to protect any such person from suit or liability for any damage, loss, injury, or liability caused by the intentional or willful or wanton misconduct of that person;

(2) the commission shall defend any member, officer, executive director, employee, or representative of the commission in any civil action seeking to impose liability arising out of any actual or alleged act, error, or omission that occurred within the scope of commission employment, duties, or responsibilities, or that the person against whom the claim is made had a reasonable basis for believing occurred within the scope of commission employment, duties, or responsibilities; provided that nothing herein shall be construed to prohibit that person from retaining his or her own counsel; and provided further, that the actual or alleged act, error, or omission did not result from that person's intentional or willful or wanton misconduct; and

(3) the commission shall indemnify and hold harmless any member, officer, executive director, employee, or representative of the commission for the amount of any settlement or judgment obtained against that person arising out of any actual or alleged act, error, or omission that occurred within the scope of commission employment, duties, or responsibilities, or that such person had a reasonable basis for believing occurred within the scope of commission employment, duties, or responsibilities, provided that the actual or alleged act, error, or omission did not result from the intentional or willful or wanton misconduct of that person.

(h) Notwithstanding paragraph (g), clause (1), the liability of the executive director, employees, or representatives of the interstate commission, acting within the scope of their employment or duties, may not exceed the limits of liability set forth under the constitution and laws of this state for state officials, employees, and agents. This paragraph expressly incorporates section 3.736, and neither expands nor limits the rights and remedies provided under that statute.

(i) Except for a claim alleging a violation of this compact, a claim against the commission, its executive director, employees, or representatives alleging a violation of the constitution and laws of this state may be brought in any county where the plaintiff resides. Nothing in this paragraph creates a private right of action.

(j) Nothing in this compact shall be construed as a limitation on the liability of any licensee for professional malpractice or misconduct, which shall be governed solely by any other applicable state laws.

ARTICLE X

DATA SYSTEM

(a) The commission shall provide for the development, maintenance, operation, and utilization of a coordinated database and reporting system containing licensure, adverse action, and investigative information on all licensed individuals in member states.

(b) Notwithstanding any other provision of state law to the contrary, a member state shall submit a uniform data set to the data system on all individuals to whom this compact is applicable as required by the rules of the commission, including:

(1) identifying information;

(2) licensure data;

(3) adverse actions against a license or privilege to practice;

(4) nonconfidential information related to alternative program participation;

(5) any denial of application for licensure and the reason for such denial;

(6) current significant investigative information; and

(7) other information that may facilitate the administration of this compact, as determined by the rules of the commission.

(c) Investigative information pertaining to a licensee in any member state will only be available to other member states.

(d) The commission shall promptly notify all member states of any adverse action taken against a licensee or an individual applying for a license. Adverse action information pertaining to a licensee in any member state will be available to any other member state.

(e) Member states contributing information to the data system may designate information that may not be shared with the public without the express permission of the contributing state.

(f) Any information submitted to the data system that is subsequently required to be expunged by the laws of the member state contributing the information shall be removed from the data system.

ARTICLE XI

RULEMAKING

(a) The commission shall promulgate reasonable rules in order to effectively and efficiently achieve the purpose of the compact. Notwithstanding the foregoing, in the event the commission exercises its rulemaking authority in a manner that is beyond the scope of the purposes of the compact, or the powers granted hereunder, then such an action by the commission shall be invalid and have no force or effect.

(b) The commission shall exercise its rulemaking powers pursuant to the criteria set forth in this article and the rules adopted thereunder. Rules and amendments shall become binding as of the date specified in each rule or amendment.

(c) If a majority of the legislatures of the member states rejects a rule, by enactment of a statute or resolution in the same manner used to adopt the compact within four years of the date of adoption of the rule, then such rule shall have no further force and effect in any member state.

(d) Rules or amendments to the rules shall be adopted at a regular or special meeting of the commission.

(e) Prior to promulgation and adoption of a final rule or rules by the commission, and at least thirty days in advance of the meeting at which the rule will be considered and voted upon, the commission shall file a notice of proposed rulemaking:

(1) on the website of the commission or other publicly accessible platform; and

(2) on the website of each member state professional counseling licensing board or other publicly accessible platform or the publication in which each state would otherwise publish proposed rules.

(f) The notice of proposed rulemaking shall include:

(1) the proposed time, date, and location of the meeting in which the rule will be considered and voted upon;

(2) the text of the proposed rule or amendment and the reason for the proposed rule;

(3) a request for comments on the proposed rule from any interested person; and

(4) the manner in which interested persons may submit notice to the commission of their intention to attend the public hearing and any written comments.

(g) Prior to adoption of a proposed rule, the commission shall allow persons to submit written data, facts, opinions, and arguments, which shall be made available to the public.

(h) The commission shall grant an opportunity for a public hearing before it adopts a rule or amendment if a hearing is requested by:

(1) at least 25 persons;

(2) a state or federal governmental subdivision or agency; or

(3) an association having at least 25 members.

(i) If a hearing is held on the proposed rule or amendment, the commission shall publish the place, time, and date of the scheduled public hearing. If the hearing is held via electronic means, the commission shall publish the mechanism for access to the electronic hearing:

(1) all persons wishing to be heard at the hearing shall notify the executive director of the commission or other designated member in writing of their desire to appear and testify at the hearing not less than five business days before the scheduled date of the hearing;

(2) hearings shall be conducted in a manner providing each person who wishes to comment a fair and reasonable opportunity to comment orally or in writing;

(3) all hearings will be recorded. A copy of the recording will be made available on request; and

(4) nothing in this article shall be construed as requiring a separate hearing on each rule. Rules may be grouped for the convenience of the commission at hearings required by this article.

(j) Following the scheduled hearing date, or by the close of business on the scheduled hearing date if the hearing was not held, the commission shall consider all written and oral comments received.

(k) If no written notice of intent to attend the public hearing by interested parties is received, the commission may proceed with promulgation of the proposed rule without a public hearing.

(l) The commission shall, by majority vote of all members, take final action on the proposed rule and shall determine the effective date of the rule, if any, based on the rulemaking record and the full text of the rule.

(m) Upon determination that an emergency exists, the commission may consider and adopt an emergency rule without prior notice, opportunity for comment, or hearing, provided that the usual rulemaking procedures provided in the compact and in this article shall be retroactively applied to the rule as soon as reasonably possible, in no event later than 90 days after the effective date of the rule. For the purposes of this provision, an emergency rule is one that must be adopted immediately in order to:

(1) meet an imminent threat to public health, safety, or welfare;

(2) prevent a loss of commission or member state funds;

(3) meet a deadline for the promulgation of an administrative rule that is established by federal law or rule; or

(4) protect public health and safety.

(n) The commission or an authorized committee of the commission may direct revisions to a previously adopted rule or amendment for purposes of correcting typographical errors, errors in format, errors in consistency, or grammatical errors. Public notice of any revisions shall be posted on the website of the commission. The revision shall be subject to challenge by any person for a period of thirty days after posting. The revision may be challenged only on grounds that the revision results in a material change to a rule. A challenge shall be made in writing and delivered to the chair of the commission prior to the end of the notice period. If no challenge is made, the revision will take effect without further action. If the revision is challenged, the revision may not take effect without the approval of the commission.

ARTICLE XII

OVERSIGHT, DISPUTE RESOLUTION, AND ENFORCEMENT

(a) Oversight:

(1) the executive, legislative, and judicial branches of state government in each member state shall enforce this compact and take all actions necessary and appropriate to effectuate the compact's purposes and intent. The provisions of this compact and the rules promulgated hereunder shall have standing as statutory law;

(2) all courts shall take judicial notice of the compact and the rules in any judicial or administrative proceeding in a member state pertaining to the subject matter of this compact which may affect the powers, responsibilities, or actions of the commission; and

(3) the commission shall be entitled to receive service of process in any such proceeding and shall have standing to intervene in such a proceeding for all purposes. Failure to provide service of process to the commission shall render a judgment or order void as to the commission, this compact, or promulgated rules.

(b) Default, technical assistance, and termination:

(1) if the commission determines that a member state has defaulted in the performance of its obligations or responsibilities under this compact or the promulgated rules, the commission shall:

(i) provide written notice to the defaulting state and other member states of the nature of the default, the proposed means of curing the default, or any other action to be taken by the commission; and

(ii) provide remedial training and specific technical assistance regarding the default.

(c) If a state in default fails to cure the default, the defaulting state may be terminated from the compact upon an affirmative vote of a majority of the member states, and all rights, privileges, and benefits conferred by this compact may be terminated on the effective date of termination. A cure of the default does not relieve the offending state of obligations or liabilities incurred during the period of default.

(d) Termination of membership in the compact shall be imposed only after all other means of securing compliance have been exhausted. Notice of intent to suspend or terminate shall be given by the commission to the governor, the majority and minority leaders of the defaulting state's legislature, and each of the member states.

(e) A state that has been terminated is responsible for all assessments, obligations, and liabilities incurred through the effective date of termination, including obligations that extend beyond the effective date of termination.

(f) The commission shall not bear any costs related to a state that is found to be in default or that has been terminated from the compact, unless agreed upon in writing between the commission and the defaulting state.

(g) The defaulting state may appeal the action of the commission by petitioning the United States District Court for the District of Columbia or the federal district where the commission has its principal offices. The prevailing member shall be awarded all costs of such litigation, including reasonable attorney fees.

(h) Dispute resolution:

(1) upon request by a member state, the commission shall attempt to resolve disputes related to the compact that arise among member states and between member and nonmember states; and

(2) the commission shall promulgate a rule providing for both mediation and binding dispute resolution for disputes as appropriate.

(i) Enforcement:

(1) the commission, in the reasonable exercise of its discretion, shall enforce the provisions and rules of this compact;

(2) by majority vote, the commission may initiate legal action in the United States District Court for the District of Columbia or the federal district where the commission has its principal offices against a member state in default to enforce compliance with the provisions of the compact and its promulgated rules and bylaws. The relief sought may include both injunctive relief and damages. In the event judicial enforcement is necessary, the prevailing member shall be awarded all costs of such litigation, including reasonable attorney fees; and

(3) the remedies herein shall not be the exclusive remedies of the commission. The commission may pursue any other remedies available under federal or state law.

ARTICLE XIII

DATE OF IMPLEMENTATION OF THE COUNSELING COMPACT COMMISSION AND ASSOCIATED RULES, WITHDRAWAL, AND AMENDMENT

(a) The compact shall come into effect on the date on which the compact statute is enacted into law in the tenth member state. The provisions, which become effective at that time, shall be limited to the powers granted to the commission relating to assembly and the promulgation of rules. Thereafter, the commission shall meet and exercise rulemaking powers necessary to the implementation and administration of the compact.

(b) Any state that joins the compact subsequent to the commission's initial adoption of the rules shall be subject to the rules as they exist on the date on which the compact becomes law in that state. Any rule that has been previously adopted by the commission shall have the full force and effect of law on the day the compact becomes law in that state.

(c) Any member state may withdraw from this compact by enacting a statute repealing the same.

(1) a member state's withdrawal shall not take effect until six months after enactment of the repealing statute; and

(2) withdrawal shall not affect the continuing requirement of the withdrawing state's professional counseling licensing board to comply with the investigative and adverse action reporting requirements of this compact prior to the effective date of withdrawal.

(d) Nothing contained in this compact shall be construed to invalidate or prevent any professional counseling licensure agreement or other cooperative arrangement between a member state and a nonmember state that does not conflict with the provisions of this compact.

(e) This compact may be amended by the member states. No amendment to this compact shall become effective and binding upon any member state until it is enacted into the laws of all member states.

ARTICLE XIV

CONSTRUCTION AND SEVERABILITY

This compact shall be liberally construed so as to effectuate the purposes thereof. The provisions of this compact shall be severable and if any phrase, clause, sentence, or provision of this compact is declared to be contrary to the constitution of any member state or of the United States or the applicability thereof to any government, agency, person, or circumstance is held invalid, the validity of the remainder of this compact and the applicability thereof to any government, agency, person, or circumstance shall not be affected thereby. If this compact shall be held contrary to the constitution of any member state, the compact shall remain in full force and effect as to the remaining member states and in full force and effect as to the member state affected as to all severable matters.

ARTICLE XV

BINDING EFFECT OF COMPACT AND OTHER LAWS

(a) A licensee providing professional counseling services in a remote state under the privilege to practice shall adhere to the laws and regulations, including scope of practice, of the remote state.

(b) Nothing herein prevents the enforcement of any other law of a member state that is not inconsistent with the compact.

(c) Any laws in a member state in conflict with the compact are superseded to the extent of the conflict.

(d) Any lawful actions of the commission, including all rules and bylaws properly promulgated by the commission, are binding upon the member states.

(e) All permissible agreements between the commission and the member states are binding in accordance with their terms.

(f) In the event any provision of the compact exceeds the constitutional limits imposed on the legislature of any member state, the provision shall be ineffective to the extent of the conflict with the constitutional provision in question in that member state.

ARTICLE 30

AUDIOLOGY AND SPEECH-LANGUAGE PATHOLOGY COMPACT

Section 1. **[148.5185] AUDIOLOGY AND SPEECH-LANGUAGE PATHOLOGY INTERSTATE COMPACT.**

The Audiology and Speech-Language Pathology Interstate Compact is enacted into law and entered into with all other jurisdictions legally joining in it in the form substantially specified in this section.

ARTICLE I

DEFINITIONS

As used in this compact, and except as otherwise provided, the following definitions shall apply:

(A) "Active duty military" means full-time duty status in the active uniformed service of the United States, including members of the National Guard and Reserve on active duty orders pursuant to United States Code, title 10, sections 1209 and 1211.

(B) "Adverse action" means any administrative, civil, equitable, or criminal action permitted by a state's laws which is imposed by a licensing board or other authority against an audiologist or speech-language pathologist, including actions against an individual's license or privilege to practice such as revocation, suspension, probation, monitoring of the licensee, or restriction on the licensee's practice.

(C) "Alternative program" means a non-disciplinary monitoring process approved by an audiology or speech-language pathology licensing board to address impaired practitioners.

(D) "Audiologist" means an individual who is licensed by a state to practice audiology.

(E) "Audiology" means the care and services provided by a licensed audiologist as set forth in the member state's statutes and rules.

(F) "Audiology and Speech-Language Pathology Compact Commission" or "commission" means the national administrative body whose membership consists of all states that have enacted the compact.

(G) "Audiology and speech-language pathology licensing board," "audiology licensing board," "speech-language pathology licensing board," or "licensing board" means the agency of a state that is responsible for the licensing and regulation of audiologists or speech-language pathologists or both.

(H) "Compact privilege" means the authorization granted by a remote state to allow a licensee from another member state to practice as an audiologist or speech-language pathologist in the remote state under

its laws and rules. The practice of audiology or speech-language pathology occurs in the member state where the patient, client, or student is located at the time of the patient, client, or student encounter.

(I) "Current significant investigative information" means investigative information that a licensing board, after an inquiry or investigation that includes notification and an opportunity for the audiologist or speech-language pathologist to respond, if required by state law, has reason to believe is not groundless and, if proved true, would indicate more than a minor infraction.

(J) "Data system" means a repository of information about licensees, including but not limited to continuing education, examination, licensure, investigation, compact privilege, and adverse action.

(K) "Encumbered license" means a license in which an adverse action restricts the practice of audiology or speech-language pathology by the licensee and said adverse action has been reported to the National Practitioners Data Bank (NPDB).

(L) "Executive committee" means a group of directors elected or appointed to act on behalf of, and within the powers granted to them by, the commission.

(M) "Home state" means the member state that is the licensee's primary state of residence.

(N) "Impaired practitioner" means individuals whose professional practice is adversely affected by substance abuse, addiction, or other health-related conditions.

(O) "Licensee" means an individual who currently holds an authorization from the state licensing board to practice as an audiologist or speech-language pathologist.

(P) "Member state" means a state that has enacted the compact.

(Q) "Privilege to practice" means a legal authorization permitting the practice of audiology or speech-language pathology in a remote state.

(R) "Remote state" means a member state other than the home state where a licensee is exercising or seeking to exercise the compact privilege.

(S) "Rule" means a regulation, principle, or directive promulgated by the commission that has the force of law.

(T) "Single-state license" means an audiology or speech-language pathology license issued by a member state that authorizes practice only within the issuing state and does not include a privilege to practice in any other member state.

(U) "Speech-language pathologist" means an individual who is licensed by a state to practice speech-language pathology.

(V) "Speech-language pathology" means the care and services provided by a licensed speech-language pathologist as set forth in the member state's statutes and rules.

(W) "State" means any state, commonwealth, district, or territory of the United States of America that regulates the practice of audiology and speech-language pathology.

(X) "State practice laws" means a member state's laws, rules, and regulations that govern the practice of audiology or speech-language pathology, define the scope of audiology or speech-language pathology practice, and create the methods and grounds for imposing discipline.

(Y) "Telehealth" means the application of telecommunication technology to deliver audiology or speech-language pathology services at a distance for assessment, intervention, or consultation.

ARTICLE II

STATE PARTICIPATION IN THE COMPACT

(A) A license issued to an audiologist or speech-language pathologist by a home state to a resident in that state shall be recognized by each member state as authorizing an audiologist or speech-language pathologist to practice audiology or speech-language pathology, under a privilege to practice, in each member state.

(B) A state must implement or utilize procedures for considering the criminal history records of applicants for initial privilege to practice. These procedures shall include the submission of fingerprints or other biometric-based information by applicants for the purpose of obtaining an applicant's criminal history record information from the Federal Bureau of Investigation and the agency responsible for retaining that state's criminal records.

(1) A member state must fully implement a criminal background check requirement, within a time frame established by rule, by receiving the results of the Federal Bureau of Investigation record search on criminal background checks and use the results in making licensure decisions.

(2) Communication between a member state and the commission and among member states regarding the verification of eligibility for licensure through the compact shall not include any information received from the Federal Bureau of Investigation relating to a federal criminal records check performed by a member state under Public Law 92-544.

(C) Upon application for a privilege to practice, the licensing board in the issuing remote state shall ascertain, through the data system, whether the applicant has ever held, or is the holder of, a license issued by any other state, whether there are any encumbrances on any license or privilege to practice held by the applicant, and whether any adverse action has been taken against any license or privilege to practice held by the applicant.

(D) Each member state shall require an applicant to obtain or retain a license in the home state and meet the home state's qualifications for licensure or renewal of licensure, as well as all other applicable state laws.

(E) An audiologist must:

(1) meet one of the following educational requirements:

(i) on or before December 31, 2007, have graduated with a master's degree or doctoral degree in audiology, or equivalent degree regardless of degree name, from a program that is accredited by an accrediting agency recognized by the Council for Higher Education Accreditation, or its successor, or by the United States Department of Education and operated by a college or university accredited by a regional or national accrediting organization recognized by the board; or

(ii) on or after January 1, 2008, have graduated with a doctoral degree in audiology, or equivalent degree regardless of degree name, from a program that is accredited by an accrediting agency recognized by the Council for Higher Education Accreditation, or its successor, or by the United States Department of Education and operated by a college or university accredited by a regional or national accrediting organization recognized by the board; or

(iii) have graduated from an audiology program that is housed in an institution of higher education outside of the United States (a) for which the program and institution have been approved by the authorized accrediting body in the applicable country and (b) the degree program has been verified by an independent credentials review agency to be comparable to a state licensing board-approved program;

(2) have completed a supervised clinical practicum experience from an accredited educational institution or its cooperating programs as required by the board;

(3) have successfully passed a national examination approved by the commission;

(4) hold an active, unencumbered license;

(5) not have been convicted or found guilty, and not have entered into an agreed disposition, of a felony related to the practice of audiology, under applicable state or federal criminal law; and

(6) have a valid United States Social Security or National Practitioner Identification number.

(F) A speech-language pathologist must:

(1) meet one of the following educational requirements:

(i) have graduated with a master's degree from a speech-language pathology program that is accredited by an organization recognized by the United States Department of Education and operated by a college or university accredited by a regional or national accrediting organization recognized by the board; or

(ii) have graduated from a speech-language pathology program that is housed in an institution of higher education outside of the United States (a) for which the program and institution have been approved by the authorized accrediting body in the applicable country and (b) the degree program has been verified by an independent credentials review agency to be comparable to a state licensing board-approved program;

(2) have completed a supervised clinical practicum experience from an educational institution or its cooperating programs as required by the commission;

(3) have completed a supervised postgraduate professional experience as required by the commission;

(4) have successfully passed a national examination approved by the commission;

(5) hold an active, unencumbered license;

(6) not have been convicted or found guilty, and not have entered into an agreed disposition, of a felony related to the practice of speech-language pathology, under applicable state or federal criminal law; and

(7) have a valid United States Social Security or National Practitioner Identification number.

(G) The privilege to practice is derived from the home state license.

(H) An audiologist or speech-language pathologist practicing in a member state must comply with the state practice laws of the state in which the client is located at the time service is provided. The practice of audiology and speech-language pathology shall include all audiology and speech-language pathology practice as defined by the state practice laws of the member state in which the client is located. The practice of audiology and speech-language pathology in a member state under a privilege to practice shall subject an audiologist or speech-language pathologist to the jurisdiction of the licensing board, the courts and the laws of the member state in which the client is located at the time service is provided.

(I) Individuals not residing in a member state shall continue to be able to apply for a member state's single-state license as provided under the laws of each member state. However, the single-state license granted to these individuals shall not be recognized as granting the privilege to practice audiology or speech-language pathology in any other member state. Nothing in this compact shall affect the requirements established by a member state for the issuance of a single-state license.

(J) Member states may charge a fee for granting a compact privilege.

(K) Member states must comply with the bylaws and rules and regulations of the commission.

ARTICLE III

COMPACT PRIVILEGE

(A) To exercise the compact privilege under the terms and provisions of the compact, the audiologist or speech-language pathologist shall:

(1) hold an active license in the home state;

(2) have no encumbrance on any state license;

(3) be eligible for a compact privilege in any member state in accordance with Article II;

(4) have not had any adverse action against any license or compact privilege within the previous two years from date of application;

(5) notify the commission that the licensee is seeking the compact privilege within a remote state or states;

(6) pay any applicable fees, including any state fee, for the compact privilege; and

(7) report to the commission adverse action taken by any nonmember state within 30 days from the date the adverse action is taken.

(B) For the purposes of the compact privilege, an audiologist or speech-language pathologist shall only hold one home state license at a time.

(C) Except as provided in Article V, if an audiologist or speech-language pathologist changes primary state of residence by moving between two member states, the audiologist or speech-language pathologist must apply for licensure in the new home state, and the license issued by the prior home state shall be deactivated in accordance with applicable rules adopted by the commission.

(D) The audiologist or speech-language pathologist may apply for licensure in advance of a change in primary state of residence.

(E) A license shall not be issued by the new home state until the audiologist or speech-language pathologist provides satisfactory evidence of a change in primary state of residence to the new home state and satisfies all applicable requirements to obtain a license from the new home state.

(F) If an audiologist or speech-language pathologist changes primary state of residence by moving from a member state to a nonmember state, the license issued by the prior home state shall convert to a single-state license, valid only in the former home state.

(G) The compact privilege is valid until the expiration date of the home state license. The licensee must comply with the requirements of Article III, (A), to maintain the compact privilege in the remote state.

(H) A licensee providing audiology or speech-language pathology services in a remote state under the compact privilege shall function within the laws and regulations of the remote state.

(I) A licensee providing audiology or speech-language pathology services in a remote state is subject to that state's regulatory authority. A remote state may, in accordance with due process and that state's laws, remove a licensee's compact privilege in the remote state for a specific period of time, impose fines, or take any other necessary actions to protect the health and safety of its citizens.

(J) If a home state license is encumbered, the licensee shall lose the compact privilege in any remote state until the following occur:

(1) the home state license is no longer encumbered; and

(2) two years have elapsed from the date of the adverse action.

(K) Once an encumbered license in the home state is restored to good standing, the licensee must meet the requirements of Article III, (A), to obtain a compact privilege in any remote state.

(L) Once the requirements of Article III, (J), have been met, the licensee must meet the requirements in Article III, (A), to obtain a compact privilege in a remote state.

ARTICLE IV

COMPACT PRIVILEGE TO PRACTICE TELEHEALTH

Member states shall recognize the right of an audiologist or speech-language pathologist, licensed by a home state in accordance with Article II and under rules promulgated by the commission, to practice audiology or speech-language pathology in a member state via telehealth under a privilege to practice as provided in the compact and rules promulgated by the commission.

ARTICLE V

ACTIVE DUTY MILITARY PERSONNEL OR THEIR SPOUSES

Active duty military personnel, or their spouse, shall designate a home state where the individual has a current license in good standing. The individual may retain the home state designation during the period the service member is on active duty. Subsequent to designating a home state, the individual shall only change their home state through application for licensure in the new state.

ARTICLE VI

ADVERSE ACTIONS

(A) In addition to the other powers conferred by state law, a remote state shall have the authority, in accordance with existing state due process law, to:

(1) take adverse action against an audiologist's or speech-language pathologist's privilege to practice within that member state; and

(2) issue subpoenas for both hearings and investigations that require the attendance and testimony of witnesses as well as the production of evidence. Subpoenas issued by a licensing board in a member state for the attendance and testimony of witnesses or the production of evidence from another member state shall be enforced in the latter state by any court of competent jurisdiction, according to the practice and procedure of that court applicable to subpoenas issued in proceedings pending before it. The issuing authority shall

pay any witness fees, travel expenses, mileage and other fees required by the service statutes of the state in which the witnesses or evidence are located.

(B) Only the home state shall have the power to take adverse action against an audiologist's or speech-language pathologist's license issued by the home state.

(C) For purposes of taking adverse action, the home state shall give the same priority and effect to reported conduct received from a member state as it would if the conduct had occurred within the home state. In so doing, the home state shall apply its own state laws to determine appropriate action.

(D) The home state shall complete any pending investigations of an audiologist or speech-language pathologist who changes primary state of residence during the course of the investigations. The home state shall also have the authority to take appropriate action and shall promptly report the conclusions of the investigations to the administrator of the data system. The administrator of the data system shall promptly notify the new home state of any adverse actions.

(E) If otherwise permitted by state law, the member state may recover from the affected audiologist or speech-language pathologist the costs of investigations and disposition of cases resulting from any adverse action taken against that audiologist or speech-language pathologist.

(F) The member state may take adverse action based on the factual findings of the remote state, provided that the member state follows the member state's own procedures for taking the adverse action.

(G) Joint Investigations:

(1) In addition to the authority granted to a member state by its respective audiology or speech-language pathology practice act or other applicable state law, any member state may participate with other member states in joint investigations of licensees.

(2) Member states shall share any investigative, litigation, or compliance materials in furtherance of any joint or individual investigation initiated under the Compact.

(H) If adverse action is taken by the home state against an audiologist's or speech-language pathologist's license, the audiologist's or speech-language pathologist's privilege to practice in all other member states shall be deactivated until all encumbrances have been removed from the state license. All home state disciplinary orders that impose adverse action against an audiologist's or speech-language pathologist's license shall include a statement that the audiologist's or speech-language pathologist's privilege to practice is deactivated in all member states during the pendency of the order.

(I) If a member state takes adverse action, it shall promptly notify the administrator of the data system. The administrator of the data system shall promptly notify the home state of any adverse actions by remote states.

(J) Nothing in this compact shall override a member state's decision that participation in an alternative program may be used in lieu of adverse action.

ARTICLE VII

ESTABLISHMENT OF THE AUDIOLOGY AND SPEECH-LANGUAGE PATHOLOGY COMPACT COMMISSION

(A) The compact member states hereby create and establish a joint public agency known as the Audiology and Speech-Language Pathology Compact Commission:

(1) The commission is an instrumentality of the compact states.

(2) Except as provided under paragraph (H), venue is proper and judicial proceedings by or against the commission shall be brought solely and exclusively in a court of competent jurisdiction where the principal office of the commission is located. The commission may waive venue and jurisdictional defenses to the extent it adopts or consents to participate in alternative dispute resolution proceedings.

(3) Nothing in this compact shall be construed to be a waiver of sovereign immunity.

(B) Membership, Voting, and Meetings:

(1) Each member state shall have two delegates selected by that member state's licensing board. The delegates shall be current members of the licensing board. One shall be an audiologist and one shall be a speech-language pathologist.

(2) An additional five delegates, who are either a public member or board administrator from a state licensing board, shall be chosen by the executive committee from a pool of nominees provided by the commission at large.

(3) Any delegate may be removed or suspended from office as provided by the law of the state from which the delegate is appointed.

(4) The member state board shall fill any vacancy occurring on the commission, within 90 days.

(5) Each delegate shall be entitled to one vote with regard to the promulgation of rules and creation of bylaws and shall otherwise have an opportunity to participate in the business and affairs of the commission.

(6) A delegate shall vote in person or by other means as provided in the bylaws. The bylaws may provide for delegates' participation in meetings by telephone or other means of communication.

(7) The commission shall meet at least once during each calendar year. Additional meetings shall be held as set forth in the bylaws.

(C) The commission shall have the following powers and duties:

(1) establish the fiscal year of the commission;

(2) establish bylaws;

(3) establish a code of ethics;

(4) maintain its financial records in accordance with the bylaws;

(5) meet and take actions as are consistent with the provisions of this compact and the bylaws;

(6) promulgate uniform rules to facilitate and coordinate implementation and administration of this compact. The rules shall have the force and effect of law and shall be binding in all member states;

(7) bring and prosecute legal proceedings or actions in the name of the commission, provided that the standing of any state audiology or speech-language pathology licensing board to sue or be sued under applicable law shall not be affected;

(8) purchase and maintain insurance and bonds;

(9) borrow, accept, or contract for services of personnel, including but not limited to employees of a member state;

(10) hire employees, elect or appoint officers, fix compensation, define duties, grant individuals appropriate authority to carry out the purposes of the compact, and establish the commission's personnel policies and programs relating to conflicts of interest, qualifications of personnel, and other related personnel matters;

(11) accept any and all appropriate donations and grants of money, equipment, supplies, materials, and services and to receive, utilize, and dispose of the same; provided that at all times the commission shall avoid any appearance of impropriety or conflict of interest;

(12) lease, purchase, accept appropriate gifts or donations of, or otherwise own, hold, improve, or use any property real, personal, or mixed; provided that at all times the commission shall avoid any appearance of impropriety;

(13) sell, convey, mortgage, pledge, lease, exchange, abandon, or otherwise dispose of any property real, personal, or mixed;

(14) establish a budget and make expenditures;

(15) borrow money;

(16) appoint committees, including standing committees composed of members and other interested persons as may be designated in this compact and the bylaws;

(17) provide and receive information from, and cooperate with, law enforcement agencies;

(18) establish and elect an executive committee; and

(19) perform other functions as may be necessary or appropriate to achieve the purposes of this compact consistent with the state regulation of audiology and speech-language pathology licensure and practice.

(D) The Executive Committee:

The executive committee shall have the power to act on behalf of the commission according to the terms of this compact. The executive committee shall be composed of ten members:

(1) seven voting members who are elected by the commission from the current membership of the commission;

(2) two ex officios, consisting of one nonvoting member from a recognized national audiology professional association and one nonvoting member from a recognized national speech-language pathology association; and

(3) one ex officio, nonvoting member from the recognized membership organization of the audiology and speech-language pathology licensing boards.

(E) The ex officio members shall be selected by their respective organizations.

(1) The commission may remove any member of the executive committee as provided in bylaws.

(2) The executive committee shall meet at least annually.

(3) The executive committee shall have the following duties and responsibilities:

(i) recommend to the entire commission changes to the rules or bylaws, changes to this compact legislation, fees paid by compact member states such as annual dues, and any commission compact fee charged to licensees for the compact privilege;

(ii) ensure compact administration services are appropriately provided, contractual or otherwise;

(iii) prepare and recommend the budget;

(iv) maintain financial records on behalf of the commission;

(v) monitor compact compliance of member states and provide compliance reports to the commission;

(vi) establish additional committees as necessary; and

(vii) other duties as provided in rules or bylaws.

(4) All meetings of the commission shall be open to the public and public notice of meetings shall be given in the same manner as required under the rulemaking provisions in Article IX.

(5) The commission or the executive committee or other committees of the commission may convene in a closed, nonpublic meeting if the commission or executive committee or other committees of the commission must discuss:

(i) noncompliance of a member state with its obligations under the compact;

(ii) the employment, compensation, discipline, or other matters, practices, or procedures related to specific employees or other matters related to the commission's internal personnel practices and procedures;

(iii) current, threatened, or reasonably anticipated litigation;

(iv) negotiation of contracts for the purchase, lease, or sale of goods, services, or real estate;

(v) accusing any person of a crime or formally censuring any person;

(vi) disclosure of trade secrets or commercial or financial information that is privileged or confidential;

(vii) disclosure of information of a personal nature where disclosure would constitute a clearly unwarranted invasion of personal privacy;

(viii) disclosure of investigative records compiled for law enforcement purposes;

(ix) disclosure of information related to any investigative reports prepared by or on behalf of or for use of the commission or other committee charged with responsibility of investigation or determination of compliance issues pursuant to the compact; or

(x) matters specifically exempted from disclosure by federal or member state statute.

(6) If a meeting, or portion of a meeting, is closed pursuant to this provision, the commission's legal counsel or designee shall certify that the meeting may be closed and shall reference each relevant exempting provision.

(7) The commission shall keep minutes that fully and clearly describe all matters discussed in a meeting and shall provide a full and accurate summary of actions taken, and the reasons therefore, including a description of the views expressed. All documents considered in connection with an action shall be identified

in minutes. All minutes and documents of a closed meeting shall remain under seal, subject to release by a majority vote of the commission or order of a court of competent jurisdiction.

(8) Financing of the Commission:

(i) The commission shall pay, or provide for the payment of, the reasonable expenses of its establishment, organization, and ongoing activities.

(ii) The commission may accept any and all appropriate revenue sources, donations, and grants of money, equipment, supplies, materials, and services.

(iii) The commission may levy on and collect an annual assessment from each member state or impose fees on other parties to cover the cost of the operations and activities of the commission and its staff, which must be in a total amount sufficient to cover its annual budget as approved each year for which revenue is not provided by other sources. The aggregate annual assessment amount shall be allocated based upon a formula to be determined by the commission, which shall promulgate a rule binding upon all member states.

(9) The commission shall not incur obligations of any kind prior to securing the funds adequate to meet the same; nor shall the commission pledge the credit of any of the member states, except by and with the authority of the member state.

(10) The commission shall keep accurate accounts of all receipts and disbursements. The receipts and disbursements of the commission shall be subject to the audit and accounting procedures established under its bylaws. However, all receipts and disbursements of funds handled by the commission shall be audited yearly by a certified or licensed public accountant, and the report of the audit shall be included in and become part of the annual report of the commission.

(F) Qualified Immunity, Defense, and Indemnification:

(1) The members, officers, executive director, employees, and representatives of the commission shall be immune from suit and liability, either personally or in their official capacity, for any claim for damage to or loss of property or personal injury or other civil liability caused by or arising out of any actual or alleged act, error, or omission that occurred, or that the person against whom the claim is made had a reasonable basis for believing occurred, within the scope of commission employment, duties, or responsibilities; provided that nothing in this paragraph shall be construed to protect any person from suit or liability for any damage, loss, injury, or liability caused by the intentional or willful or wanton misconduct of that person.

(2) The commission shall defend any member, officer, executive director, employee, or representative of the commission in any civil action seeking to impose liability arising out of any actual or alleged act, error, or omission that occurred within the scope of commission employment, duties, or responsibilities, or that the person against whom the claim is made had a reasonable basis for believing occurred within the scope of commission employment, duties, or responsibilities; provided that nothing herein shall be construed to prohibit that person from retaining his or her own counsel; and provided further that the actual or alleged act, error, or omission did not result from that person's intentional or willful or wanton misconduct.

(3) The commission shall indemnify and hold harmless any member, officer, executive director, employee, or representative of the commission for the amount of any settlement or judgment obtained against that person arising out of any actual or alleged act, error, or omission that occurred within the scope of commission employment, duties, or responsibilities, or that person had a reasonable basis for believing occurred within the scope of commission employment, duties, or responsibilities; provided that the actual or alleged act, error, or omission did not result from the intentional or willful or wanton misconduct of that person.

(G) Notwithstanding paragraph (F), clause (1), the liability of the executive director, employees, or representatives of the interstate commission, acting within the scope of their employment or duties, may not exceed the limits of liability set forth under the constitution and laws of this state for state officials, employees, and agents. This paragraph expressly incorporates section 3.736, and neither expands nor limits the rights and remedies provided under that statute.

(H) Except for a claim alleging a violation of this compact, a claim against the commission, its executive director, employees, or representatives alleging a violation of the constitution and laws of this state may be brought in any county where the plaintiff resides. Nothing in this paragraph creates a private right of action.

(I) Nothing in this compact shall be construed as a limitation on the liability of any licensee for professional malpractice or misconduct, which shall be governed solely by any other applicable state laws.

ARTICLE VIII

DATA SYSTEM

(A) The commission shall provide for the development, maintenance, and utilization of a coordinated database and reporting system containing licensure, adverse action, and investigative information on all licensed individuals in member states.

(B) Notwithstanding any other provision of state law to the contrary, a member state shall submit a uniform data set to the data system on all individuals to whom this compact is applicable as required by the rules of the commission, including:

(1) identifying information;

(2) licensure data;

(3) adverse actions against a license or compact privilege;

(4) nonconfidential information related to alternative program participation;

(5) any denial of application for licensure, and the reason or reasons for denial; and

(6) other information that may facilitate the administration of this compact, as determined by the rules of the commission.

(C) Investigative information pertaining to a licensee in any member state shall only be available to other member states.

(D) The commission shall promptly notify all member states of any adverse action taken against a licensee or an individual applying for a license. Adverse action information pertaining to a licensee in any member state shall be available to any other member state.

(E) Member states contributing information to the data system may designate information that may not be shared with the public without the express permission of the contributing state.

(F) Any information submitted to the data system that is subsequently required to be expunged by the laws of the member state contributing the information shall be removed from the data system.

ARTICLE IX

RULEMAKING

(A) The commission shall exercise its rulemaking powers pursuant to the criteria set forth in this article and the rules adopted thereunder. Rules and amendments shall become binding as of the date specified in each rule or amendment.

(B) If a majority of the legislatures of the member states rejects a rule, by enactment of a statute or resolution in the same manner used to adopt the compact within four years of the date of adoption of the rule, the rule shall have no further force and effect in any member state.

(C) Rules or amendments to the rules shall be adopted at a regular or special meeting of the commission.

(D) Prior to promulgation and adoption of a final rule or rules by the commission, and at least 30 days in advance of the meeting at which the rule shall be considered and voted upon, the commission shall file a notice of proposed rulemaking:

(1) on the website of the commission or other publicly accessible platform; and

(2) on the website of each member state audiology or speech-language pathology licensing board or other publicly accessible platform or the publication in which each state would otherwise publish proposed rules.

(E) The notice of proposed rulemaking shall include:

(1) the proposed time, date, and location of the meeting in which the rule shall be considered and voted upon;

(2) the text of the proposed rule or amendment and the reason for the proposed rule;

(3) a request for comments on the proposed rule from any interested person; and

(4) the manner in which interested persons may submit notice to the commission of their intention to attend the public hearing and any written comments.

(F) Prior to the adoption of a proposed rule, the commission shall allow persons to submit written data, facts, opinions, and arguments, which shall be made available to the public.

(G) The commission shall grant an opportunity for a public hearing before it adopts a rule or amendment if a hearing is requested by:

(1) at least 25 persons;

(2) a state or federal governmental subdivision or agency; or

(3) an association having at least 25 members.

(H) If a hearing is held on the proposed rule or amendment, the commission shall publish the place, time, and date of the scheduled public hearing. If the hearing is held via electronic means, the commission shall publish the mechanism for access to the electronic hearing.

(1) All persons wishing to be heard at the hearing shall notify the executive director of the commission or other designated member in writing of their desire to appear and testify at the hearing not less than five business days before the scheduled date of the hearing.

(2) Hearings shall be conducted in a manner providing each person who wishes to comment a fair and reasonable opportunity to comment orally or in writing.

(3) All hearings shall be recorded. A copy of the recording shall be made available on request.

(4) Nothing in this Article shall be construed as requiring a separate hearing on each rule. Rules may be grouped for the convenience of the commission at hearings required by this Article.

(I) Following the scheduled hearing date, or by the close of business on the scheduled hearing date if the hearing was not held, the commission shall consider all written and oral comments received.

(J) If no written notice of intent to attend the public hearing by interested parties is received, the commission may proceed with promulgation of the proposed rule without a public hearing.

(K) The commission shall, by majority vote of all members, take final action on the proposed rule and shall determine the effective date of the rule, if any, based on the rulemaking record and the full text of the rule.

(L) Upon determination that an emergency exists, the commission may consider and adopt an emergency rule without prior notice, opportunity for comment, or hearing; provided that the usual rulemaking procedures provided in the compact and in this Article shall be retroactively applied to the rule as soon as reasonably possible, in no event later than 90 days after the effective date of the rule. For the purposes of this provision, an emergency rule is one that must be adopted immediately in order to:

(1) meet an imminent threat to public health, safety, or welfare;

(2) prevent a loss of commission or member state funds; or

(3) meet a deadline for the promulgation of an administrative rule that is established by federal law or rule.

(M) The commission or an authorized committee of the commission may direct revisions to a previously adopted rule or amendment for purposes of correcting typographical errors, errors in format, errors in consistency, or grammatical errors. Public notice of any revisions shall be posted on the website of the commission. The revision shall be subject to challenge by any person for a period of 30 days after posting. The revision may be challenged only on grounds that the revision results in a material change to a rule. A challenge shall be made in writing and delivered to the chair of the commission prior to the end of the notice period. If no challenge is made, the revision shall take effect without further action. If the revision is challenged, the revision may not take effect without the approval of the commission.

ARTICLE X

OVERSIGHT, DISPUTE RESOLUTION, AND ENFORCEMENT

(A) Dispute Resolution:

(1) Upon request by a member state, the commission shall attempt to resolve disputes related to the compact that arise among member states and between member and nonmember states.

(2) The commission shall promulgate a rule providing for both mediation and binding dispute resolution for such disputes as appropriate.

(B) Enforcement:

(1) The commission, in the reasonable exercise of its discretion, shall enforce the provisions and rules of this compact.

(2) By majority vote, the commission may initiate legal action in the United States District Court for the District of Columbia or the federal district where the commission has its principal offices against a member state in default to enforce compliance with the provisions of the compact and its promulgated rules and bylaws. The relief sought may include both injunctive relief and damages. In the event judicial enforcement is necessary, the prevailing member shall be awarded all costs of litigation, including reasonable attorney's fees.

(3) The remedies herein shall not be the exclusive remedies of the commission. The commission may pursue any other remedies available under federal or state law.

ARTICLE XI

DATE OF IMPLEMENTATION OF THE INTERSTATE COMMISSION FOR AUDIOLOGY AND SPEECH-LANGUAGE PATHOLOGY PRACTICE AND ASSOCIATED RULES, WITHDRAWAL, AND AMENDMENT

(A) The compact shall come into effect on the date on which the compact statute is enacted into law in the tenth member state. The provisions, which become effective at that time, shall be limited to the powers granted to the commission relating to assembly and the promulgation of rules. Thereafter, the commission shall meet and exercise rulemaking powers necessary to the implementation and administration of the compact.

(B) Any state that joins the compact subsequent to the commission's initial adoption of the rules shall be subject to the rules as they exist on the date on which the compact becomes law in that state. Any rule that has been previously adopted by the commission shall have the full force and effect of law on the day the compact becomes law in that state.

(C) Any member state may withdraw from this compact by enacting a statute repealing the same.

(1) A member state's withdrawal shall not take effect until six months after enactment of the repealing statute.

(2) Withdrawal shall not affect the continuing requirement of the withdrawing state's audiology or speech-language pathology licensing board to comply with the investigative and adverse action reporting requirements of this compact prior to the effective date of withdrawal.

(D) Nothing contained in this compact shall be construed to invalidate or prevent any audiology or speech-language pathology licensure agreement or other cooperative arrangement between a member state and a nonmember state that does not conflict with the provisions of this compact.

(E) This compact may be amended by the member states. No amendment to this compact shall become effective and binding upon any member state until it is enacted into the laws of all member states.

ARTICLE XII

CONSTRUCTION AND SEVERABILITY

This compact shall be liberally construed so as to effectuate the purposes thereof. The provisions of this compact shall be severable and if any phrase, clause, sentence, or provision of this compact is declared to be contrary to the constitution of any member state or of the United States or the applicability thereof to any government, agency, person, or circumstance is held invalid, the validity of the remainder of this compact and the applicability thereof to any government, agency, person, or circumstance shall not be affected thereby. If this compact shall be held contrary to the constitution of any member state, the compact shall remain in

full force and effect as to the remaining member states and in full force and effect as to the member state affected as to all severable matters.

ARTICLE XIII

BINDING EFFECT OF COMPACT AND OTHER LAWS

(A) Nothing herein prevents the enforcement of any other law of a member state that is not inconsistent with the compact.

(B) All laws in a member state in conflict with the compact are superseded to the extent of the conflict.

(C) All lawful actions of the commission, including all rules and bylaws promulgated by the commission, are binding upon the member states.

(D) All agreements between the commission and the member states are binding in accordance with their terms.

(E) In the event any provision of the compact exceeds the constitutional limits imposed on the legislature of any member state, the provision shall be ineffective to the extent of the conflict with the constitutional provision in question in that member state.

Sec. 2. **[148.5186] APPLICATION OF AUDIOLOGY AND SPEECH-LANGUAGE PATHOLOGY INTERSTATE COMPACT TO EXISTING LAWS.**

Subdivision 1. **Rulemaking.** Rules developed by the Audiology and Speech-Language Pathology Compact Commission under section 148.5185 are not subject to sections 14.05 to 14.389.

Subd. 2. **Background studies.** The commissioner of health is authorized to require an audiologist or speech-language pathologist licensed in Minnesota as the home state to submit to a criminal history background check under section 144.0572.

ARTICLE 31

DENTIST AND DENTAL HYGIENIST COMPACT

Section 1. **[150A.051] DENTIST AND DENTAL HYGIENIST COMPACT.**

The dentist and dental hygienist compact is enacted into law and entered into with all other jurisdictions legally joining in the compact in the form substantially specified in this section.

ARTICLE I

TITLE

This statute shall be known and cited as the dentist and dental hygienist compact.

ARTICLE II

DEFINITIONS

As used in this compact, unless the context requires otherwise, the following definitions shall apply:

(A) "Active military member" means any person with full-time duty status in the armed forces of the United States including members of the National Guard and Reserve.

(B) "Adverse action" means disciplinary action or encumbrance imposed on a license or compact privilege by a state licensing authority.

(C) "Alternative program" means a nondisciplinary monitoring or practice remediation process applicable to a dentist or dental hygienist approved by a state licensing authority of a participating state in which the dentist or dental hygienist is licensed. This includes but is not limited to programs to which licensees with substance abuse or addiction issues are referred in lieu of adverse action.

(D) "Clinical assessment" means examination or process, required for licensure as a dentist or dental hygienist as applicable, that provides evidence of clinical competence in dentistry or dental hygiene.

(E) "Commissioner" means the individual appointed by a participating state to serve as the member of the commission for that participating state.

(F) "Compact" means this dentist and dental hygienist compact.

(G) "Compact privilege" means the authorization granted by a remote state to allow a licensee from a participating state to practice as a dentist or dental hygienist in a remote state.

(H) "Continuing professional development" means a requirement as a condition of license renewal to provide evidence of successful participation in educational or professional activities relevant to practice or area of work.

(I) "Criminal background check" means the submission of fingerprints or other biometric-based information for a license applicant for the purpose of obtaining that applicant's criminal history record information, as defined in Code of Federal Regulations, title 28, section 20.3(d), from the Federal Bureau of Investigation and the state's criminal history record repository as defined in Code of Federal Regulations, title 28, section 20.3(f).

(J) "Data system" means the commission's repository of information about licensees, including but not limited to examination, licensure, investigative, compact privilege, adverse action, and alternative program.

(K) "Dental hygienist" means an individual who is licensed by a state licensing authority to practice dental hygiene.

(L) "Dentist" means an individual who is licensed by a state licensing authority to practice dentistry.

(M) "Dentist and dental hygienist compact commission" or "commission" means a joint government agency established by this compact comprised of each state that has enacted the compact and a national administrative body comprised of a commissioner from each state that has enacted the compact.

(N) "Encumbered license" means a license that a state licensing authority has limited in any way other than through an alternative program.

(O) "Executive board" means the chair, vice chair, secretary, and treasurer and any other commissioners as may be determined by commission rule or bylaw.

(P) "Jurisprudence requirement" means the assessment of an individual's knowledge of the laws and rules governing the practice of dentistry or dental hygiene, as applicable, in a state.

(Q) "License" means current authorization by a state, other than authorization pursuant to a compact privilege, or other privilege, for an individual to practice as a dentist or dental hygienist in that state.

(R) "Licensee" means an individual who holds an unrestricted license from a participating state to practice as a dentist or dental hygienist in that state.

(S) "Model compact" means the model for the dentist and dental hygienist compact on file with the council of state governments or other entity as designated by the commission.

(T) "Participating state" means a state that has enacted the compact and been admitted to the commission in accordance with the provisions herein and commission rules.

(U) "Qualifying license" means a license that is not an encumbered license issued by a participating state to practice dentistry or dental hygiene.

(V) "Remote state" means a participating state where a licensee who is not licensed as a dentist or dental hygienist is exercising or seeking to exercise the compact privilege.

(W) "Rule" means a regulation promulgated by an entity that has the force of law.

(X) "Scope of practice" means the procedures, actions, and processes a dentist or dental hygienist licensed in a state is permitted to undertake in that state and the circumstances under which the licensee is permitted to undertake those procedures, actions, and processes. Such procedures, actions, and processes and the circumstances under which they may be undertaken may be established through means, including but not limited to statute, regulations, case law, and other processes available to the state licensing authority or other government agency.

(Y) "Significant investigative information" means information, records, and documents received or generated by a state licensing authority pursuant to an investigation for which a determination has been made that there is probable cause to believe that the licensee has violated a statute or regulation that is considered more than a minor infraction for which the state licensing authority could pursue adverse action against the licensee.

(Z) "State" means any state, commonwealth, district, or territory of the United States of America that regulates the practices of dentistry and dental hygiene.

(AA) "State licensing authority" means an agency or other entity of a state that is responsible for the licensing and regulation of dentists or dental hygienists.

ARTICLE III

STATE PARTICIPATION IN THE COMPACT

(A) In order to join the compact and thereafter continue as a participating state, a state must:

(1) enact a compact that is not materially different from the model compact as determined in accordance with commission rules;

(2) participate fully in the commission's data system;

(3) have a mechanism in place for receiving and investigating complaints about its licensees and license applicants;

(4) notify the commission, in compliance with the terms of the compact and commission rules, of any adverse action or the availability of significant investigative information regarding a licensee and license applicant;

(5) fully implement a criminal background check requirement, within a time frame established by commission rule, by receiving the results of a qualifying criminal background check;

(6) comply with the commission rules applicable to a participating state;

(7) accept the national board examinations of the joint commission on national dental examinations or another examination accepted by commission rule as a licensure examination;

(8) accept for licensure that applicants for a dentist license graduate from a predoctoral dental education program accredited by the Commission on Dental Accreditation, or another accrediting agency recognized by the United States Department of Education for the accreditation of dentistry and dental hygiene education programs, leading to the Doctor of Dental Surgery (D.D.S.) or Doctor of Dental Medicine (D.M.D.) degree;

(9) accept for licensure that applicants for a dental hygienist license graduate from a dental hygiene education program accredited by the Commission on Dental Accreditation or another accrediting agency recognized by the United States Department of Education for the accreditation of dentistry and dental hygiene education programs;

(10) require for licensure that applicants successfully complete a clinical assessment;

(11) have continuing professional development requirements as a condition for license renewal; and

(12) pay a participation fee to the commission as established by commission rule.

(B) Providing alternative pathways for an individual to obtain an unrestricted license does not disqualify a state from participating in the compact.

(C) When conducting a criminal background check, the state licensing authority shall:

(1) consider that information in making a licensure decision;

(2) maintain documentation of completion of the criminal background check and background check information to the extent allowed by state and federal law; and

(3) report to the commission whether it has completed the criminal background check and whether the individual was granted or denied a license.

(D) A licensee of a participating state who has a qualifying license in that state and does not hold an encumbered license in any other participating state, shall be issued a compact privilege in a remote state in accordance with the terms of the compact and commission rules. If a remote state has a jurisprudence requirement a compact privilege will not be issued to the licensee unless the licensee has satisfied the jurisprudence requirement.

ARTICLE IV

COMPACT PRIVILEGE

(A) To obtain and exercise the compact privilege under the terms and provisions of the compact, the licensee shall:

(1) have a qualifying license as a dentist or dental hygienist in a participating state;

(2) be eligible for a compact privilege in any remote state in accordance with (D), (G), and (H) of this article;

(3) submit to an application process whenever the licensee is seeking a compact privilege;

(4) pay any applicable commission and remote state fees for a compact privilege in the remote state;

(5) meet any jurisprudence requirement established by a remote state in which the licensee is seeking a compact privilege;

(6) have passed a National Board Examination of the Joint Commission on National Dental Examinations or another examination accepted by commission rule;

(7) for a dentist, have graduated from a predoctoral dental education program accredited by the Commission on Dental Accreditation, or another accrediting agency recognized by the United States Department of Education for the accreditation of dentistry and dental hygiene education programs, leading to the Doctor of Dental Surgery (D.D.S.) or Doctor of Dental Medicine (D.M.D.) degree;

(8) for a dental hygienist, have graduated from a dental hygiene education program accredited by the Commission on Dental Accreditation or another accrediting agency recognized by the United States Department of Education for the accreditation of dentistry and dental hygiene education programs;

(9) have successfully completed a clinical assessment for licensure;

(10) report to the commission adverse action taken by any nonparticipating state when applying for a compact privilege and, otherwise, within 30 days from the date the adverse action is taken;

(11) report to the commission when applying for a compact privilege the address of the licensee's primary residence and thereafter immediately report to the commission any change in the address of the licensee's primary residence; and

(12) consent to accept service of process by mail at the licensee's primary residence on record with the commission with respect to any action brought against the licensee by the commission or a participating state, and consent to accept service of a subpoena by mail at the licensee's primary residence on record with the commission with respect to any action brought or investigation conducted by the commission or a participating state.

(B) The licensee must comply with the requirements of (A) of this article to maintain the compact privilege in the remote state. If those requirements are met, the compact privilege will continue as long as the licensee maintains a qualifying license in the state through which the licensee applied for the compact privilege and pays any applicable compact privilege renewal fees.

(C) A licensee providing dentistry or dental hygiene in a remote state under the compact privilege shall function within the scope of practice authorized by the remote state for a dentist or dental hygienist licensed in that state.

(D) A licensee providing dentistry or dental hygiene pursuant to a compact privilege in a remote state is subject to that state's regulatory authority. A remote state may, in accordance with due process and that state's laws, by adverse action revoke or remove a licensee's compact privilege in the remote state for a specific period of time and impose fines or take any other necessary actions to protect the health and safety of its citizens. If a remote state imposes an adverse action against a compact privilege that limits the compact privilege, that adverse action applies to all compact privileges in all remote states. A licensee whose compact privilege in a remote state is removed for a specified period of time is not eligible for a compact privilege

in any other remote state until the specific time for removal of the compact privilege has passed and all encumbrance requirements are satisfied.

(E) If a license in a participating state is an encumbered license, the licensee shall lose the compact privilege in a remote state and shall not be eligible for a compact privilege in any remote state until the license is no longer encumbered.

(F) Once an encumbered license in a participating state is restored to good standing, the licensee must meet the requirements of (A) of this article to obtain a compact privilege in a remote state.

(G) If a licensee's compact privilege in a remote state is removed by the remote state, the individual shall lose or be ineligible for the compact privilege in any remote state until the following occur:

(1) the specific period of time for which the compact privilege was removed has ended; and

(2) all conditions for removal of the compact privilege have been satisfied.

(H) Once the requirements of (G) of this article have been met, the licensee must meet the requirements in (A) of this article to obtain a compact privilege in a remote state.

ARTICLE V

ACTIVE MILITARY MEMBER OR THEIR SPOUSES

An active military member and their spouse shall not be required to pay to the commission for a compact privilege the fee otherwise charged by the commission. If a remote state chooses to charge a fee for a compact privilege, it may choose to charge a reduced fee or no fee to an active military member and their spouse for a compact privilege.

ARTICLE VI

ADVERSE ACTIONS

(A) A participating state in which a licensee is licensed shall have exclusive authority to impose adverse action against the qualifying license issued by that participating state.

(B) A participating state may take adverse action based on the significant investigative information of a remote state, so long as the participating state follows its own procedures for imposing adverse action.

(C) Nothing in this compact shall override a participating state's decision that participation in an alternative program may be used in lieu of adverse action and that such participation shall remain nonpublic if required by the participating state's laws. Participating states must require licensees who enter any alternative program in lieu of discipline to agree not to practice pursuant to a compact privilege in any other participating state during the term of the alternative program without prior authorization from such other participating state.

(D) Any participating state in which a licensee is applying to practice or is practicing pursuant to a compact privilege may investigate actual or alleged violations of the statutes and regulations authorizing the practice of dentistry or dental hygiene in any other participating state in which the dentist or dental hygienist holds a license or compact privilege.

(E) A remote state shall have the authority to:

(1) take adverse actions as set forth in article IV, (D), against a licensee's compact privilege in the state;

(2) in furtherance of its rights and responsibilities under the compact and the commission's rules issue subpoenas for both hearings and investigations that require the attendance and testimony of witnesses, and the production of evidence. Subpoenas issued by a state licensing authority in a participating state for the attendance and testimony of witnesses, or the production of evidence from another participating state, shall be enforced in the latter state by any court of competent jurisdiction, according to the practice and procedure of that court applicable to subpoenas issued in proceedings pending before it. The issuing authority shall pay any witness fees, travel expenses, mileage, and other fees required by the service statutes of the state where the witnesses or evidence are located; and

(3) if otherwise permitted by state law, recover from the licensee the costs of investigations and disposition of cases resulting from any adverse action taken against that licensee.

(F) Joint Investigations:

(1) In addition to the authority granted to a participating state by its dentist or dental hygienist licensure act or other applicable state law, a participating state may jointly investigate licensees with other participating states.

(2) Participating states shall share any significant investigative information, litigation, or compliance materials in furtherance of any joint or individual investigation initiated under the compact.

(G) Authority to Continue Investigation:

(1) After a licensee's compact privilege in a remote state is terminated, the remote state may continue an investigation of the licensee that began when the licensee had a compact privilege in that remote state.

(2) If the investigation yields what would be significant investigative information had the licensee continued to have a compact privilege in that remote state, the remote state shall report the presence of such information to the data system as required by article VIII, (B), (6), as if it was significant investigative information.

ARTICLE VII

ESTABLISHMENT AND OPERATION OF THE COMMISSION

(A) The compact participating states hereby create and establish a joint government agency whose membership consists of all participating states that have enacted the compact. The commission is an instrumentality of the participating states acting jointly and not an instrumentality of any one state. The commission shall come into existence on or after the effective date of the compact as set forth in article XI, (A).

(B) Participation, Voting, and Meetings:

(1) Each participating state shall have and be limited to one commissioner selected by that participating state's state licensing authority or, if the state has more than one state licensing authority, selected collectively by the state licensing authorities.

(2) The commissioner shall be a member or designee of such authority or authorities.

(3) The commission may by rule or bylaw establish a term of office for commissioners and may by rule or bylaw establish term limits.

(4) The commission may recommend to a state licensing authority or authorities, as applicable, removal or suspension of an individual as the state's commissioner.

(5) A participating state's state licensing authority or authorities, as applicable, shall fill any vacancy of its commissioner on the commission within 60 days of the vacancy.

(6) Each commissioner shall be entitled to one vote on all matters that are voted upon by the commission.

(7) The commission shall meet at least once during each calendar year. Additional meetings may be held as set forth in the bylaws. The commission may meet by telecommunication, video conference, or other similar electronic means.

(C) The commission shall have the following powers:

(1) establish the fiscal year of the commission;

(2) establish a code of conduct and conflict of interest policies;

(3) adopt rules and bylaws;

(4) maintain its financial records in accordance with the bylaws;

(5) meet and take such actions as are consistent with the provisions of this compact, the commission's rules, and the bylaws;

(6) initiate and conclude legal proceedings or actions in the name of the commission, provided that the standing of any state licensing authority to sue or be sued under applicable law shall not be affected;

(7) maintain and certify records and information provided to a participating state as the authenticated business records of the commission, and designate a person to do so on the commission's behalf;

(8) purchase and maintain insurance and bonds;

(9) borrow, accept, or contract for services of personnel, including but not limited to employees of a participating state;

(10) conduct an annual financial review;

(11) hire employees, elect or appoint officers, fix compensation, define duties, grant such individuals appropriate authority to carry out the purposes of the compact, and establish the commission's personnel policies and programs relating to conflicts of interest, qualifications of personnel, and other related personnel matters;

(12) as set forth in the commission rules, charge a fee to a licensee for the grant of a compact privilege in a remote state and thereafter, as may be established by commission rule, charge the licensee a compact privilege renewal fee for each renewal period in which that licensee exercises or intends to exercise the compact privilege in that remote state. Nothing herein shall be construed to prevent a remote state from charging a licensee a fee for a compact privilege or renewals of a compact privilege, or a fee for the jurisprudence requirement if the remote state imposes such a requirement for the grant of a compact privilege;

(13) accept any and all appropriate gifts, donations, grants of money, other sources of revenue, equipment, supplies, materials, and services, and receive, utilize, and dispose of the same; provided that at all times the commission shall avoid any appearance of impropriety and conflict of interest;

(14) lease, purchase, retain, own, hold, improve, or use any property real, personal, or mixed, or any undivided interest therein;

(15) sell, convey, mortgage, pledge, lease, exchange, abandon, or otherwise dispose of any property real, personal, or mixed;

(16) establish a budget and make expenditures;

(17) borrow money;

(18) appoint committees, including standing committees, which may be composed of members, state regulators, state legislators or their representatives, and consumer representatives, and such other interested persons as may be designated in this compact and the bylaws;

(19) provide and receive information from, and cooperate with, law enforcement agencies;

(20) elect a chair, vice chair, secretary, and treasurer and such other officers of the commission as provided in the commission's bylaws;

(21) establish and elect an executive board;

(22) adopt and provide to the participating states an annual report;

(23) determine whether a state's enacted compact is materially different from the model compact language such that the state would not qualify for participation in the compact; and

(24) perform such other functions as may be necessary or appropriate to achieve the purposes of this compact.

(D) Meetings of the Commission:

(1) All meetings of the commission that are not closed pursuant to (D)(4) of this article shall be open to the public. Notice of public meetings shall be posted on the commission's website at least 30 days prior to the public meeting.

(2) Notwithstanding (D)(1) of this article, the commission may convene an emergency public meeting by providing at least 24 hours prior notice on the commission's website, and any other means as provided in the commission's rules, for any of the reasons it may dispense with notice of proposed rulemaking under article IX, (L). The commission's legal counsel shall certify that one of the reasons justifying an emergency public meeting has been met.

(3) Notice of all commission meetings shall provide the time, date, and location of the meeting, and if the meeting is to be held or accessible via telecommunication, video conference, or other electronic means, the notice shall include the mechanism for access to the meeting through such means.

(4) The commission may convene in a closed, nonpublic meeting for the commission to receive legal advice or to discuss:

(i) noncompliance of a participating state with its obligations under the compact;

(ii) the employment, compensation, discipline, or other matters, practices, or procedures related to specific employees or other matters related to the commission's internal personnel practices and procedures;

(iii) current or threatened discipline of a licensee or compact privilege holder by the commission or by a participating state's licensing authority;

(iv) current, threatened, or reasonably anticipated litigation;

(v) negotiation of contracts for the purchase, lease, or sale of goods, services, or real estate;

(vi) accusing any person of a crime or formally censuring any person;

(vii) trade secrets or commercial or financial information that is privileged or confidential;

(viii) information of a personal nature where disclosure would constitute a clearly unwarranted invasion of personal privacy;

(ix) investigative records compiled for law enforcement purposes;

(x) information related to any investigative reports prepared by or on behalf of or for use of the commission or other committee charged with responsibility of investigation or determination of compliance issues pursuant to the compact;

(xi) legal advice;

(xii) matters specifically exempted from disclosure to the public by federal or participating state law; and

(xiii) other matters as promulgated by the commission by rule.

(5) If a meeting, or portion of a meeting, is closed, the presiding officer shall state that the meeting will be closed and reference each relevant exempting provision, and such reference shall be recorded in the minutes.

(6) The commission shall keep minutes that fully and clearly describe all matters discussed in a meeting and shall provide a full and accurate summary of actions taken, and the reasons therefore, including a description of the views expressed. All documents considered in connection with an action shall be identified in such minutes. All minutes and documents of a closed meeting shall remain under seal, subject to release only by a majority vote of the commission or order of a court of competent jurisdiction.

(E) Financing of the Commission:

(1) The commission shall pay, or provide for the payment of, the reasonable expenses of its establishment, organization, and ongoing activities.

(2) The commission may accept any and all appropriate sources of revenue, donations, and grants of money, equipment, supplies, materials, and services.

(3) The commission may levy on and collect an annual assessment from each participating state and impose fees on licensees of participating states when a compact privilege is granted to cover the cost of the operations and activities of the commission and its staff, which must be in a total amount sufficient to cover its annual budget as approved each fiscal year for which sufficient revenue is not provided by other sources. The aggregate annual assessment amount for participating states shall be allocated based upon a formula that the commission shall promulgate by rule.

(4) The commission shall not incur obligations of any kind prior to securing the funds adequate to meet the same; nor shall the commission pledge the credit of any participating state, except by and with the authority of the participating state.

(5) The commission shall keep accurate accounts of all receipts and disbursements. The receipts and disbursements of the commission shall be subject to the financial review and accounting procedures established under the commission's bylaws. All receipts and disbursements of funds handled by the commission shall be subject to an annual financial review by a certified or licensed public accountant, and the report of the financial review shall be included in and become part of the annual report of the commission.

(F) The Executive Board:

(1) The executive board shall have the power to act on behalf of the commission according to the terms of this compact. The powers, duties, and responsibilities of the executive board shall include:

(i) overseeing the day-to-day activities of the administration of the compact including compliance with the provisions of the compact and the commission's rules and bylaws;

(ii) recommending to the commission changes to the rules or bylaws, changes to this compact legislation, fees charged to compact participating states, fees charged to licensees, and other fees;

(iii) ensuring compact administration services are appropriately provided, including by contract;

(iv) preparing and recommending the budget;

(v) maintaining financial records on behalf of the commission;

(vi) monitoring compact compliance of participating states and providing compliance reports to the commission;

(vii) establishing additional committees as necessary;

(viii) exercising the powers and duties of the commission during the interim between commission meetings, except for adopting or amending rules, adopting or amending bylaws, and exercising any other powers and duties expressly reserved to the commission by rule or bylaw; and

(ix) other duties as provided in the rules or bylaws of the commission.

(2) The executive board shall be composed of up to seven members:

(i) the chair, vice chair, secretary, and treasurer of the commission and any other members of the commission who serve on the executive board shall be voting members of the executive board; and

(ii) other than the chair, vice chair, secretary, and treasurer, the commission may elect up to three voting members from the current membership of the commission.

(3) The commission may remove any member of the executive board as provided in the commission's bylaws.

(4) The executive board shall meet at least annually.

(i) An executive board meeting at which it takes or intends to take formal action on a matter shall be open to the public, except that the executive board may meet in a closed, nonpublic session of a public meeting when dealing with any of the matters covered under (D)(4) of this article.

(ii) The executive board shall give five business days' notice of its public meetings, posted on its website and as it may otherwise determine to provide notice to persons with an interest in the public matters the executive board intends to address at those meetings.

(5) The executive board may hold an emergency meeting when acting for the commission to:

(i) meet an imminent threat to public health, safety, or welfare;

(ii) prevent a loss of commission or participating state funds; or

(iii) protect public health and safety.

(G) Qualified Immunity, Defense, and Indemnification:

(1) The members, officers, executive director, employees, and representatives of the commission shall be immune from suit and liability, both personally and in their official capacity, for any claim for damage to or loss of property or personal injury or other civil liability caused by or arising out of any actual or alleged act, error, or omission that occurred, or that the person against whom the claim is made had a reasonable basis for believing occurred within the scope of commission employment, duties, or responsibilities; provided that nothing in this paragraph shall be construed to protect any such person from suit or liability for any damage, loss, injury, or liability caused by the intentional or willful or wanton misconduct of that person. The procurement of insurance of any type by the commission shall not in any way compromise or limit the immunity granted hereunder.

(2) The commission shall defend any member, officer, executive director, employee, or representative of the commission in any civil action seeking to impose liability arising out of any actual or alleged act, error, or omission that occurred within the scope of commission employment, duties, or responsibilities, or as determined by the commission that the person against whom the claim is made had a reasonable basis for believing occurred within the scope of commission employment, duties, or responsibilities; provided that nothing herein shall be construed to prohibit that person from retaining their own counsel at their own expense; and provided further that the actual or alleged act, error, or omission did not result from that person's intentional or willful or wanton misconduct.

(3) Notwithstanding (G)(1) of this article, should any member, officer, executive director, employee, or representative of the commission be held liable for the amount of any settlement or judgment arising out of any actual or alleged act, error, or omission that occurred within the scope of that individual's employment, duties, or responsibilities for the commission, or that the person to whom that individual is liable had a reasonable basis for believing occurred within the scope of the individual's employment, duties, or responsibilities for the commission, the commission shall indemnify and hold harmless such individual; provided that the actual or alleged act, error, or omission did not result from the intentional or willful or wanton misconduct of the individual.

(4) Nothing herein shall be construed as a limitation on the liability of any licensee for professional malpractice or misconduct, which shall be governed solely by any other applicable state laws.

(5) Nothing in this compact shall be interpreted to waive or otherwise abrogate a participating state's state action immunity or state action affirmative defense with respect to antitrust claims under the Sherman Act, Clayton Act, or any other state or federal antitrust or anticompetitive law or regulation.

(6) Nothing in this compact shall be construed to be a waiver of sovereign immunity by the participating states or by the commission.

(H) Notwithstanding paragraph (G), clause (1), of this article, the liability of the executive director, employees, or representatives of the interstate commission, acting within the scope of their employment or duties, may not exceed the limits of liability set forth under the constitution and laws of this state for state

officials, employees, and agents. This paragraph expressly incorporates section 3.736, and neither expands nor limits the rights and remedies provided under that statute.

(I) Except for a claim alleging a violation of this compact, a claim against the commission, its executive director, employees, or representatives alleging a violation of the constitution and laws of this state may be brought in any county where the plaintiff resides. Nothing in this paragraph creates a private right of action.

(J) Nothing in this compact shall be construed as a limitation on the liability of any licensee for professional malpractice or misconduct, which shall be governed solely by any other applicable state laws.

ARTICLE VIII

DATA SYSTEM

(A) The commission shall provide for the development, maintenance, operation, and utilization of a coordinated database and reporting system containing licensure, adverse action, and the presence of significant investigative information on all licensees and applicants for a license in participating states.

(B) Notwithstanding any other provision of state law to the contrary, a participating state shall submit a uniform data set to the data system on all individuals to whom this compact is applicable as required by the rules of the commission, including:

(1) identifying information;

(2) licensure data;

(3) adverse actions against a licensee, license applicant, or compact privilege and information related thereto;

(4) nonconfidential information related to alternative program participation, the beginning and ending dates of such participation, and other information related to such participation;

(5) any denial of an application for licensure, and the reasons for such denial, excluding the reporting of any criminal history record information where prohibited by law;

(6) the presence of significant investigative information; and

(7) other information that may facilitate the administration of this compact or the protection of the public, as determined by the rules of the commission.

(C) The records and information provided to a participating state pursuant to this compact or through the data system, when certified by the commission or an agent thereof, shall constitute the authenticated business records of the commission, and shall be entitled to any associated hearsay exception in any relevant judicial, quasi-judicial, or administrative proceedings in a participating state.

(D) Significant investigative information pertaining to a licensee in any participating state will only be available to other participating states.

(E) It is the responsibility of the participating states to monitor the database to determine whether adverse action has been taken against a licensee or license applicant. Adverse action information pertaining to a licensee or license applicant in any participating state will be available to any other participating state.

(F) Participating states contributing information to the data system may designate information that may not be shared with the public without the express permission of the contributing state.

(G) Any information submitted to the data system that is subsequently expunged pursuant to federal law or the laws of the participating state contributing the information shall be removed from the data system.

ARTICLE IX

RULEMAKING

(A) The commission shall promulgate reasonable rules in order to effectively and efficiently implement and administer the purposes and provisions of the compact. A commission rule shall be invalid and have no force or effect only if a court of competent jurisdiction holds that the rule is invalid because the commission exercised its rulemaking authority in a manner that is beyond the scope and purposes of the compact, or the powers granted hereunder, or based upon another applicable standard of review.

(B) The rules of the commission shall have the force of law in each participating state, provided that where the rules of the commission conflict with the laws of the participating state that establish the participating state's scope of practice as held by a court of competent jurisdiction, the rules of the commission shall be ineffective in that state to the extent of the conflict.

(C) The commission shall exercise its rulemaking powers pursuant to the criteria set forth in this article and the rules adopted thereunder. Rules shall become binding as of the date specified by the commission for each rule.

(D) If a majority of the legislatures of the participating states rejects a commission rule or portion of a commission rule, by enactment of a statute or resolution in the same manner used to adopt the compact, within four years of the date of adoption of the rule, then such rule shall have no further force and effect in any participating state or to any state applying to participate in the compact.

(E) Rules shall be adopted at a regular or special meeting of the commission.

(F) Prior to adoption of a proposed rule, the commission shall hold a public hearing and allow persons to provide oral and written comments, data, facts, opinions, and arguments.

(G) Prior to adoption of a proposed rule by the commission, and at least 30 days in advance of the meeting at which the commission will hold a public hearing on the proposed rule, the commission shall provide a notice of proposed rulemaking:

(1) on the website of the commission or other publicly accessible platform;

(2) to persons who have requested notice of the commission's notices of proposed rulemaking; and

(3) in such other ways as the commission may by rule specify.

(H) The notice of proposed rulemaking shall include:

(1) the time, date, and location of the public hearing at which the commission will hear public comments on the proposed rule and, if different, the time, date, and location of the meeting where the commission will consider and vote on the proposed rule;

(2) if the hearing is held via telecommunication, video conference, or other electronic means, the commission shall include the mechanism for access to the hearing in the notice of proposed rulemaking;

(3) the text of the proposed rule and the reason therefor;

(4) a request for comments on the proposed rule from any interested person; and

(5) the manner in which interested persons may submit written comments.

(I) All hearings will be recorded. A copy of the recording and all written comments and documents received by the commission in response to the proposed rule shall be available to the public.

(J) Nothing in this article shall be construed as requiring a separate hearing on each commission rule. Rules may be grouped for the convenience of the commission at hearings required by this article.

(K) The commission shall, by majority vote of all commissioners, take final action on the proposed rule based on the rulemaking record.

(1) The commission may adopt changes to the proposed rule provided the changes do not enlarge the original purpose of the proposed rule.

(2) The commission shall provide an explanation of the reasons for substantive changes made to the proposed rule as well as reasons for substantive changes not made that were recommended by commenters.

(3) The commission shall determine a reasonable effective date for the rule. Except for an emergency as provided in (L) of this article, the effective date of the rule shall be no sooner than 30 days after the commission issuing the notice that it adopted or amended the rule.

(L) Upon determination that an emergency exists, the commission may consider and adopt an emergency rule with 24 hours' notice, with opportunity to comment, provided that the usual rulemaking procedures provided in the compact and in this article shall be retroactively applied to the rule as soon as reasonably possible, in no event later than 90 days after the effective date of the rule. For the purposes of this provision, an emergency rule is one that must be adopted immediately in order to:

(1) meet an imminent threat to public health, safety, or welfare;

(2) prevent a loss of commission or participating state funds;

(3) meet a deadline for the promulgation of a rule that is established by federal law or rule; or

(4) protect public health and safety.

(M) The commission or an authorized committee of the commission may direct revisions to a previously adopted rule for purposes of correcting typographical errors, errors in format, errors in consistency, or grammatical errors. Public notice of any revisions shall be posted on the website of the commission. The revision shall be subject to challenge by any person for a period of 30 days after posting. The revision may be challenged only on grounds that the revision results in a material change to a rule. A challenge shall be made in writing and delivered to the commission prior to the end of the notice period. If no challenge is made, the revision will take effect without further action. If the revision is challenged, the revision may not take effect without the approval of the commission.

(N) No participating state's rulemaking requirements shall apply under this compact.

ARTICLE X

OVERSIGHT, DISPUTE RESOLUTION, AND ENFORCEMENT

(A) Oversight:

(1) The executive and judicial branches of state government in each participating state shall enforce this compact and take all actions necessary and appropriate to implement the compact.

(2) Except as provided under article VII, paragraph (I), venue is proper and judicial proceedings by or against the commission shall be brought solely and exclusively in a court of competent jurisdiction where the principal office of the commission is located. The commission may waive venue and jurisdictional defenses to the extent it adopts or consents to participate in alternative dispute resolution proceedings. Nothing herein shall affect or limit the selection or propriety of venue in any action against a licensee for professional malpractice, misconduct, or any such similar matter.

(3) The commission shall be entitled to receive service of process in any proceeding regarding the enforcement or interpretation of the compact or commission rule and shall have standing to intervene in such a proceeding for all purposes. Failure to provide the commission service of process shall render a judgment or order void as to the commission, this compact, or the promulgated rules.

(B) Default, Technical Assistance, and Termination:

(1) If the commission determines that a participating state has defaulted in the performance of its obligations or responsibilities under this compact or the promulgated rules, the commission shall provide written notice to the defaulting state. The notice of default shall describe the default, the proposed means of curing the default, and any other action that the commission may take, and shall offer training and specific technical assistance regarding the default.

(2) The commission shall provide a copy of the notice of default to the other participating states.

(C) If a state in default fails to cure the default, the defaulting state may be terminated from the compact upon an affirmative vote of a majority of the commissioners, and all rights, privileges, and benefits conferred on that state by this compact may be terminated on the effective date of termination. A cure of the default does not relieve the offending state of obligations or liabilities incurred during the period of default.

(D) Termination of participation in the compact shall be imposed only after all other means of securing compliance have been exhausted. Notice of intent to suspend or terminate shall be given by the commission to the governor, the majority and minority leaders of the defaulting state's legislature, the defaulting state's state licensing authority or authorities, as applicable, and each of the participating states' state licensing authority or authorities, as applicable.

(E) A state that has been terminated is responsible for all assessments, obligations, and liabilities incurred through the effective date of termination, including obligations that extend beyond the effective date of termination.

(F) Upon the termination of a state's participation in this compact, that state shall immediately provide notice to all licensees of the state, including licensees of other participating states issued a compact privilege to practice within that state, of such termination. The terminated state shall continue to recognize all compact privileges then in effect in that state for a minimum of 180 days after the date of said notice of termination.

(G) The commission shall not bear any costs related to a state that is found to be in default or that has been terminated from the compact, unless agreed upon in writing between the commission and the defaulting state.

(H) The defaulting state may appeal the action of the commission by petitioning the United States District Court for the District of Columbia or the federal district where the commission has its principal offices. The prevailing party shall be awarded all costs of such litigation, including reasonable attorney fees.

(I) Dispute Resolution:

(1) Upon request by a participating state, the commission shall attempt to resolve disputes related to the compact that arise among participating states and between participating states and nonparticipating states.

(2) The commission shall promulgate a rule providing for both mediation and binding dispute resolution for disputes as appropriate.

(J) Enforcement:

(1) The commission, in the reasonable exercise of its discretion, shall enforce the provisions of this compact and the commission's rules.

(2) By majority vote, the commission may initiate legal action against a participating state in default in the United States District Court for the District of Columbia or the federal district where the commission has its principal offices to enforce compliance with the provisions of the compact and its promulgated rules. The relief sought may include both injunctive relief and damages. In the event judicial enforcement is necessary, the prevailing party shall be awarded all costs of such litigation, including reasonable attorney fees. The remedies herein shall not be the exclusive remedies of the commission. The commission may pursue any other remedies available under federal or the defaulting participating state's law.

(3) A participating state may initiate legal action against the commission in the United States District Court for the District of Columbia or the federal district where the commission has its principal offices to enforce compliance with the provisions of the compact and its promulgated rules. The relief sought may include both injunctive relief and damages. In the event judicial enforcement is necessary, the prevailing party shall be awarded all costs of such litigation, including reasonable attorney fees.

(4) No individual or entity other than a participating state may enforce this compact against the commission.

ARTICLE XI

EFFECTIVE DATE, WITHDRAWAL, AND AMENDMENT

(A) The compact shall come into effect on the date on which the compact statute is enacted into law in the seventh participating state.

(1) On or after the effective date of the compact, the commission shall convene and review the enactment of each of the states that enacted the compact prior to the commission convening ("charter participating states") to determine if the statute enacted by each such charter participating state is materially different than the model compact.

(i) A charter participating state whose enactment is found to be materially different from the model compact shall be entitled to the default process set forth in article X.

(ii) If any participating state is later found to be in default, or is terminated or withdraws from the compact, the commission shall remain in existence and the compact shall remain in effect even if the number of participating states should be less than seven.

(2) Participating states enacting the compact subsequent to the charter participating states shall be subject to the process set forth in article VII, (C)(23), to determine if their enactments are materially different from the model compact and whether they qualify for participation in the compact.

(3) All actions taken for the benefit of the commission or in furtherance of the purposes of the administration of the compact prior to the effective date of the compact or the commission coming into existence shall be considered to be actions of the commission unless specifically repudiated by the commission.

(4) Any state that joins the compact subsequent to the commission's initial adoption of the rules and bylaws shall be subject to the commission's rules and bylaws as they exist on the date on which the compact becomes law in that state. Any rule that has been previously adopted by the commission shall have the full force and effect of law on the day the compact becomes law in that state.

(B) Any participating state may withdraw from this compact by enacting a statute repealing that state's enactment of the compact.

(1) A participating state's withdrawal shall not take effect until 180 days after enactment of the repealing statute.

(2) Withdrawal shall not affect the continuing requirement of the withdrawing state's licensing authority or authorities to comply with the investigative and adverse action reporting requirements of this compact prior to the effective date of withdrawal.

(3) Upon the enactment of a statute withdrawing from this compact, the state shall immediately provide notice of such withdrawal to all licensees within that state. Notwithstanding any subsequent statutory enactment to the contrary, such withdrawing state shall continue to recognize all compact privileges to practice within that state granted pursuant to this compact for a minimum of 180 days after the date of such notice of withdrawal.

(C) Nothing contained in this compact shall be construed to invalidate or prevent any licensure agreement or other cooperative arrangement between a participating state and a nonparticipating state that does not conflict with the provisions of this compact.

(D) This compact may be amended by the participating states. No amendment to this compact shall become effective and binding upon any participating state until it is enacted into the laws of all participating states.

ARTICLE XII

CONSTRUCTION AND SEVERABILITY

(A) This compact and the commission's rulemaking authority shall be liberally construed so as to effectuate the purposes and the implementation and administration of the compact. Provisions of the compact expressly authorizing or requiring the promulgation of rules shall not be construed to limit the commission's rulemaking authority solely for those purposes.

(B) The provisions of this compact shall be severable and if any phrase, clause, sentence, or provision of this compact is held by a court of competent jurisdiction to be contrary to the constitution of any participating state, a state seeking participation in the compact, or of the United States, or the applicability thereof to any government, agency, person, or circumstance is held to be unconstitutional by a court of competent jurisdiction, the validity of the remainder of this compact and the applicability thereof to any other government, agency, person, or circumstance shall not be affected thereby.

(C) Notwithstanding (B) of this article, the commission may deny a state's participation in the compact or, in accordance with the requirements of article X, (B), terminate a participating state's participation in the compact, if it determines that a constitutional requirement of a participating state is a material departure

from the compact. Otherwise, if this compact shall be held to be contrary to the constitution of any participating state, the compact shall remain in full force and effect as to the remaining participating states and in full force and effect as to the participating state affected as to all severable matters.

ARTICLE XIII

CONSISTENT EFFECT AND CONFLICT WITH OTHER STATE LAWS

(A) Nothing herein shall prevent or inhibit the enforcement of any other law of a participating state that is not inconsistent with the compact.

(B) Any laws, statutes, regulations, or other legal requirements in a participating state in conflict with the compact are superseded to the extent of the conflict.

(C) All permissible agreements between the commission and the participating states are binding in accordance with their terms.

ARTICLE 32

SOCIAL WORK SERVICES LICENSURE COMPACT

Section 1. **[148E.40] TITLE.**

Sections 148E.40 to 148E.55 shall be known and cited as the social work services licensure compact.

Sec. 2. **[148E.41] DEFINITIONS.**

As used in this Compact, and except as otherwise provided, the following definitions shall apply:

(1) "Active military member" means any individual with full-time duty status in the active armed forces of the United States, including members of the National Guard and Reserve.

(2) "Adverse action" means any administrative, civil, equitable, or criminal action permitted by a state's laws which is imposed by a licensing authority or other authority against a regulated social worker, including actions against an individual's license or multistate authorization to practice such as revocation, suspension, probation, monitoring of the licensee, limitation on the licensee's practice, or any other encumbrance on licensure affecting a regulated social worker's authorization to practice, including issuance of a cease and desist action.

(3) "Alternative program" means a nondisciplinary monitoring or practice remediation process approved by a licensing authority to address practitioners with an impairment.

(4) "Charter member states" means member states who have enacted legislation to adopt this Compact where such legislation predates the effective date of this Compact as described in section 148E.53.

(5) "Compact" means sections 148E.40 to 148E.55.

(6) "Compact Commission" or "Commission" means the government agency whose membership consists of all States that have enacted this Compact, which is known as the Social Work Licensure Compact Commission, as described in section 148E.49, and which shall operate as an instrumentality of the member states.

(7) "Current significant investigative information" means:

(i) investigative information that a licensing authority, after a preliminary inquiry that includes notification and an opportunity for the regulated social worker to respond, has reason to believe is not groundless and, if proved true, would indicate more than a minor infraction as may be defined by the Commission; or

(ii) investigative information that indicates that the regulated social worker represents an immediate threat to public health and safety, as may be defined by the Commission, regardless of whether the regulated social worker has been notified and has had an opportunity to respond.

(8) "Data system" means a repository of information about licensees, including continuing education, examinations, licensure, current significant investigative information, disqualifying events, multistate licenses, and adverse action information or other information as required by the Commission.

(9) "Disqualifying event" means any adverse action or incident which results in an encumbrance that disqualifies or makes the licensee ineligible to obtain, retain, or renew a multistate license.

(10) "Domicile" means the jurisdiction in which the licensee resides and intends to remain indefinitely.

(11) "Encumbrance" means a revocation or suspension of, or any limitation on, the full and unrestricted practice of social work licensed and regulated by a licensing authority.

(12) "Executive Committee" means a group of delegates elected or appointed to act on behalf of, and within the powers granted to them by, the Compact and Commission.

(13) "Home state" means the member state that is the licensee's primary domicile.

(14) "Impairment" means a condition that may impair a practitioner's ability to engage in full and unrestricted practice as a regulated social worker without some type of intervention and may include alcohol and drug dependence, mental health impairment, and neurological or physical impairments.

(15) "Licensee" means an individual who currently holds a license from a state to practice as a regulated social worker.

(16) "Licensing authority" means the board or agency of a member state, or equivalent, that is responsible for the licensing and regulation of regulated social workers.

(17) "Member state" means a state, commonwealth, district, or territory of the United States of America that has enacted this Compact.

(18) "Multistate authorization to practice" means a legally authorized privilege to practice, which is equivalent to a license, associated with a multistate license permitting the practice of social work in a remote state.

(19) "Multistate license" means a license to practice as a regulated social worker issued by a home state licensing authority that authorizes the regulated social worker to practice in all member states under multistate authorization to practice.

(20) "Qualifying national exam" means a national licensing examination approved by the Commission.

(21) "Regulated social worker" means any clinical, master's, or bachelor's social worker licensed by a member state regardless of the title used by that member state.

(22) "Remote state" means a member state other than the licensee's home state.

(23) "Rule" or "rule of the Commission" means a regulation or regulations duly promulgated by the Commission, as authorized by the Compact, that has the force of law.

(24) "Single state license" means a social work license issued by any state that authorizes practice only within the issuing state and does not include multistate authorization to practice in any member state.

(25) "Social work" or "social work services" means the application of social work theory, knowledge, methods, ethics, and the professional use of self to restore or enhance social, psychosocial, or biopsychosocial functioning of individuals, couples, families, groups, organizations, and communities through the care and services provided by a regulated social worker as set forth in the member state's statutes and regulations in the state where the services are being provided.

(26) "State" means any state, commonwealth, district, or territory of the United States of America that regulates the practice of social work.

(27) "Unencumbered license" means a license that authorizes a regulated social worker to engage in the full and unrestricted practice of social work.

Sec. 3. **[148E.42] STATE PARTICIPATION IN THE COMPACT.**

(a) To be eligible to participate in the compact, a potential member state must currently meet all of the following criteria:

(1) license and regulate the practice of social work at either the clinical, master's, or bachelor's category;

(2) require applicants for licensure to graduate from a program that:

(i) is operated by a college or university recognized by the licensing authority;

(ii) is accredited, or in candidacy by an institution that subsequently becomes accredited, by an accrediting agency recognized by either:

(A) the Council for Higher Education Accreditation, or its successor; or

(B) the United States Department of Education; and

(iii) corresponds to the licensure sought as outlined in section 148E.43;

(3) require applicants for clinical licensure to complete a period of supervised practice; and

(4) have a mechanism in place for receiving, investigating, and adjudicating complaints about licensees.

(b) To maintain membership in the Compact, a member state shall:

(1) require that applicants for a multistate license pass a qualifying national exam for the corresponding category of multistate license sought as outlined in section 148E.43;

(2) participate fully in the Commission's data system, including using the Commission's unique identifier as defined in rules;

(3) notify the Commission, in compliance with the terms of the Compact and rules, of any adverse action or the availability of current significant investigative information regarding a licensee;

(4) implement procedures for considering the criminal history records of applicants for a multistate license. Such procedures shall include the submission of fingerprints or other biometric-based information

by applicants for the purpose of obtaining an applicant's criminal history record information from the Federal Bureau of Investigation and the agency responsible for retaining that state's criminal records;

(5) comply with the rules of the Commission;

(6) require an applicant to obtain or retain a license in the home state and meet the home state's qualifications for licensure or renewal of licensure, as well as all other applicable home state laws;

(7) authorize a licensee holding a multistate license in any member state to practice in accordance with the terms of the Compact and rules of the Commission; and

(8) designate a delegate to participate in the Commission meetings.

(c) A member state meeting the requirements of paragraphs (a) and (b) shall designate the categories of social work licensure that are eligible for issuance of a multistate license for applicants in such member state. To the extent that any member state does not meet the requirements for participation in the Compact at any particular category of social work licensure, such member state may choose but is not obligated to issue a multistate license to applicants that otherwise meet the requirements of section 148E.43 for issuance of a multistate license in such category or categories of licensure.

(d) The home state may charge a fee for granting the multistate license.

Sec. 4. **[148E.43] SOCIAL WORKER PARTICIPATION IN THE COMPACT.**

(a) To be eligible for a multistate license under the terms and provisions of the Compact, an applicant, regardless of category, must:

(1) hold or be eligible for an active, unencumbered license in the home state;

(2) pay any applicable fees, including any state fee, for the multistate license;

(3) submit, in connection with an application for a multistate license, fingerprints or other biometric data for the purpose of obtaining criminal history record information from the Federal Bureau of Investigation and the agency responsible for retaining that state's criminal records;

(4) notify the home state of any adverse action, encumbrance, or restriction on any professional license taken by any member state or nonmember state within 30 days from the date the action is taken;

(5) meet any continuing competence requirements established by the home state; and

(6) abide by the laws, regulations, and applicable standards in the member state where the client is located at the time care is rendered.

(b) An applicant for a clinical-category multistate license must meet all of the following requirements:

(1) fulfill a competency requirement, which shall be satisfied by either:

(i) passage of a clinical-category qualifying national exam;

(ii) licensure of the applicant in their home state at the clinical category, beginning prior to such time as a qualifying national exam was required by the home state and accompanied by a period of continuous social work licensure thereafter, all of which may be further governed by the rules of the Commission; or

(iii) the substantial equivalency of the foregoing competency requirements which the Commission may determine by rule;

(2) attain at least a master's degree in social work from a program that is:

(i) operated by a college or university recognized by the licensing authority; and

(ii) accredited, or in candidacy that subsequently becomes accredited, by an accrediting agency recognized by either:

(A) the Council for Higher Education Accreditation or its successor; or

(B) the United States Department of Education; and

(3) fulfill a practice requirement, which shall be satisfied by demonstrating completion of:

(i) a period of postgraduate supervised clinical practice equal to a minimum of 3,000 hours;

(ii) a minimum of two years of full-time postgraduate supervised clinical practice; or

(iii) the substantial equivalency of the foregoing practice requirements which the Commission may determine by rule.

(c) An applicant for a master's-category multistate license must meet all of the following requirements:

(1) fulfill a competency requirement, which shall be satisfied by either:

(i) passage of a masters-category qualifying national exam;

(ii) licensure of the applicant in their home state at the master's category, beginning prior to such time as a qualifying national exam was required by the home state at the master's category and accompanied by a continuous period of social work licensure thereafter, all of which may be further governed by the rules of the Commission; or

(iii) the substantial equivalency of the foregoing competency requirements which the Commission may determine by rule; and

(2) attain at least a master's degree in social work from a program that is:

(i) operated by a college or university recognized by the licensing authority; and

(ii) accredited, or in candidacy that subsequently becomes accredited, by an accrediting agency recognized by either:

(A) the Council for Higher Education Accreditation or its successor; or

(B) the United States Department of Education.

(d) An applicant for a bachelor's-category multistate license must meet all of the following requirements:

(1) fulfill a competency requirement, which shall be satisfied by either:

(i) passage of a bachelor's-category qualifying national exam;

(ii) licensure of the applicant in their home state at the bachelor's category, beginning prior to such time as a qualifying national exam was required by the home state and accompanied by a period of continuous social work licensure thereafter, all of which may be further governed by the rules of the Commission; or

(iii) the substantial equivalency of the foregoing competency requirements which the Commission may determine by rule; and

(2) attain at least a bachelor's degree in social work from a program that is:

(i) operated by a college or university recognized by the licensing authority; and

(ii) accredited, or in candidacy that subsequently becomes accredited, by an accrediting agency recognized by either:

(A) the Council for Higher Education Accreditation or its successor; or

(B) the United States Department of Education.

(e) The multistate license for a regulated social worker is subject to the renewal requirements of the home state. The regulated social worker must maintain compliance with the requirements of paragraph (a) to be eligible to renew a multistate license.

(f) The regulated social worker's services in a remote state are subject to that member state's regulatory authority. A remote state may, in accordance with due process and that member state's laws, remove a regulated social worker's multistate authorization to practice in the remote state for a specific period of time, impose fines, and take any other necessary actions to protect the health and safety of its citizens.

(g) If a multistate license is encumbered, the regulated social worker's multistate authorization to practice shall be deactivated in all remote states until the multistate license is no longer encumbered.

(h) If a multistate authorization to practice is encumbered in a remote state, the regulated social worker's multistate authorization to practice may be deactivated in that state until the multistate authorization to practice is no longer encumbered.

Sec. 5. **[148E.44] ISSUANCE OF A MULTISTATE LICENSE.**

(a) Upon receipt of an application for multistate license, the home state licensing authority shall determine the applicant's eligibility for a multistate license in accordance with section 148E.43.

(b) If such applicant is eligible pursuant to section 148E.43, the home state licensing authority shall issue a multistate license that authorizes the applicant or regulated social worker to practice in all member states under a multistate authorization to practice.

(c) Upon issuance of a multistate license, the home state licensing authority shall designate whether the regulated social worker holds a multistate license in the bachelor's, master's, or clinical category of social work.

(d) A multistate license issued by a home state to a resident in that state shall be recognized by all Compact member states as authorizing social work practice under a multistate authorization to practice corresponding to each category of licensure regulated in each member state.

Sec. 6. **[148E.45] AUTHORITY OF INTERSTATE COMPACT COMMISSION AND MEMBER STATE LICENSING AUTHORITIES.**

(a) Nothing in this Compact, nor any rule of the Commission, shall be construed to limit, restrict, or in any way reduce the ability of a member state to enact and enforce laws, regulations, or other rules related to the practice of social work in that state, where those laws, regulations, or other rules are not inconsistent with the provisions of this Compact.

(b) Nothing in this Compact shall affect the requirements established by a member state for the issuance of a single state license.

(c) Nothing in this Compact, nor any rule of the Commission, shall be construed to limit, restrict, or in any way reduce the ability of a member state to take adverse action against a licensee's single state license to practice social work in that state.

(d) Nothing in this Compact, nor any rule of the Commission, shall be construed to limit, restrict, or in any way reduce the ability of a remote state to take adverse action against a licensee's multistate authorization to practice in that state.

(e) Nothing in this Compact, nor any rule of the Commission, shall be construed to limit, restrict, or in any way reduce the ability of a licensee's home state to take adverse action against a licensee's multistate license based upon information provided by a remote state.

Sec. 7. **[148E.46] REISSUANCE OF A MULTISTATE LICENSE BY A NEW HOME STATE.**

(a) A licensee can hold a multistate license, issued by their home state, in only one member state at any given time.

(b) If a licensee changes their home state by moving between two member states:

(1) The licensee shall immediately apply for the reissuance of their multistate license in their new home state. The licensee shall pay all applicable fees and notify the prior home state in accordance with the rules of the Commission.

(2) Upon receipt of an application to reissue a multistate license, the new home state shall verify that the multistate license is active, unencumbered, and eligible for reissuance under the terms of the Compact and the rules of the Commission. The multistate license issued by the prior home state will be deactivated and all member states notified in accordance with the applicable rules adopted by the Commission.

(3) Prior to the reissuance of the multistate license, the new home state shall conduct procedures for considering the criminal history records of the licensee. Such procedures shall include the submission of fingerprints or other biometric-based information by applicants for the purpose of obtaining an applicant's criminal history record information from the Federal Bureau of Investigation and the agency responsible for retaining that state's criminal records.

(4) If required for initial licensure, the new home state may require completion of jurisprudence requirements in the new home state.

(5) Notwithstanding any other provision of this Compact, if a licensee does not meet the requirements set forth in this Compact for the reissuance of a multistate license by the new home state, then the licensee shall be subject to the new home state requirements for the issuance of a single state license in that state.

(c) If a licensee changes their primary state of residence by moving from a member state to a nonmember state, or from a nonmember state to a member state, then the licensee shall be subject to the state requirements for the issuance of a single state license in the new home state.

(d) Nothing in this Compact shall interfere with a licensee's ability to hold a single state license in multiple states; however, for the purposes of this Compact, a licensee shall have only one home state, and only one multistate license.

(e) Nothing in this Compact shall interfere with the requirements established by a member state for the issuance of a single state license.

Sec. 8. **[148E.47] MILITARY FAMILIES.**

An active military member or their spouse shall designate a home state where the individual has a multistate license. The individual may retain their home state designation during the period the service member is on active duty.

Sec. 9. **[148E.48] ADVERSE ACTIONS.**

(a) In addition to the other powers conferred by state law, a remote state shall have the authority, in accordance with existing state due process law, to:

(1) take adverse action against a regulated social worker's multistate authorization to practice only within that member state, and issue subpoenas for both hearings and investigations that require the attendance and testimony of witnesses as well as the production of evidence. Subpoenas issued by a licensing authority in a member state for the attendance and testimony of witnesses or the production of evidence from another member state shall be enforced in the latter state by any court of competent jurisdiction, according to the practice and procedure of that court applicable to subpoenas issued in proceedings pending before it. The issuing licensing authority shall pay any witness fees, travel expenses, mileage, and other fees required by the service statutes of the state in which the witnesses or evidence are located; and

(2) only the home state shall have the power to take adverse action against a regulated social worker's multistate license.

(b) For purposes of taking adverse action, the home state shall give the same priority and effect to reported conduct received from a member state as it would if the conduct had occurred within the home state. In so doing, the home state shall apply its own state laws to determine appropriate action.

(c) The home state shall complete any pending investigations of a regulated social worker who changes their home state during the course of the investigations. The home state shall also have the authority to take appropriate action and shall promptly report the conclusions of the investigations to the administrator of the data system. The administrator of the data system shall promptly notify the new home state of any adverse actions.

(d) A member state, if otherwise permitted by state law, may recover from the affected regulated social worker the costs of investigations and dispositions of cases resulting from any adverse action taken against that regulated social worker.

(e) A member state may take adverse action based on the factual findings of another member state, provided that the member state follows its own procedures for taking the adverse action.

(f) Joint investigations:

(1) In addition to the authority granted to a member state by its respective social work practice act or other applicable state law, any member state may participate with other member states in joint investigations of licensees.

(2) Member states shall share any investigative, litigation, or compliance materials in furtherance of any joint or individual investigation initiated under the Compact.

(g) If adverse action is taken by the home state against the multistate license of a regulated social worker, the regulated social worker's multistate authorization to practice in all other member states shall be deactivated until all encumbrances have been removed from the multistate license. All home state disciplinary orders that impose adverse action against the license of a regulated social worker shall include a statement that the regulated social worker's multistate authorization to practice is deactivated in all member states until all conditions of the decision, order, or agreement are satisfied.

(h) If a member state takes adverse action, it shall promptly notify the administrator of the data system. The administrator of the data system shall promptly notify the home state and all other member states of any adverse actions by remote states.

(i) Nothing in this compact shall override a member state's decision that participation in an alternative program may be used in lieu of adverse action.

(j) Nothing in this Compact shall authorize a member state to demand the issuance of subpoenas for attendance and testimony of witnesses or the production of evidence from another member state for lawful actions within that member state.

(k) Nothing in this Compact shall authorize a member state to impose discipline against a regulated social worker who holds a multistate authorization to practice for lawful actions within another member state.

Sec. 10. **[148E.49] ESTABLISHMENT OF SOCIAL WORK LICENSURE COMPACT COMMISSION.**

(a) The Compact member states hereby create and establish a joint government agency whose membership consists of all member states that have enacted the compact known as the Social Work Licensure Compact Commission. The Commission is an instrumentality of the Compact states acting jointly and not an instrumentality of any one state. The Commission shall come into existence on or after the effective date of the Compact as set forth in section 148E.53.

(b) Membership, voting, and meetings:

(1) Each member state shall have and be limited to one delegate selected by that member state's state licensing authority.

(2) The delegate shall be either:

(i) a current member of the state licensing authority at the time of appointment, who is a regulated social worker or public member of the state licensing authority; or

(ii) an administrator of the state licensing authority or their designee.

(3) The Commission shall by rule or bylaw establish a term of office for delegates and may by rule or bylaw establish term limits.

(4) The Commission may recommend removal or suspension of any delegate from office.

(5) A member state's state licensing authority shall fill any vacancy of its delegate occurring on the Commission within 60 days of the vacancy.

(6) Each delegate shall be entitled to one vote on all matters before the Commission requiring a vote by Commission delegates.

(7) A delegate shall vote in person or by such other means as provided in the bylaws. The bylaws may provide for delegates to meet by telecommunication, video conference, or other means of communication.

(8) The Commission shall meet at least once during each calendar year. Additional meetings may be held as set forth in the bylaws. The Commission may meet by telecommunication, video conference, or other similar electronic means.

(c) The Commission shall have the following powers:

(1) establish the fiscal year of the Commission;

(2) establish code of conduct and conflict of interest policies;

(3) establish and amend rules and bylaws;

(4) maintain its financial records in accordance with the bylaws;

(5) meet and take such actions as are consistent with the provisions of this Compact, the Commission's rules, and the bylaws;

(6) initiate and conclude legal proceedings or actions in the name of the Commission, provided that the standing of any state licensing board to sue or be sued under applicable law shall not be affected;

(7) maintain and certify records and information provided to a member state as the authenticated business records of the Commission, and designate an agent to do so on the Commission's behalf;

(8) purchase and maintain insurance and bonds;

(9) borrow, accept, or contract for services of personnel, including but not limited to employees of a member state;

(10) conduct an annual financial review;

(11) hire employees, elect or appoint officers, fix compensation, define duties, grant such individuals appropriate authority to carry out the purposes of the Compact, and establish the Commission's personnel policies and programs relating to conflicts of interest, qualifications of personnel, and other related personnel matters;

(12) assess and collect fees;

(13) accept any and all appropriate gifts, donations, grants of money, other sources of revenue, equipment, supplies, materials, and services, and receive, utilize, and dispose of the same, provided that at all times the Commission shall avoid any appearance of impropriety or conflict of interest;

(14) lease, purchase, retain, own, hold, improve, or use any property real, personal, or mixed, or any undivided interest therein;

(15) sell, convey, mortgage, pledge, lease, exchange, abandon, or otherwise dispose of any property real, personal, or mixed;

(16) establish a budget and make expenditures;

(17) borrow money;

(18) appoint committees, including standing committees, composed of members, state regulators, state legislators or their representatives, and consumer representatives, and such other interested persons as may be designated in this Compact and the bylaws;

(19) provide and receive information from, and cooperate with, law enforcement agencies;

(20) establish and elect an Executive Committee, including a chair and a vice chair;

(21) determine whether a state's adopted language is materially different from the model compact language such that the state would not qualify for participation in the Compact; and

(22) perform such other functions as may be necessary or appropriate to achieve the purposes of this Compact.

(d) The Executive Committee:

(1) The Executive Committee shall have the power to act on behalf of the Commission according to the terms of this Compact. The powers, duties, and responsibilities of the Executive Committee shall include:

(i) oversee the day-to-day activities of the administration of the Compact, including enforcement and compliance with the provisions of the Compact, its rules and bylaws, and other such duties as deemed necessary;

(ii) recommend to the Commission changes to the rules or bylaws, changes to this Compact legislation, fees charged to Compact member states, fees charged to licensees, and other fees;

(iii) ensure Compact administration services are appropriately provided, including by contract;

(iv) prepare and recommend the budget;

(v) maintain financial records on behalf of the Commission;

(vi) monitor Compact compliance of member states and provide compliance reports to the Commission;

(vii) establish additional committees as necessary;

(viii) exercise the powers and duties of the Commission during the interim between Commission meetings, except for adopting or amending rules, adopting or amending bylaws, and exercising any other powers and duties expressly reserved to the Commission by rule or bylaw; and

(ix) other duties as provided in the rules or bylaws of the Commission.

(2) The Executive Committee shall be composed of up to 11 members:

(i) the chair and vice chair of the Commission shall be voting members of the Executive Committee;

(ii) the Commission shall elect five voting members from the current membership of the Commission;

(iii) up to four ex-officio, nonvoting members from four recognized national social work organizations; and

(iv) the ex-officio members will be selected by their respective organizations.

(3) The Commission may remove any member of the Executive Committee as provided in the Commission's bylaws.

(4) The Executive Committee shall meet at least annually.

(i) Executive Committee meetings shall be open to the public, except that the Executive Committee may meet in a closed, nonpublic meeting as provided in paragraph (f), clause (2).

(ii) The Executive Committee shall give seven days' notice of its meetings posted on its website and as determined to provide notice to persons with an interest in the business of the Commission.

(iii) The Executive Committee may hold a special meeting in accordance with paragraph (f), clause (1), item (ii).

(e) The Commission shall adopt and provide to the member states an annual report.

(f) Meetings of the Commission:

(1) All meetings shall be open to the public, except that the Commission may meet in a closed, nonpublic meeting as provided in paragraph (f), clause (2).

(i) Public notice for all meetings of the full Commission of meetings shall be given in the same manner as required under the rulemaking provisions in section 148E.51, except that the Commission may hold a special meeting as provided in paragraph (f), clause (1), item (ii).

(ii) The Commission may hold a special meeting when it must meet to conduct emergency business by giving 48 hours' notice to all commissioners on the Commission's website and other means as provided in the Commission's rules. The Commission's legal counsel shall certify that the Commission's need to meet qualifies as an emergency.

(2) The Commission or the Executive Committee or other committees of the Commission may convene in a closed, nonpublic meeting for the Commission or Executive Committee or other committees of the Commission to receive legal advice or to discuss:

(i) noncompliance of a member state with its obligations under the Compact;

(ii) the employment, compensation, discipline, or other matters, practices, or procedures related to specific employees;

(iii) current or threatened discipline of a licensee by the Commission or by a member state's licensing authority;

(iv) current, threatened, or reasonably anticipated litigation;

(v) negotiation of contracts for the purchase, lease, or sale of goods, services, or real estate;

(vi) accusing any person of a crime or formally censuring any person;

(vii) trade secrets or commercial or financial information that is privileged or confidential;

(viii) information of a personal nature where disclosure would constitute a clearly unwarranted invasion of personal privacy;

(ix) investigative records compiled for law enforcement purposes;

(x) information related to any investigative reports prepared by or on behalf of or for use of the Commission or other committee charged with responsibility of investigation or determination of compliance issues pursuant to the Compact;

(xi) matters specifically exempted from disclosure by federal or member state law; or

(xii) other matters as promulgated by the Commission by rule.

(3) If a meeting, or portion of a meeting, is closed, the presiding officer shall state that the meeting will be closed and reference each relevant exempting provision, and such reference shall be recorded in the minutes.

(4) The Commission shall keep minutes that fully and clearly describe all matters discussed in a meeting and shall provide a full and accurate summary of actions taken, and the reasons therefore, including a description of the views expressed. All documents considered in connection with an action shall be identified in such minutes. All minutes and documents of a closed meeting shall remain under seal, subject to release only by a majority vote of the Commission or order of a court of competent jurisdiction.

(g) Financing of the Commission:

(1) The Commission shall pay, or provide for the payment of, the reasonable expenses of its establishment, organization, and ongoing activities.

(2) The Commission may accept any and all appropriate revenue sources as provided in paragraph (c), clause (13).

(3) The Commission may levy on and collect an annual assessment from each member state and impose fees on licensees of member states to whom it grants a multistate license to cover the cost of the operations and activities of the Commission and its staff, which must be in a total amount sufficient to cover its annual budget as approved each year for which revenue is not provided by other sources. The aggregate annual assessment amount for member states shall be allocated based upon a formula that the Commission shall promulgate by rule.

(4) The Commission shall not incur obligations of any kind prior to securing the funds adequate to meet the same; nor shall the Commission pledge the credit of any of the member states, except by and with the authority of the member state.

(5) The Commission shall keep accurate accounts of all receipts and disbursements. The receipts and disbursements of the Commission shall be subject to the financial review and accounting procedures established under its bylaws. However, all receipts and disbursements of funds handled by the Commission shall be subject to an annual financial review by a certified or licensed public accountant, and the report of the financial review shall be included in and become part of the annual report of the Commission.

(h) Qualified immunity, defense, and indemnification:

(1) The members, officers, executive director, employees, and representatives of the Commission shall be immune from suit and liability, both personally and in their official capacity, for any claim for damage to or loss of property or personal injury or other civil liability caused by or arising out of any actual or alleged

act, error, or omission that occurred, or that the person against whom the claim is made had a reasonable basis for believing occurred within the scope of Commission employment, duties, or responsibilities, provided that nothing in this paragraph shall be construed to protect any such person from suit or liability for any damage, loss, injury, or liability caused by the intentional or willful or wanton misconduct of that person. The procurement of insurance of any type by the Commission shall not in any way compromise or limit the immunity granted hereunder.

(2) The Commission shall defend any member, officer, executive director, employee, and representative of the Commission in any civil action seeking to impose liability arising out of any actual or alleged act, error, or omission that occurred within the scope of Commission employment, duties, or responsibilities, or as determined by the Commission that the person against whom the claim is made had a reasonable basis for believing occurred within the scope of Commission employment, duties, or responsibilities, provided that nothing herein shall be construed to prohibit that person from retaining their own counsel at their own expense, and provided further, that the actual or alleged act, error, or omission did not result from that person's intentional or willful or wanton misconduct.

(3) The Commission shall indemnify and hold harmless any member, officer, executive director, employee, and representative of the Commission for the amount of any settlement or judgment obtained against that person arising out of any actual or alleged act, error, or omission that occurred within the scope of Commission employment, duties, or responsibilities, or that such person had a reasonable basis for believing occurred within the scope of Commission employment, duties, or responsibilities, provided that the actual or alleged act, error, or omission did not result from the intentional or willful or wanton misconduct of that person.

(4) Nothing herein shall be construed as a limitation on the liability of any licensee for professional malpractice or misconduct, which shall be governed solely by any other applicable state laws.

(5) Nothing in this Compact shall be interpreted to waive or otherwise abrogate a member state's state action immunity or state action affirmative defense with respect to antitrust claims under the Sherman Act, Clayton Act, or any other state or federal antitrust or anticompetitive law or regulation.

(6) Nothing in this Compact shall be construed to be a waiver of sovereign immunity by the member states or by the Commission.

(i) Notwithstanding paragraph (h), clause (1), the liability of the executive director, employees, or representatives of the interstate commission, acting within the scope of their employment or duties, may not exceed the limits of liability set forth under the constitution and laws of this state for state officials, employees, and agents. This paragraph expressly incorporates section 3.736, and neither expands nor limits the rights and remedies provided under that statute.

(j) Except for a claim alleging a violation of this compact, a claim against the commission, its executive director, employees, or representatives alleging a violation of the constitution and laws of this state may be brought in any county where the plaintiff resides. Nothing in this paragraph creates a private right of action.

Sec. 11. **[148E.50] DATA SYSTEM.**

(a) The Commission shall provide for the development, maintenance, operation, and utilization of a coordinated data system.

(b) The Commission shall assign each applicant for a multistate license a unique identifier, as determined by the rules of the Commission.

(c) Notwithstanding any other provision of state law to the contrary, a member state shall submit a uniform data set to the data system on all individuals to whom this Compact is applicable as required by the rules of the Commission, including:

(1) identifying information;

(2) licensure data;

(3) adverse actions against a license and information related thereto;

(4) nonconfidential information related to alternative program participation, the beginning and ending dates of such participation, and other information related to such participation not made confidential under member state law;

(5) any denial of application for licensure, and the reason for such denial;

(6) the presence of current significant investigative information; and

(7) other information that may facilitate the administration of this Compact or the protection of the public, as determined by the rules of the Commission.

(d) The records and information provided to a member state pursuant to this Compact or through the data system, when certified by the Commission or an agent thereof, shall constitute the authenticated business records of the Commission, and shall be entitled to any associated hearsay exception in any relevant judicial, quasi-judicial, or administrative proceedings in a member state.

(e) Current significant investigative information pertaining to a licensee in any member state will only be available to other member states.

(f) It is the responsibility of the member states to report any adverse action against a licensee and to monitor the database to determine whether adverse action has been taken against a licensee. Adverse action information pertaining to a licensee in any member state will be available to any other member state.

(g) Member states contributing information to the data system may designate information that may not be shared with the public without the express permission of the contributing state.

(h) Any information submitted to the data system that is subsequently expunged pursuant to federal law or the laws of the member state contributing the information shall be removed from the data system.

Sec. 12. **[148E.51] RULEMAKING.**

(a) The Commission shall promulgate reasonable rules in order to effectively and efficiently implement and administer the purposes and provisions of the Compact. A rule shall be invalid and have no force or effect only if a court of competent jurisdiction holds that the rule is invalid because the Commission exercised its rulemaking authority in a manner that is beyond the scope and purposes of the Compact, or the powers granted hereunder, or based upon another applicable standard of review.

(b) The rules of the Commission shall have the force of law in each member state, provided however that where the rules of the Commission conflict with the laws of the member state that establish the member state's laws, regulations, and applicable standards that govern the practice of social work as held by a court of competent jurisdiction, the rules of the Commission shall be ineffective in that state to the extent of the conflict.

(c) The Commission shall exercise its rulemaking powers pursuant to the criteria set forth in this section and the rules adopted thereunder. Rules shall become binding on the day following adoption or the date specified in the rule or amendment, whichever is later.

(d) If a majority of the legislatures of the member states rejects a rule or portion of a rule, by enactment of a statute or resolution in the same manner used to adopt the Compact within four years of the date of adoption of the rule, then such rule shall have no further force and effect in any member state.

(e) Rules shall be adopted at a regular or special meeting of the Commission.

(f) Prior to adoption of a proposed rule, the commission shall hold a public hearing and allow persons to provide oral and written comments, data, facts, opinions, and arguments.

(g) Prior to adoption of a proposed rule by the Commission, and at least 30 days in advance of the meeting at which the Commission will hold a public hearing on the proposed rule, the Commission shall provide a notice of proposed rulemaking:

(1) on the website of the Commission or other publicly accessible platform;

(2) to persons who have requested notice of the Commission's notices of proposed rulemaking; and

(3) in such other way as the Commission may by rule specify.

(h) The notice of proposed rulemaking shall include:

(1) the time, date, and location of the public hearing at which the Commission will hear public comments on the proposed rule and, if different, the time, date, and location of the meeting where the Commission will consider and vote on the proposed rule;

(2) if the hearing is held via telecommunication, video conference, or other electronic means, the Commission shall include the mechanism for access to the hearing in the notice of proposed rulemaking;

(3) the text of the proposed rule and the reason therefor;

(4) a request for comments on the proposed rule from any interested person; and

(5) the manner in which interested persons may submit written comments.

(i) All hearings will be recorded. A copy of the recording and all written comments and documents received by the Commission in response to the proposed rule shall be available to the public.

(j) Nothing in this section shall be construed as requiring a separate hearing on each rule. Rules may be grouped for the convenience of the Commission at hearings required by this section.

(k) The Commission shall, by majority vote of all members, take final action on the proposed rule based on the rulemaking record and the full text of the rule.

(1) The Commission may adopt changes to the proposed rule, provided the changes do not enlarge the original purpose of the proposed rule.

(2) The Commission shall provide an explanation of the reasons for substantive changes made to the proposed rule as well as reasons for substantive changes not made that were recommended by commenters.

(3) The Commission shall determine a reasonable effective date for the rule. Except for an emergency as provided in paragraph (l), the effective date of the rule shall be no sooner than 30 days after issuing the notice that it adopted or amended the rule.

(l) Upon determination that an emergency exists, the Commission may consider and adopt an emergency rule with 48 hours' notice, with opportunity to comment, provided that the usual rulemaking procedures provided in the Compact and in this section shall be retroactively applied to the rule as soon as reasonably possible, in no event later than 90 days after the effective date of the rule. For the purposes of this provision, an emergency rule is one that must be adopted immediately in order to:

(1) meet an imminent threat to public health, safety, or welfare;

(2) prevent a loss of Commission or member state funds;

(3) meet a deadline for the promulgation of a rule that is established by federal law or rule; or

(4) protect public health and safety.

(m) The Commission or an authorized committee of the Commission may direct revisions to a previously adopted rule for purposes of correcting typographical errors, errors in format, errors in consistency, or grammatical errors. Public notice of any revisions shall be posted on the website of the Commission. The revision shall be subject to challenge by any person for a period of 30 days after posting. The revision may be challenged only on grounds that the revision results in a material change to a rule. A challenge shall be made in writing and delivered to the Commission prior to the end of the notice period. If no challenge is made, the revision will take effect without further action. If the revision is challenged, the revision may not take effect without the approval of the Commission.

(n) No member state's rulemaking requirements shall apply under this compact.

Sec. 13. **[148E.52] OVERSIGHT, DISPUTE RESOLUTION, AND ENFORCEMENT.**

(a) Oversight:

(1) The executive and judicial branches of state government in each member state shall enforce this Compact and take all actions necessary and appropriate to implement the Compact.

(2) Except as otherwise provided in this Compact, venue is proper and judicial proceedings by or against the Commission shall be brought solely and exclusively in a court of competent jurisdiction where the principal office of the Commission is located. The Commission may waive venue and jurisdictional defenses to the extent it adopts or consents to participate in alternative dispute resolution proceedings. Nothing herein shall affect or limit the selection or propriety of venue in any action against a licensee for professional malpractice, misconduct, or any such similar matter.

(3) The Commission shall be entitled to receive service of process in any proceeding regarding the enforcement or interpretation of the Compact and shall have standing to intervene in such a proceeding for all purposes. Failure to provide the Commission service of process shall render a judgment or order void as to the Commission, this Compact, or promulgated rules.

(b) Default, technical assistance, and termination:

(1) If the Commission determines that a member state has defaulted in the performance of its obligations or responsibilities under this Compact or the promulgated rules, the Commission shall provide written notice to the defaulting state. The notice of default shall describe the default, the proposed means of curing the

default, and any other action that the Commission may take, and shall offer training and specific technical assistance regarding the default.

(2) The Commission shall provide a copy of the notice of default to the other member states.

(c) If a state in default fails to cure the default, the defaulting state may be terminated from the Compact upon an affirmative vote of a majority of the delegates of the member states, and all rights, privileges, and benefits conferred on that state by this Compact may be terminated on the effective date of termination. A cure of the default does not relieve the offending state of obligations or liabilities incurred during the period of default.

(d) Termination of membership in the Compact shall be imposed only after all other means of securing compliance have been exhausted. Notice of intent to suspend or terminate shall be given by the Commission to the governor, the majority and minority leaders of the defaulting state's legislature, the defaulting state's state licensing authority, and each of the member states' state licensing authority.

(e) A state that has been terminated is responsible for all assessments, obligations, and liabilities incurred through the effective date of termination, including obligations that extend beyond the effective date of termination.

(f) Upon the termination of a state's membership from this Compact, that state shall immediately provide notice to all licensees within that state of such termination. The terminated state shall continue to recognize all licenses granted pursuant to this Compact for a minimum of six months after the date of said notice of termination.

(g) The Commission shall not bear any costs related to a state that is found to be in default or that has been terminated from the Compact, unless agreed upon in writing between the Commission and the defaulting state.

(h) The defaulting state may appeal the action of the Commission by petitioning the United States District Court for the District of Columbia or the federal district where the Commission has its principal offices. The prevailing party shall be awarded all costs of such litigation, including reasonable attorney fees.

(i) Dispute resolution:

(1) Upon request by a member state, the Commission shall attempt to resolve disputes related to the Compact that arise among member states and between member and nonmember states.

(2) The Commission shall promulgate a rule providing for both mediation and binding dispute resolution for disputes as appropriate.

(j) Enforcement:

(1) By majority vote as provided by rule, the Commission may initiate legal action against a member state in default in the United States District Court for the District of Columbia or the federal district where the Commission has its principal offices to enforce compliance with the provisions of the Compact and its promulgated rules. The relief sought may include both injunctive relief and damages. In the event judicial enforcement is necessary, the prevailing party shall be awarded all costs of such litigation, including reasonable attorney fees. The remedies herein shall not be the exclusive remedies of the Commission. The Commission may pursue any other remedies available under federal or the defaulting member state's law.

(2) A member state may initiate legal action against the Commission in the United States District Court for the District of Columbia or the federal district where the Commission has its principal offices to enforce

compliance with the provisions of the Compact and its promulgated rules. The relief sought may include both injunctive relief and damages. In the event judicial enforcement is necessary, the prevailing party shall be awarded all costs of such litigation, including reasonable attorney fees.

(3) No person other than a member state shall enforce this compact against the Commission.

Sec. 14. **[148E.53] EFFECTIVE DATE, WITHDRAWAL, AND AMENDMENT.**

(a) The Compact shall come into effect on the date on which the Compact statute is enacted into law in the seventh member state.

(1) On or after the effective date of the Compact, the Commission shall convene and review the enactment of each of the first seven member states ("charter member states") to determine if the statute enacted by each such charter member state is materially different than the model Compact statute.

(i) A charter member state whose enactment is found to be materially different from the model Compact statute shall be entitled to the default process set forth in section 148E.52.

(ii) If any member state is later found to be in default, or is terminated or withdraws from the Compact, the Commission shall remain in existence and the Compact shall remain in effect even if the number of member states should be less than seven.

(2) Member states enacting the compact subsequent to the seven initial charter member states shall be subject to the process set forth in section 148E.49, paragraph (c), clause (21), to determine if their enactments are materially different from the model Compact statute and whether they qualify for participation in the Compact.

(3) All actions taken for the benefit of the Commission or in furtherance of the purposes of the administration of the Compact prior to the effective date of the Compact or the Commission coming into existence shall be considered to be actions of the Commission unless specifically repudiated by the Commission.

(4) Any state that joins the Compact subsequent to the Commission's initial adoption of the rules and bylaws shall be subject to the rules and bylaws as they exist on the date on which the Compact becomes law in that state. Any rule that has been previously adopted by the Commission shall have the full force and effect of law on the day the Compact becomes law in that state.

(b) Any member state may withdraw from this Compact by enacting a statute repealing the same.

(1) A member state's withdrawal shall not take effect until 180 days after enactment of the repealing statute.

(2) Withdrawal shall not affect the continuing requirement of the withdrawing state's licensing authority to comply with the investigative and adverse action reporting requirements of this Compact prior to the effective date of withdrawal.

(3) Upon the enactment of a statute withdrawing from this Compact, a state shall immediately provide notice of such withdrawal to all licensees within that state. Notwithstanding any subsequent statutory enactment to the contrary, such withdrawing state shall continue to recognize all licenses granted pursuant to this Compact for a minimum of 180 days after the date of such notice of withdrawal.

(c) Nothing contained in this Compact shall be construed to invalidate or prevent any licensure agreement or other cooperative arrangement between a member state and a nonmember state that does not conflict with the provisions of this Compact.

(d) This Compact may be amended by the member states. No amendment to this Compact shall become effective and binding upon any member state until it is enacted into the laws of all member states.

Sec. 15. **[148E.54] CONSTRUCTION AND SEVERABILITY.**

(a) This Compact and the Commission's rulemaking authority shall be liberally construed so as to effectuate the purposes, and the implementation and administration of the Compact. Provisions of the Compact expressly authorizing or requiring the promulgation of rules shall not be construed to limit the Commission's rulemaking authority solely for those purposes.

(b) The provisions of this Compact shall be severable and if any phrase, clause, sentence, or provision of this Compact is held by a court of competent jurisdiction to be contrary to the constitution of any member state, a state seeking participation in the Compact, or of the United States, or the applicability thereof to any government, agency, person or circumstance is held to be unconstitutional by a court of competent jurisdiction, the validity of the remainder of this Compact and the applicability thereof to any other government, agency, person or circumstance shall not be affected thereby.

(c) Notwithstanding paragraph (b), the Commission may deny a state's participation in the Compact or, in accordance with the requirements of section 148E.52, paragraph (b), terminate a member state's participation in the Compact, if it determines that a constitutional requirement of a member state is a material departure from the Compact. Otherwise, if this Compact shall be held to be contrary to the constitution of any member state, the Compact shall remain in full force and effect as to the remaining member states and in full force and effect as to the member state affected as to all severable matters.

Sec. 16. **[148E.55] CONSISTENT EFFECT AND CONFLICT WITH OTHER STATE LAWS.**

(a) A licensee providing services in a remote state under a multistate authorization to practice shall adhere to the laws and regulations, including laws, regulations, and applicable standards, of the remote state where the client is located at the time care is rendered.

(b) Nothing herein shall prevent or inhibit the enforcement of any other law of a member state that is not inconsistent with the Compact.

(c) Any laws, statutes, regulations, or other legal requirements in a member state in conflict with the Compact are superseded to the extent of the conflict.

(d) All permissible agreements between the Commission and the member states are binding in accordance with their terms.

ARTICLE 33

APPROPRIATIONS

Section 1. **COMMISSIONER OF HEALTH.**

Subdivision 1. **Registration of transfer care specialists.** $198,000 in fiscal year 2025 is appropriated from the state government special revenue fund to the commissioner of health to implement Minnesota

Statutes, section 149A.47. The state government special revenue fund base for this appropriation is $105,000 in fiscal year 2026 and $105,000 in fiscal year 2027.

Subd. 2. **Licensure of speech-language pathology assistants.** $105,000 in fiscal year 2025 is appropriated from the state government special revenue fund to the commissioner of health to implement licensing requirements for speech-language pathology assistants under Minnesota Statutes, section 148.5181. The state government special revenue fund base for this appropriation is $22,000 in fiscal year 2026 and $22,000 in fiscal year 2027.

Subd. 3. **Audiology and speech-language interstate compact.** $279,000 in fiscal year 2025 is appropriated from the state government special revenue fund to the commissioner of health to implement the audiology and speech-language pathology interstate compact under Minnesota Statutes, section 148.5185. The state government special revenue fund base for this appropriation is $106,000 in fiscal year 2026 and $106,000 in fiscal year 2027.

Sec. 2. **BOARD OF PSYCHOLOGY; LICENSING REQUIREMENTS FOR BEHAVIOR ANALYSTS.**

$81,000 in fiscal year 2025 is appropriated from the state government special revenue fund to the Board of Psychology to implement licensing requirements for behavior analysts under Minnesota Statutes, sections 148.9981 to 148.9995. The state government special revenue fund base for this appropriation is $47,000 in fiscal year 2026 and $47,000 in fiscal year 2027.

Sec. 3. **BOARD OF VETERINARY MEDICINE; LICENSING REQUIREMENTS FOR VETERINARY TECHNICIANS.**

$23,000 in fiscal year 2025 is appropriated from the state government special revenue fund to the Board of Veterinary Medicine to implement Minnesota Statutes, section 156.077. The state government special revenue fund base for this appropriation is $52,000 in fiscal year 2026 and $52,000 in fiscal year 2027.

Sec. 4. **BOARD OF DENTISTRY.**

Subdivision 1. **Licensure by credential for dental assistants.** $2,000 in fiscal year 2025 is appropriated from the state government special revenue fund to the Board of Dentistry to implement Minnesota Statutes, section 150A.06, subdivision 8. The state government special revenue fund base for this appropriation is $3,000 in fiscal year 2026 and $5,000 in fiscal year 2027.

Subd. 2. **Dentist and dental hygienist compact.** $41,000 in fiscal year 2025 is appropriated from the state government special revenue fund to the Board of Dentistry to implement the dentist and dental hygienist compact under Minnesota Statutes, section 150A.051. The state government special revenue fund base for this appropriation is $42,000 in fiscal year 2026 and $42,000 in fiscal year 2027.

Sec. 5. **BOARD OF MARRIAGE AND FAMILY THERAPY; LICENSED MARRIAGE AND FAMILY THERAPIST GUEST LICENSE.**

$18,000 in fiscal year 2025 is appropriated from the state government special revenue fund to the Board of Marriage and Family Therapy to implement Minnesota Statutes, section 148B.331. The state government special revenue fund base for this appropriation is $1,000 in fiscal year 2026 and $1,000 in fiscal year 2027.

Sec. 6. **BOARD OF SOCIAL WORK.**

Subdivision 1. **Social worker provisional licensing.** $133,000 in fiscal year 2025 is appropriated from the state government special revenue fund to the Board of Social Work to implement modifications to provisional licensure under Minnesota Statutes, chapters 148D and 148E. The state government special revenue fund base for this appropriation is $80,000 in fiscal year 2026 and $80,000 in fiscal year 2027.

Subd. 2. **Social work interstate compact.** $3,000 in fiscal year 2025 is appropriated from the state government special revenue fund to the Board of Social Work to implement the social work interstate compact under Minnesota Statutes, sections 148E.40 to 148E.55. The state government special revenue fund base for this appropriation is $149,000 in fiscal year 2026 and $83,000 in fiscal year 2027.

Sec. 7. **BOARD OF BEHAVIORAL HEALTH AND THERAPY; LICENSED PROFESSIONAL COUNSELOR INTERSTATE COMPACT.**

$159,000 in fiscal year 2025 is appropriated from the state government special revenue fund to the Board of Behavioral Health and Therapy to implement the licensed professional counselor interstate compact under Minnesota Statutes, section 148B.75. The state government special revenue fund base for this appropriation is $95,000 in fiscal year 2026 and $95,000 in fiscal year 2027.

Sec. 8. **BOARD OF MEDICAL PRACTICE; PHYSICIAN ASSISTANT LICENSURE COMPACT.**

$113,000 in fiscal year 2025 is appropriated from the state government special revenue fund to the Board of Medical Practice to implement the physician assistant licensure compact under Minnesota Statutes, section 148.675. The state government special revenue fund base for this appropriation is $142,000 in fiscal year 2026 and $96,000 in fiscal year 2027.

Sec. 9. **BOARD OF OCCUPATIONAL THERAPY PRACTICE; OCCUPATIONAL THERAPY LICENSURE COMPACT.**

$143,000 in fiscal year 2025 is appropriated from the state government special revenue fund to the Board of Occupational Therapy Practice to implement the occupational therapy licensure compact under Minnesota Statutes, section 148.645. The state government special revenue fund base for this appropriation is $80,000 in fiscal year 2026 and $80,000 in fiscal year 2027.

Sec. 10. **BOARD OF PHYSICAL THERAPY; PHYSICAL THERAPY LICENSURE COMPACT.**

$160,000 in fiscal year 2025 is appropriated from the state government special revenue fund to the Board of Physical Therapy to implement the physical therapy licensure compact under Minnesota Statutes, section 148.676. The state government special revenue fund base for this appropriation is $95,000 in fiscal year 2026 and $95,000 in fiscal year 2027.

Sec. 11. **EFFECTIVE DATE.**

This article is effective July 1, 2024.

ARTICLE 34

HIGHER EDUCATION APPROPRIATIONS

Section 1. Laws 2022, chapter 42, section 2, is amended to read:

Sec. 2. **APPROPRIATION; ALS RESEARCH.**

(a) ~~$20,000,000~~ $396,000 in fiscal year 2023 is appropriated from the general fund to the commissioner of the Office of Higher Education to award competitive grants to applicants for research into amyotrophic lateral sclerosis (ALS). The commissioner may work with the Minnesota Department of Health to administer the grant program, including identifying clinical and translational research and innovations, developing outcomes and objectives with the goal of bettering the lives of individuals with ALS and finding a cure for the disease, and application review and grant recipient selection. Not more than ~~$400,000~~ $396,000 may be used by the commissioner to administer the grant program. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, unencumbered balances under this section do not cancel until June 30, 2026.

(b) $19,604,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of the Office of Higher Education to award competitive grants to applicants for research into amyotrophic lateral sclerosis (ALS). The commissioner may work with the Minnesota Department of Health to administer the grant program, including identifying clinical and translational research and innovations, developing outcomes and objectives with the goal of bettering the lives of individuals with ALS and finding a cure for the disease, and application review and grant recipient selection. Up to $15,000,000 may be used by the commissioner for grants to the Amyotrophic Lateral Sclerosis Association, Never Surrender, or other similar organizations to award and administer competitive grants to applicants for research into ALS under this section. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, unencumbered balances under this section do not cancel until June 30, 2029. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner, the Amyotrophic Lateral Sclerosis Association, Never Surrender, and other similar organizations may use up to a total of five percent of this appropriation for administrative costs.

~~(b)~~ (c) Grants shall be awarded to support clinical and translational research related to ALS. Research topics may include but are not limited to environmental factors, disease mechanisms, disease models, biomarkers, drug development, clinical studies, precision medicine, medical devices, assistive technology, and cognitive studies.

~~(c)~~ (d) Eligible applicants for the grants are research facilities, universities, and health systems located in Minnesota. Applicants must submit proposals to the commissioner in the time, form, and manner established by the commissioner. Applicants may coordinate research endeavors and submit a joint application. When reviewing the proposals, the commissioner shall make an effort to avoid approving a grant for an applicant whose research is duplicative of an existing grantee's research.

~~(d)~~ (e) Beginning January 15, 2023, and annually thereafter until January 15, ~~2027~~ 2030, the commissioner shall submit a report to the legislature specifying the applicants receiving grants under this section, the amount of each grant, the purposes for which the grant funds were used, and the amount of the appropriation that is unexpended. The report must also include relevant findings, results, and outcomes of the grant program, and any other information which the commissioner deems significant or useful.

~~(e) This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, unencumbered balances under this section do not cancel until June 30, 2026.~~

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

Sec. 2. Laws 2023, chapter 41, article 1, section 2, subdivision 35, is amended to read:

Subd. 35. **Hunger-Free Campus Grants**	1,500,000	1,000,000

For the Hunger-Free Campus program under Minnesota Statutes, section 135A.137. Of this amount, up to $500,000 the first year is for grants not to exceed $25,000 to institutions for equipment necessary to operate an on-campus food pantry, and is available until June 30, 2026. The commissioner shall establish an application and process for distributing the grant funds. ~~This appropriation is available until June 30, 2026.~~

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

Sec. 3. Laws 2023, chapter 41, article 1, section 2, subdivision 36, is amended to read:

Subd. 36. **Fostering Independence Higher Education Grants**	4,247,000	~~4,416,000~~ 9,456,000

$4,247,000 the first year and ~~$4,416,000~~ $9,456,000 the second year are for grants to eligible students under Minnesota Statutes, section 136A.1241. The Office of Higher Education may use no more than three percent of the appropriation to administer grants. The base for this appropriation is $4,416,000 for fiscal year 2026 and thereafter.

Sec. 4. Laws 2023, chapter 41, article 1, section 2, subdivision 49, as amended by Laws 2024, chapter 85, section 111, is amended to read:

Subd. 49. **North Star Promise**	-0-	~~117,226,000~~ 112,186,000

~~$117,226,000~~ $112,186,000 the second year is transferred from the general fund to the account in the special revenue fund under Minnesota Statutes, section 136A.1465, subdivision 8. The base for the transfer is $49,500,000 in fiscal year 2026 and thereafter.

Sec. 5. Laws 2023, chapter 41, article 1, section 4, subdivision 2, is amended to read:

Subd. 2. **Operations and Maintenance**	686,558,000	676,294,000

(a) $15,000,000 in fiscal year 2024 and $15,000,000 in fiscal year 2025 are to: (1) increase the medical school's research capacity; (2) improve the medical school's ranking in National Institutes of Health funding; (3) ensure the medical school's national prominence by attracting and retaining world-class faculty, staff, and students; (4) invest in physician training programs in rural and underserved communities; and (5) translate the medical school's research discoveries into new treatments and cures to improve the health of Minnesotans.

(b) $7,800,000 in fiscal year 2024 and $7,800,000 in fiscal year 2025 are for health training restoration. This appropriation must be used to support all of the following: (1) faculty physicians who teach at eight residency program sites, including medical resident and student training programs in the Department of Family Medicine; (2) the Mobile Dental Clinic; and (3) expansion of geriatric education and family programs.

(c) $4,000,000 in fiscal year 2024 and $4,000,000 in fiscal year 2025 are for the Minnesota Discovery, Research, and InnoVation Economy funding program for cancer care research.

(d) $500,000 in fiscal year 2024 and $500,000 in fiscal year 2025 are for the University of Minnesota, Morris branch, to cover the costs of tuition waivers under Minnesota Statutes, section 137.16.

(e) $5,000,000 in fiscal year 2024 and $5,000,000 in fiscal year 2025 are for systemwide safety and security measures on University of Minnesota campuses. The base amount for this appropriation is $1,000,000 in fiscal year 2026 and later.

(f) $366,000 in fiscal year 2024 and $366,000 in fiscal year 2025 are for unemployment insurance aid under Minnesota Statutes, section 268.193.

(g) $10,000,000 the first year is for programs at the University of Minnesota Medical School ~~Campus on the~~ CentraCare Health System Campus in St. Cloud. This appropriation may be used for tuition support, ~~a residency program, a rural health research program, a program to target scholarships to students from diverse backgrounds, and a scholarship program targeted at students who will practice in rural areas~~ including a

scholarship program targeted at students who will practice in rural areas and targeted at students from diverse backgrounds; costs associated with opening and operating a new regional campus; costs associated with the expansion of a residency program; and costs associated with starting and operating a rural health research program. This appropriation is available until June 30, 2027, and must be spent ~~on~~ for activities on or associated with the CentraCare Health System Campus in the greater St. Cloud area. This is a onetime appropriation.

(h) $374,000 the first year and $110,000 the second year are to pay the cost of supplies and equipment necessary to provide access to menstrual products for purposes of article 2, section 2.

(i) The total operations and maintenance base for fiscal year 2026 and later is $672,294,000.

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

Sec. 6. **APPROPRIATION; KIDS ON CAMPUS INITIATIVE.**

$500,000 in fiscal year 2025 is appropriated from the general fund to the Board of Trustees of the Minnesota State Colleges and Universities to participate in the Kids on Campus initiative with the National Head Start Association and the Association of Community College Trustees. This appropriation may be used for a temporary statewide project coordinator, stipends to campuses and Head Start centers where letters of intent to officially form a partnership have been signed, engaging with local Head Start programs, and other costs associated with creating campus Head Start partnerships. Stipends shall be used to support the formation of parenting student advisory panels to gather perspective and feedback on proposed partnerships. The duties of the temporary statewide project coordinator include assessing the feasibility of partnerships between Minnesota State Colleges and Universities campuses and Head Start programs across the state, consulting with the Minnesota Head Start Association and existing Head Start partnership programs to develop best practices, working with campus-based navigators for parenting students to provide resources for financial aid and basic needs support to Head Start programs, and developing strategies to grow the early childhood care and education workforce through partnerships between Head Start programs and early childhood degree and certificate programs. This is a onetime appropriation and is available until June 30, 2026.

ARTICLE 35

POLICY PROVISIONS

Section 1. **[135A.062] CONSIDERATION OF CRIMINAL RECORDS LIMITED.**

Subdivision 1. **Applicability.** This section applies to postsecondary institutions under section 136A.155, clause (1), except that the Board of Regents of the University of Minnesota is requested to comply with this section.

Subd. 2. **Definition.** As used in this section, "a violent felony or sexual assault" includes a felony-level violation or attempted violation of section 609.185; 609.19; 609.195; 609.20; 609.221; 609.2242, subdivision 4; 609.2247; 609.245, subdivision 1; 609.247, subdivision 2; 609.282; 609.322; 609.342; 609.343; 609.344; 609.345; 609.3451; 609.3458; 609.561, subdivision 1 or 2; 609.582, subdivision 1; 609.66, subdivision 1e; or 609.749; or a statute from another state, the United States, or a foreign jurisdiction, in conformity with any of these sections.

Subd. 3. **Consideration of criminal records limited.** A postsecondary institution may not inquire into, consider, or require disclosure of the criminal record or criminal history of an applicant for admission. After a postsecondary institution has made an offer of admission, the postsecondary institution may inquire into, consider, or require disclosure of a conviction or delinquency adjudication that occurred within the previous five years for a violent felony or sexual assault. The postsecondary institution must provide the applicant with an opportunity to submit an explanatory statement, letters of recommendation, evidence of rehabilitation, and any other supporting documents. The institution must provide clear and detailed instructions and guidance to applicants related to what criminal history requires disclosure. The institution must not require the applicant to provide official records of criminal history. A postsecondary institution that rescinds an offer of admission must:

(1) provide an explanation of the basis for the decision to rescind the offer of admission; and

(2) provide the applicant with an opportunity to appeal the decision to rescind.

Subd. 4. **Other information.** This section shall not prohibit or limit a postsecondary institution from inquiring about student conduct records at the applicant's prior postsecondary institution after making an offer of admission. This section shall not prohibit or limit a postsecondary institution from inquiring about a student's ability to meet licensure requirements in a professional program after making an offer of admission.

Subd. 5. **Limitation on admissibility.** (a) A postsecondary institution that complies with this section is immune from liability in a civil action arising out of the institution's decision to admit a student with a criminal history or the institution's failure to conduct a criminal background check.

(b) Nothing in this section creates or establishes a legal duty upon a postsecondary institution to inquire into or require disclosure of the criminal history or criminal convictions of a student or an applicant for admission.

Sec. 2. Minnesota Statutes 2023 Supplement, section 135A.121, subdivision 2, is amended to read:

Subd. 2. **Eligibility.** To be eligible each year for the program a student must:

(1) be enrolled in an undergraduate certificate, diploma, or degree program at the University of Minnesota or a Minnesota state college or university;

(2) be either (i) a Minnesota resident for resident tuition purposes who is an enrolled member or citizen of a federally recognized American Indian Tribe or Canadian First Nation, or (ii) an enrolled member or citizen of a Minnesota Tribal Nation, regardless of resident tuition status; ~~and~~

(3) have not (i) obtained a baccalaureate degree, or (ii) been enrolled for ~~180 credits~~ 12 semesters or the equivalent, excluding courses taken that qualify as developmental education or below college-level~~.~~; and

(4) meet satisfactory academic progress as defined under section 136A.101, subdivision 10.

Sec. 3. **[135A.144] TRANSCRIPT ACCESS.**

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

(b) "Debt" means any money, obligation, claim, or sum, due or owed, or alleged to be due or owed, from a student. Debt does not include the fee, if any, charged to all students for the actual costs of providing the transcripts.

(c) "School" means a public institution governed by the Board of Trustees of the Minnesota State Colleges and Universities, private postsecondary educational institution as defined under section 136A.62 or 136A.821, or public or private entity that is responsible for providing transcripts to current or former students of an educational institution. Institutions governed by the Board of Regents of the University of Minnesota are requested to comply with this section.

(d) "Transcript" means the statement of an individual's academic record, including official transcripts or the certified statement of an individual's academic record provided by a school, and unofficial transcripts or the uncertified statement of an individual's academic record provided by a school.

Subd. 2. **Prohibited practices.** (a) A school must not refuse to provide a transcript for a current or former student because the student owes a debt to the school if:

(1) the debt owed is less than $1,000;

(2) the student has entered into and, as determined by the institution, is in compliance with a payment plan with the school;

(3) the transcript request is made by a prospective employer for the student;

(4) the school has sent the debt for repayment to the Department of Revenue or to a collection agency, as defined in section 332.31, subdivision 3, external to the institution and the debt has not been returned to the institution unpaid; or

(5) the person is incarcerated at a Minnesota correctional facility.

(b) A school must not charge an additional or higher fee for obtaining a transcript or provide less favorable treatment of a transcript request because a student owes a debt to the originating school.

Subd. 3. **Institutional policy.** (a) A school that uses transcript issuance as a tool for debt collection must have a policy accessible to students that outlines how the school collects on debts owed to the school.

(b) A school shall seek to use transcript issuance as a tool for debt collection for the fewest number of cases possible and in a manner that allows for the quickest possible resolution of the debt benefitting the student's educational progress.

Sec. 4. Minnesota Statutes 2022, section 135A.15, as amended by Laws 2023, chapter 52, article 5, section 79, is amended to read:

135A.15 CAMPUS SEXUAL ~~HARASSMENT AND VIOLENCE~~ MISCONDUCT POLICY.

Subdivision 1. **Applicability; policy required.** (a) This section applies to the following postsecondary institutions:

(1) institutions governed by the Board of Trustees of the Minnesota State Colleges and Universities; and

(2) private postsecondary institutions that offer in-person courses on a campus located in Minnesota and which are eligible institutions as defined in section 136A.103, ~~provided that a private postsecondary institution with a systemwide enrollment of fewer than 100 students in the previous academic year is exempt from subdivisions 4 to 10~~ paragraph (a), that are participating in the federal program under Title IV of the Higher Education Act of 1965, Public Law 89-329, as amended.

Institutions governed by the Board of Regents of the University of Minnesota are requested to comply with this section.

(b) A postsecondary institution must adopt a clear, understandable written policy on sexual ~~harassment and sexual violence~~ misconduct that informs victims of their rights under the crime victims bill of rights, including the right to assistance from the Crime Victims Reimbursement Board and the commissioner of public safety. The policy must apply to students and employees and must provide information about their rights and duties. The policy must apply to criminal incidents against a student or employee of a postsecondary institution occurring on property owned or leased by the postsecondary system or institution or at any activity, program, organization, or event sponsored by the system or institution, or by a fraternity ~~and~~ or sorority, or any activity, program, organization, or event sponsored by the system or institution, or by a fraternity or sorority, regardless of whether the activity, program, organization, or event occurs on or off property owned or leased by the postsecondary system or institution. It must include procedures for reporting incidents of sexual ~~harassment or sexual violence~~ misconduct and for disciplinary actions against violators. During student registration, a postsecondary institution shall provide each student with information regarding its policy. A copy of the policy also shall be posted at appropriate locations on campus at all times.

Subd. 1a. **~~Sexual assault definition~~ Definitions.** (a) For the purposes of this section, the following terms have the meanings given.

(b) "Advisor" means a person who is selected by a responding or reporting party to serve as a support during a campus investigation and disciplinary process. This person may be an attorney. An advisor serves as a support to a party by offering comfort or attending meetings.

(c) "Domestic violence" has the meaning giving in section 518B.01, subdivision 2.

~~(b)~~ (d) "Incident" means one report of sexual ~~assault~~ misconduct to a postsecondary institution, regardless of the number of complainants included in the report, the number of respondents included in the report, and whether or not the identity of any party is known by the reporting postsecondary institution. Incident encompasses all nonconsensual events included within one report if multiple events have been identified.

(e) "Intimate partner violence" means any physical or sexual harm or a pattern of any other coercive behavior committed, enabled, or solicited to gain or maintain power and control over a victim, including verbal, psychological, economic, or technological abuse that may or may not constitute criminal behavior against an individual, that may be classified as a sexual misconduct, dating violence, or domestic violence caused by:

(1) a current or former spouse of the individual; or

(2) a person in a sexual or romantic relationship with the individual.

(f) "Nonconsensual dissemination of sexual images" has the meaning given in section 617.261.

(g) "Reporting party" means the party in a disciplinary proceeding who has reported being subjected to conduct or communication that could constitute sexual misconduct.

(h) "Responding party" means the party in a disciplinary proceeding who has been reported to be the perpetrator of conduct or communication that could constitute sexual misconduct.

~~(c)~~ (i) "Sexual assault" means rape, sex offenses - fondling, sex offenses - incest, or sex offenses - statutory rape as defined in Code of Federal Regulations, title 34, part 668, subpart D, appendix A, as amended.

(j) "Sexual extortion" has the meaning given in section 609.3458.

(k) "Sex trafficking" has the meaning given in section 609.321, subdivision 7a.

(l) "Sexual harassment" has the meaning given in section 363A.03, subdivision 43.

(m) "Sexual misconduct" means an incident of sexual violence, intimate partner violence, domestic violence, sexual assault, sexual harassment, nonconsensual distribution of sexual images, sexual extortion, nonconsensual dissemination of a deepfake depicting intimate parts or sexual acts, sex trafficking, or stalking.

(n) "Stalking" has the meaning given in section 609.749.

Subd. 2. **Victims' rights.** (a) 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 defined as sexual misconduct that may constitute criminal behavior;

(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~~ misconduct incident;

(3) allowing sexual ~~assault~~ misconduct victims to decide whether to report a case to law enforcement or not report altogether; participate in a campus investigation, disciplinary proceeding, or nondisciplinary informal resolution; or not participate altogether;

(4) requiring campus authorities to treat sexual ~~assault~~ misconduct victims with dignity;

(5) requiring campus authorities to offer sexual ~~assault~~ misconduct 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~~ misconduct 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~~ misconduct that the victim should have acted in a different manner to avoid such a crime;

(8) subject to ~~subdivision~~ subdivisions 2a and 10, protecting the privacy of sexual ~~assault~~ misconduct victims by only disclosing data collected under this section to the victim, persons whose work assignments reasonably require access, and, at a sexual ~~assault~~ misconduct victim's request, police conducting a criminal investigation;

(9) an investigation and resolution of a sexual ~~assault~~ misconduct complaint by campus disciplinary authorities;

(10) a sexual ~~assault~~ misconduct 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~~ advisor at any meeting with campus

officials concerning the victim's sexual ~~assault~~ misconduct complaint or campus disciplinary proceeding concerning a sexual ~~assault~~ misconduct complaint;

(11) ensuring that a sexual ~~assault~~ misconduct victim may decide when to repeat a description of the incident of sexual ~~assault~~ misconduct;

(12) notice to a sexual ~~assault~~ misconduct victim of the availability of a campus or local program providing ~~sexual assault~~ victim advocacy services and information on free legal resources and services;

(13) notice to a sexual ~~assault~~ misconduct victim of the outcome of any campus disciplinary proceeding concerning a sexual ~~assault~~ misconduct complaint, consistent with laws relating to data practices;

(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~~ misconduct incident;

(15) the assistance of campus authorities, at the request of the sexual misconduct victim, 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~~ misconduct 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~~ misconduct 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~~ misconduct to the institution and subsequently choose to transfer to another postsecondary institution with information about resources for victims of sexual ~~assault~~ misconduct 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~~ misconduct 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.

(b) None of the rights given to a student by the policy required by subdivision 1 may be made contingent upon the victim entering into a nondisclosure agreement or other contract restricting the victim's ability to discuss information in connection with a sexual misconduct complaint, investigation, or hearing.

(c) A nondisclosure agreement or other contract restricting the victim's ability to discuss information in connection with a sexual misconduct complaint, investigation, or hearing may not be used as a condition of financial aid or remedial action.

Subd. 2a. **Campus investigation and disciplinary hearing procedures.** (a) A postsecondary institution must provide a reporting party an opportunity for an impartial, timely, and thorough investigation of a report of sexual misconduct against a student. If an investigation reveals that sexual misconduct has occurred, the institution must take prompt and effective steps reasonably calculated to end the sexual misconduct, prevent its recurrence, and, as appropriate, remedy its effects.

(b) Throughout any investigation or disciplinary proceeding, a postsecondary institution must treat the reporting parties, responding parties, witnesses, and other participants in the proceeding with dignity and respect.

(c) If a postsecondary institution conducts a hearing, an advisor may provide opening and closing remarks on behalf of a party or assist with formulating questions to the other party or witnesses about related evidence or credibility.

Subd. 3. **Uniform amnesty.** The sexual ~~harassment and violence~~ misconduct policy required by subdivision 1 must include a provision that a witness or victim of an incident of sexual ~~assault~~ misconduct who reports the incident in good faith shall not be sanctioned by the institution for admitting in the report to a violation of the institution's student conduct policy on the personal use of drugs or alcohol.

Subd. 4. **Coordination with local law enforcement.** (a) A postsecondary institution must enter into a memorandum of understanding with the primary local law enforcement agencies that serve its campus. The memorandum must be entered into no later than January 1, 2017, and updated every two years thereafter. This memorandum shall clearly delineate responsibilities and require information sharing, in accordance with applicable state and federal privacy laws, about certain crimes including, but not limited to, sexual assault. This memorandum of understanding shall provide:

(1) delineation and sharing protocols of investigative responsibilities;

(2) protocols for investigations, including standards for notification and communication and measures to promote evidence preservation; and

(3) a method of sharing information about specific crimes, when directed by the victim, and a method of sharing crime details anonymously in order to better protect overall campus safety.

(b) Prior to the start of each academic year, a postsecondary institution shall distribute an electronic copy of the memorandum of understanding to all employees on the campus that are subject to the memorandum.

(c) An institution is exempt from the requirement that it develop a memorandum of understanding under this section if the institution and local or county law enforcement agencies establish a sexual ~~assault~~ misconduct protocol team to facilitate effective cooperation and collaboration between the institution and law enforcement.

Subd. 5. **Online reporting system.** (a) A postsecondary institution must provide an online reporting system to receive complaints of sexual ~~harassment and sexual violence~~ misconduct from students and employees. The system must permit anonymous reports, provided that the institution is not obligated to investigate an anonymous report unless a formal report is submitted through the process established in the institution's sexual ~~harassment and sexual violence~~ misconduct policy.

(b) A postsecondary institution must provide students making reports under this subdivision with information about who will receive and have access to the reports filed, how the information gathered through the system will be used, and contact information for on-campus and off-campus organizations serving victims of sexual ~~violence~~ misconduct.

(c) Data collected under this subdivision is classified as private data on individuals as defined by section 13.02, subdivision 12. Postsecondary institutions not otherwise subject to chapter 13 must limit access to the data to only the data subject and persons whose work assignments reasonably require access.

Subd. 6. **Data collection and reporting.** (a) Postsecondary institutions must annually report statistics on sexual ~~assault~~ misconduct. 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~~ misconduct of each offense listed under the definition in subdivision 1a, 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.

(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 website:

(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 website 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.

Subd. 7. **Access to data; audit trail.** (a) Data on incidents of sexual ~~assault~~ misconduct shared with campus security officers or campus administrators responsible for investigating or adjudicating complaints of sexual ~~assault~~ misconduct are classified as private data on individuals as defined by section 13.02, subdivision 12, for the purposes of postsecondary institutions subject to the requirements of chapter 13. Postsecondary institutions not otherwise subject to chapter 13 must limit access to the data to only the data subject and persons whose work assignments reasonably require access.

(b) Only individuals with explicit authorization from an institution may enter, update, or access electronic data related to an incident of sexual ~~assault~~ misconduct collected, created, or maintained under this section. The ability of authorized individuals to enter, update, or access these data must be limited through the use of role-based access that corresponds to the official duties or training level of the individual and the institutional authorization that grants access for that purpose. All actions in which the data related to an incident of sexual ~~assault~~ misconduct are entered, updated, accessed, shared, or disseminated outside of the institution must be recorded in a data audit trail. An institution shall immediately and permanently revoke the authorization of any individual determined to have willfully entered, updated, accessed, shared, or disseminated data in violation of this subdivision or any provision of chapter 13. If an individual is determined to have willfully gained access to data without explicit authorization, the matter shall be forwarded to a county attorney for prosecution.

Subd. 8. **Comprehensive training.** (a) A postsecondary institution must provide campus security officers and campus administrators responsible for investigating or adjudicating complaints of sexual ~~assault~~ misconduct with comprehensive training on preventing and responding to sexual ~~assault~~ misconduct in collaboration with the Bureau of Criminal Apprehension or another law enforcement agency with expertise in criminal sexual conduct. The training for campus security officers shall include a presentation on the dynamics of sexual assault, neurobiological responses to trauma, and best practices for preventing, responding to, and investigating sexual ~~assault~~ misconduct. The training for campus administrators responsible for investigating or adjudicating complaints on sexual ~~assault~~ misconduct shall include presentations on preventing sexual ~~assault~~ misconduct, responding to incidents of sexual ~~assault~~ misconduct, the dynamics of sexual assault, neurobiological responses to trauma, and compliance with state and federal laws on sexual ~~assault~~ misconduct.

(b) The following categories of students who attend, or will attend, one or more courses on campus or will participate in on-campus activities must be provided sexual ~~assault~~ misconduct training:

(1) students pursuing a degree or certificate;

(2) students who are taking courses through the Postsecondary Enrollment Options Act; and

(3) any other categories of students determined by the institution.

Students must complete such training no later than ten business days after the start of a student's first semester of classes. Once a student completes the training, institutions must document the student's completion of the training and provide proof of training completion to a student at the student's request. Students enrolled at more than one institution within the same system at the same time are only required to complete the training once.

The training shall include information about topics including but not limited to sexual ~~assault~~ misconduct as defined in subdivision 1a; consent as defined in section 609.341, subdivision 4; preventing and reducing the prevalence of sexual ~~assault~~ misconduct; procedures for reporting campus sexual ~~assault~~ misconduct; and campus resources on sexual ~~assault~~ misconduct, including organizations that support victims of sexual ~~assault~~ misconduct.

(c) A postsecondary institution shall annually train individuals responsible for responding to reports of sexual ~~assault~~ misconduct. This training shall include information about best practices for interacting with victims of sexual ~~assault~~ misconduct, including how to reduce the emotional distress resulting from the reporting, investigatory, and disciplinary process.

(d) To the extent possible, trainings must be culturally responsive and address the unique experiences and challenges faced by students based on race, ethnicity, color, national origin, disability, socioeconomic status, religion, sex, gender identity, sexual orientation, and pregnancy or parenting status.

Subd. 9. **Student health services.** (a) An institution's student health service providers must screen students for incidents of sexual ~~violence and sexual harassment~~ misconduct. Student health service providers shall offer students information on resources available to victims and survivors of sexual ~~violence and sexual harassment~~ misconduct including counseling, mental health services, and procedures for reporting incidents to the institution.

(b) Each institution offering student health or counseling services must designate an existing staff member or existing staff members as confidential resources for victims of sexual ~~violence or sexual harassment~~ misconduct. The confidential resource must be available to meet with victims of sexual ~~violence and sexual harassment~~ misconduct. The confidential resource must provide victims with information about locally available resources for victims of sexual ~~violence and sexual harassment~~ misconduct including, but not limited to, mental health services and legal assistance. The confidential resource must provide victims with information about the process for reporting an incident of sexual ~~violence and sexual harassment~~ misconduct to campus authorities or local law enforcement. The victim shall decide whether to report an incident of sexual ~~violence and sexual harassment~~ misconduct to campus authorities or local law enforcement. Confidential resources must be trained in all aspects of responding to incidents of sexual ~~violence and sexual harassment~~ misconduct including, but not limited to, best practices for interacting with victims of trauma, preserving evidence, campus disciplinary and local legal processes, and locally available resources for victims. Data shared with a confidential resource is classified as sexual assault communication data as defined by section 13.822, subdivision 1.

Subd. 10. **Applicability of other laws.** This section does not exempt mandatory reporters from the requirements of section 626.557 or chapter 260E governing the reporting of maltreatment of minors or vulnerable adults. Nothing in this section limits the authority of an institution to comply with other applicable state or federal laws related to investigations or reports of sexual ~~harassment, sexual violence, or sexual assault~~ misconduct.

EFFECTIVE DATE. This section is effective August 1, 2025.

Sec. 5. **[135A.1581] NAVIGATORS FOR PARENTING STUDENTS.**

Subdivision 1. **Applicability.** (a) This section applies to the following postsecondary institutions:

(1) institutions governed by the Board of Trustees of the Minnesota State Colleges and Universities; and

(2) private postsecondary institutions that offer in-person courses on a campus located in Minnesota and which are eligible institutions as defined in section 136A.103.

(b) Institutions governed by the Board of Regents of the University of Minnesota are requested to comply with this section.

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

(b) "Institutions of higher education" means an institution of higher education under subdivision 1.

(c) "Parenting student" means a student enrolled at an institution of higher education who is the parent or legal guardian of or can claim as a dependent a child under the age of 18.

Subd. 3. **Navigators.** An institution of higher education must designate at least one employee of the institution to act as a college navigator for current or incoming students at the institution who are parenting students. The navigator must provide to the students information regarding support services and other resources available to the students at the institution, including:

(1) medical and behavioral health coverage and services;

(2) public benefit programs, including programs related to food security, affordable housing, and housing subsidies;

(3) parenting and child care resources;

(4) employment assistance;

(5) transportation assistance; and

(6) any other resources developed by the institution to assist the students, including student academic success strategies.

Subd. 4. **Report.** (a) By June 30, 2026, an institution of higher education must establish a process for collecting the parenting status of each enrolled student. By November 30, 2026, the Office of Higher Education shall establish a process for collecting this information from institutions.

(b) Annually, beginning January 15, 2028, the Office of Higher Education must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education and children, youth, and families. The report must include the following for parenting students:

(1) summary demographic data;

(2) enrollment patterns;

(3) retention rates;

(4) completion rates;

(5) average cumulative debt at exit or graduation as possible; and

(6) time to completion.

Data must be disaggregated by institution, academic year, race and ethnicity, gender, and other factors determined to be relevant by the commissioner.

Sec. 6. **[135A.1582] PROTECTIONS FOR PREGNANT AND PARENTING STUDENTS.**

Subdivision 1. **Definition.** (a) For the purpose of this section, the following term has the meaning given.

(b) "Parenting student" means a student enrolled at a public college or university who is the parent or legal guardian of or can claim as a dependent a child under the age of 18.

Subd. 2. **Rights and protections.** (a) A Minnesota state college or university may not require and the University of Minnesota is requested not to require a pregnant or parenting student, solely because of the student's status as a pregnant or parenting student or due to issues related to the student's pregnancy or parenting, to:

(1) take a leave of absence or withdraw from the student's degree or certificate program;

(2) limit the student's studies;

(3) participate in an alternative program;

(4) change the student's major, degree, or certificate program; or

(5) refrain from joining or cease participating in any course, activity, or program at the college or university.

(b) A Minnesota state college or university shall provide and the University of Minnesota is requested to provide reasonable modifications to a pregnant student, including modifications that:

(1) would be provided to a student with a temporary medical condition; or

(2) are related to the health and safety of the student and the student's unborn child, such as allowing the student to maintain a safe distance from substances, areas, and activities known to be hazardous to pregnant women or unborn children.

(c) A Minnesota state college or university must and the University of Minnesota is requested to, for reasons related to a student's pregnancy, childbirth, or any resulting medical status or condition:

(1) excuse the student's absence;

(2) allow the student to make up missed assignments or assessments;

(3) allow the student additional time to complete assignments in the same manner as the institution allows for a student with a temporary medical condition; and

(4) provide the student with access to instructional materials and video recordings of lectures for classes for which the student has an excused absence under this section to the same extent that instructional materials and video recordings of lectures are made available to any other student with an excused absence.

(d) A Minnesota state college or university must and the University of Minnesota is requested to allow a pregnant or parenting student to:

(1) take a leave of absence; and

(2) if in good academic standing at the time the student takes a leave of absence, return to the student's degree or certificate program in good academic standing without being required to reapply for admission.

(e) If a public college or university provides early registration for courses or programs at the institution for any group of students, the Minnesota state college or university must provide and the University of Minnesota is requested to provide early registration for those courses or programs for pregnant or parenting students in the same manner.

Subd. 3. **Policy on discrimination.** Each Minnesota state college or university must adopt and the University of Minnesota is requested to adopt a policy for students on pregnancy and parenting discrimination. The policy must:

(1) include the contact information of the Title IX coordinator who is the designated point of contact for a student requesting each protection or modification under this section. Contact information must include the Title IX coordinator's name, phone number, email, and office;

(2) be posted in an easily accessible, straightforward format on the college or university's website; and

(3) be made available annually to faculty, staff, and employees of the college or university.

Subd. 4. **Administration.** The commissioner of the Office of Higher Education must, in consultation with the Board of Trustees of the Minnesota State Colleges and Universities and the Board of Regents of the University of Minnesota, establish guidelines, as necessary, to administer this section. The guidelines must establish minimum periods for which a pregnant or parenting student must be given a leave of absence under subdivision 2, paragraph (d). In establishing the minimum periods, the Office of Higher Education shall consider the maximum amount of time a student may be absent without significantly interfering with the student's ability to complete the student's degree or certificate program.

Sec. 7. Minnesota Statutes 2023 Supplement, section 135A.161, is amended by adding a subdivision to read:

Subd. 5. **Reporting.** The director must evaluate the development and implementation of the Minnesota inclusive higher education initiatives receiving a grant under section 135A.162. The director must submit an annual report by October 1 on the progress to expand Minnesota inclusive higher education options for students with intellectual disabilities to the commissioner and chairs and ranking minority members of the legislative committees with jurisdiction over higher education policy and finance. The report must include statutory and budget recommendations.

Sec. 8. Minnesota Statutes 2023 Supplement, section 135A.162, subdivision 2, is amended to read:

Subd. 2. **Eligible grantees.** A Tribal college or public or nonprofit postsecondary two-year or four-year institution is eligible to apply for a grant under this section if the institution:

(1) is accredited by the Higher Learning Commission; and

(2) meets the eligibility requirements under section 136A.103.

Sec. 9. **[135A.163] STUDENTS WITH DISABILITIES; ACCOMMODATIONS; GENERAL REQUIREMENTS.**

Subdivision 1. **Short title.** This act may be cited as the "Minnesota Respond, Innovate, Succeed, and Empower (RISE) Act."

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

(b) "Institution of higher education" means a public institution of higher education, Tribal college, and private institution of higher education that receives federal funding. The Board of Regents of the University of Minnesota is requested to comply with this section.

(c) "Plain language" means communication the audience can understand the first time the audience reads or hears it.

(d) "Student with a disability" means an admitted or enrolled student who meets the definition of an individual with a disability under the Americans with Disabilities Act and includes a student with an intellectual disability as defined in Code of Federal Regulations, title 34, section 668.231, who is admitted or enrolled in a comprehensive transition and postsecondary program.

Subd. 3. **Students with disabilities policy; dissemination of policy.** (a) Each institution of higher education shall adopt a policy making self-disclosure by a student with a disability sufficient to start the interactive process for reasonable accommodations under subdivision 4.

(b) The policy adopted under this section must be transparent and explicit. The policy must include information describing the process by which the institution of higher education determines eligibility for accommodations for an individual with a disability and information about the disability resource center and other areas within the institution that provide student accommodations, such as housing and residence life. Each institution of higher education shall disseminate the information to applicants, students, parents, and faculty in plain language and in accessible formats. The information must be available during the student application process, during student orientation, in academic catalogs, and on the institution's public website.

Subd. 4. **Establishment of reasonable accommodation; documentation.** (a) An institution of higher education shall engage in an interactive process to document the student's accommodation needs to establish a reasonable accommodation. An institution may request documentation as part of the interactive process to establish accommodations for the student with a disability.

(b) The following documentation submitted by an admitted or enrolled student is sufficient documentation for the interactive process to establish reasonable accommodations for a student with a disability:

(1) documentation that the individual has had an individualized education program (IEP). The institution of higher education may request additional documentation from an individual who has had an IEP if the IEP was not in effect immediately before the date when the individual exited high school;

(2) documentation that the individual has received services or accommodations under a section 504 plan. The institution of higher education may request additional documentation from an individual who has received services or accommodations provided to the individual under a section 504 plan if the section 504 plan was not in effect immediately before the date when the individual exited high school;

(3) documentation of a plan or record of service for the individual from a private school, a local educational agency, a state educational agency, or an institution of higher education provided under a section 504 plan or in accordance with the Americans with Disabilities Act of 1990;

(4) a record or evaluation from an appropriately qualified health or other service professional who is knowledgeable about the individual's condition, finding that the individual has a disability;

(5) a plan or record of a disability from another institution of higher education;

(6) documentation of a disability due to military service; or

(7) additional information from an appropriately qualified health or other service professional who is knowledgeable about the student's condition and can clarify the need for a new accommodation not included in subdivision 4, paragraph (b), clauses (1) to (6).

(c) An institution of higher education may establish less burdensome criteria to determine reasonable accommodations for an enrolled or admitted student with a disability.

(d) An institution of higher education shall include a representative list of potential reasonable accommodations and disability resources for individuals with a disability that is accessible to applicants, students, parents, and faculty in plain language and in accessible formats. The information must be provided during the student application process, during student orientation, in academic catalogs, and on the institution's public website. The reasonable accommodations and disability resources available to students are individualized and not limited to the list.

Subd. 5. **Higher education requirements for students with disabilities.** Institutions of higher education shall:

(1) before the beginning of each academic term, offer an opportunity for admitted students to self-identify as having a disability for which they may request an accommodation. The person or office responsible for arranging accommodations at the institution must initiate contact with any student who has self-identified under this clause. This does not preclude a student from requesting an accommodation for a disability at any other time;

(2) not require a student to be reevaluated for or submit documentation to prove the presence of a permanent disability if the student previously provided proof of their disability status and is not requesting any new accommodations;

(3) provide the student's accommodation letter to the student's instructors, if the student gives affirmative permission to share the information, and, if requested by the student, facilitate communication between the student and the student's instructors;

(4) if a course instructor cannot provide an accommodation because it would fundamentally alter the nature of that course, require an instructor to provide a notification detailing why an accommodation cannot be provided to the student and submit that information to the student and the person or office responsible for arranging accommodations; and

(5) provide a student with a disability who is denied accommodations the option to include the person or office responsible for arranging accommodations in the institution's grievance or appeal process, to resolve equitable access barriers and prevent academic or financial penalty due to no fault of the student.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 10. **[135A.195] REQUIREMENTS RELATED TO ONLINE PROGRAM MANAGEMENT COMPANIES.**

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

(b) "Contract" means an agreement entered into by an institution of higher education with an online program management company. Contract includes any amendment or addendum to the agreement.

(c) "Institution of higher education" means an institution governed by either the Board of Trustees of the Minnesota State Colleges and Universities or the Board of Regents of the University of Minnesota. The Board of Regents of the University of Minnesota is requested to comply with this section.

(d) "Managed program" means an online course or program that is fully delivered online in a virtual space.

(e) "Online program management company" means a private, for-profit, third-party entity that enters into a contract with an institution of higher education to provide bundled products and services to develop, deliver, or provide managed programs, when the services provided include recruitment and marketing.

(f) "Tuition sharing" means compensation or payment to an online program management company based on a percentage of revenue or fees collected from managed programs.

Subd. 2. **Contract stipulations.** A contract must not contain any provision that:

(1) includes or allows for tuition sharing;

(2) grants the online program management company ownership rights to any or all intellectual property rights, patentable discoveries, or inventions of faculty members of an institution of higher education; or

(3) grants the online program management company decision making authority over:

(i) curriculum development, design, or maintenance;

(ii) student assessment and grading;

(iii) course assessment;

(iv) admissions requirements;

(v) appointment of faculty;

(vi) faculty assessment;

(vii) decision to award course credit or credential; or

(viii) institutional governance.

Subd. 3. **Mandatory contract review and approval.** Prior to being executed, a contract must be reviewed and approved by the institution of higher education's governing board. The Board of Regents of the University of Minnesota is requested to comply with this subdivision. The review must include an analysis of the contract's compliance with subdivision 2 prior to approval. A governing board must not approve a contract unless the contract complies with subdivision 2.

Subd. 4. **Reporting requirements.** An institution of higher education that contracts with an online program management company shall annually submit to the chairs and ranking minority members of the committees in the senate and house of representatives with jurisdiction over higher education finance an assessment and analysis that provides for a rigorous review and monitoring of online program management. The Board of Regents of the University of Minnesota is requested to comply with this subdivision. The report must, at a minimum, include:

(1) a comparison of the actual enrollment and revenue and the enrollment and revenue projections outlined in the financial pro forma;

(2) enrollment data reporting in 2026 and each year thereafter that includes measures of student persistence and completion;

(3) evidence of good standing and engagement with the Higher Learning Commission and any applicable specialized accreditors and licensing bodies, and evidence of any approvals that may be required to offer courses and programs;

(4) an assessment of the degree to which the programs offered compete with similar programs;

(5) a description and evidence of how institutions gather student feedback and student complaints related to online program management courses and program offerings, and the process for addressing any concerns and complaints; and

(6) the most recent compliance analysis under subdivision 3.

Subd. 5. **Marketing requirements.** (a) An institution of higher education that retains an online program management company to provide marketing services for its academic degree programs shall require that:

(1) the online program management company must clearly disclose the third-party relationship between the online program management company and the institution each time it engages in recruitment or marketing activities for an academic program of the institution; and

(2) all recruitment and marketing communications from the online program management company receive prior approval from the institution.

(b) An institution of higher education that contracts with an online program management company shall make publicly available on its website a list of the online programs that are supported by the online program management company.

Subd. 6. **Exemption.** Notwithstanding subdivision 1, paragraph (b), this section does not apply to an addendum or amendment to a contract entered into by an institution of higher education on or before July 1, 2023, that increases or decreases the number of managed programs. This subdivision expires July 1, 2028.

EFFECTIVE DATE. This section is effective July 1, 2024, and applies to contracts entered into on or after that date, subject to the exemption in subdivision 6.

Sec. 11. **[136A.053] CONSOLIDATED STUDENT AID REPORTING.**

(a) The commissioner of the Office of Higher Education shall report annually beginning February 15, 2026, to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education, on the details of programs administered under sections 136A.091 to 136A.1276, 136A.1465, and 136A.231 to 136A.246, including the:

(1) total funds appropriated and expended;

(2) total number of students applying for funds;

(3) total number of students receiving funds;

(4) average and total award amounts;

(5) summary demographic data on award recipients;

(6) retention rates of award recipients;

(7) completion rates of award recipients;

(8) average cumulative debt at exit or graduation; and

(9) average time to completion.

(b) Data must be disaggregated by program, institution, aid year, race and ethnicity, gender, income, family type, dependency status, and any other factors determined to be relevant by the commissioner. The commissioner must report any additional data and outcomes relevant to the evaluation of programs administered under sections 136A.091 to 136A.1276, 136A.1465, and 136A.231 to 136A.246 as evidenced by activities funded under each program.

Sec. 12. Minnesota Statutes 2022, section 136A.091, subdivision 3, is amended to read:

Subd. 3. **Financial need.** Need for financial assistance is based on student eligibility for free or reduced-price school meals under the national school lunch program. Student eligibility shall be verified by sponsors of approved academic programs. The office shall award stipends for students within the limits of available appropriations for this section. If the amount appropriated is insufficient, the office shall allocate the available appropriation in the manner it determines. A stipend must not exceed $1,000 per student.

Sec. 13. **[136A.097] ORDER OF AID CALCULATIONS.**

The commissioner must calculate aid for programs in the order of their original enactment from oldest to most recent. The commissioner may determine the order of calculating state financial aid if:

(1) a student is eligible for multiple state financial aid programs; and

(2) two or more of those programs calculate funding after accounting for other state aid.

If the commissioner determines that a greater amount of financial aid would be available to students by calculating aid in a particular order, the commissioner may calculate aid in that order.

Sec. 14. Minnesota Statutes 2022, section 136A.1241, subdivision 3, is amended to read:

Subd. 3. **Eligibility.** (a) An individual who is eligible for the Education and Training Voucher Program is eligible for a foster grant.

(b) If the individual is not eligible for the Education and Training Voucher Program, in order to receive a foster grant, an individual must:

(1) meet the definition of a resident student under section 136A.101, subdivision 8;

(2) be at least 13 years of age but fewer than 27 years of age;

(3) after the individual's 13th birthday, be in or have been in foster care in Minnesota before, on, or after June 27, 2021, including any of the following:

(i) placement in foster care at any time while 13 years of age or older;

(ii) adoption from foster care at any time after reaching 13 years of age; or

(iii) placement from foster care with a permanent legal custodian at any time after reaching 13 years of age;

(4) have graduated from high school or completed the equivalent as approved by the Department of Education;

(5) have been accepted for admission to, or be currently attending, an eligible institution;

(6) have submitted a FAFSA; ~~and~~

(7) be meeting satisfactory academic progress as defined under section 136A.101, subdivision 10~~.~~;

(8) not be in default, as defined by the office, of any federal or state student educational loan;

(9) not be more than 30 days in arrears in court-ordered child support that is collected or enforced by the public authority responsible for child support enforcement or, if the applicant is more than 30 days in arrears in court-ordered child support that is collected or enforced by the public authority responsible for child support enforcement, be complying with a written payment agreement under section 518A.69 or order for arrearages; and

(10) not have been convicted of or pled nolo contendere or guilty to a crime involving fraud in obtaining federal Title IV funds within the meaning of Code of Federal Regulations, subtitle B, chapter VI, part 668, subpart C.

Sec. 15. Minnesota Statutes 2023 Supplement, section 136A.1241, subdivision 5, is amended to read:

Subd. 5. **Foster grant amount; payment; opt-out.** (a) Each student shall be awarded a foster grant based on the federal need analysis. Applicants are encouraged to apply for all other sources of financial aid. The amount of the foster grant must be equal to the applicant's recognized cost of attendance after accounting for:

(1) the results of the federal need analysis;

(2) the amount of a federal Pell Grant award for which the applicant is eligible;

(3) the amount of the state grant;

(4) the Federal Supplemental Educational Opportunity Grant;

(5) the sum of all Tribal scholarships;

(6) the amount of any other state and federal gift aid;

(7) the Education and Training Voucher Program;

(8) extended foster care benefits under section 260C.451;

(9) the amount of any private grants or scholarships, excluding grants and scholarships provided by the private institution of higher education in which the eligible student is enrolled; and

(10) for public institutions, the sum of all institutional grants, scholarships, tuition waivers, and tuition remission amounts.

(b) The foster grant shall be paid directly to the eligible institution where the student is enrolled.

(c) An eligible private institution may opt out of participating in the foster grant program established under this section. To opt out, the institution shall provide notice to the office by March 1 for the next academic year. An institution that opts out of participating, but participated in the program a previous year,

must hold harmless currently enrolled recipients by continuing to provide the benefit under paragraph (d) as long as the student remains eligible.

(d) An eligible private institution that does not opt out under paragraph (c) and accepts the student's application to attend the institution must provide institutional grants, scholarships, tuition waivers, or tuition remission in an amount equal to the difference between:

(1) the institution's cost of attendance as calculated under subdivision 4, paragraph (b), clause (1); and

(2) the sum of the foster grant under this subdivision and the sum of the amounts in paragraph (a), clauses (1) to (9).

(e) An undergraduate student who is eligible may apply for and receive a foster grant in any year of undergraduate study unless the student has obtained a baccalaureate degree or received foster grant funds for a period of ten full-time semesters or the equivalent for a four-year undergraduate degree. A foster grant student enrolled in a two-year degree, certificate, or diploma program may apply for and receive a foster grant in any year of undergraduate study unless the student has obtained a baccalaureate degree or received foster grant funds for a period of six full-time semesters or the equivalent.

(f) Foster grants may be awarded to an eligible student for four quarters, three semesters, or the equivalent during the course of a single fiscal year. In calculating the award amount, the office must use the same calculation it would for any other term.

(g) The commissioner shall establish a priority application deadline.

(h) If there is a projected shortfall in available resources, the commissioner must proportionately reduce awards to keep spending within available resources.

(i) Applicants applying after the priority deadline for whom the office has received a completed application must be placed on a waiting list in order of application completion date. Awards must be made on a first-come, first-served basis in the order complete applications are received. Students who received the Fostering Independence Grant in the previous year shall be given priority. If there are multiple applications with identical completion dates, those applications must be further sorted by application receipt date. Awards must be made to eligible students until the appropriation is expended.

Sec. 16. Minnesota Statutes 2023 Supplement, section 136A.1465, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** The following terms have the meanings given:

(1) "eligible student" means a resident student under section 136A.101, subdivision 8, who is enrolled in any public postsecondary educational institution or Tribal college and who meets the eligibility requirements in subdivision 2;

(2) "gift aid" ~~means all~~ includes:

(i) all federal financial aid that is not a loan or pursuant to a work-study program;

(ii) state financial aid, unless designated for other expenses, that is not a loan or pursuant to a work-study program;

(iii) institutional financial aid ~~designated for the student's educational expenses~~, including a grant, scholarship, tuition waiver, fellowship stipend, or other ~~third-party~~ payment, unless designated for other expenses, that is not a loan or pursuant to a work-study program; and

(iv) all private financial aid that is not a loan or pursuant to a work-study program.

Financial aid from the state, public postsecondary educational institutions, and Tribal colleges that is specifically designated for other expenses is not gift aid for purposes of the North Star Promise scholarship.

~~(3) "office" means the Office of Higher Education;~~

(3) "other expenses" includes books, required supplies, child care, emergency assistance, food, and housing;

(4) "public postsecondary educational institution" means an institution operated by this state, or the Board of Regents of the University of Minnesota~~, or a Tribal college~~;

(5) "recognized cost of attendance" has the meaning given in United States Code, title 20, chapter 28, subchapter IV, part F, section 1087ll;

~~(5) "scholarship" means funds to pay 100 percent of tuition and fees remaining after deducting grants and other scholarships;~~

(6) "Tribal college" means a college defined in section 136A.1796, subdivision 1, paragraph (c); and

(7) "tuition and fees" means the actual tuition and mandatory fees charged by an institution.

Sec. 17. Minnesota Statutes 2023 Supplement, section 136A.1465, subdivision 2, is amended to read:

Subd. 2. **Conditions for eligibility.** A scholarship may be awarded to an eligible student who:

(1) has completed the Free Application for Federal Student Aid (FAFSA) or the state aid application;

(2) has a family adjusted gross income below $80,000;

(3) is a graduate of a secondary school or its equivalent, or is 17 years of age or over and has met all requirements for admission as a student to an eligible college or university;

~~(3)~~ (4) has not earned a baccalaureate degree at the time the scholarship is awarded;

~~(4)~~ (5) is enrolled in at least one credit per fall, spring, or summer semester; ~~and~~

(6) is enrolled in a program or course of study that applies to a degree, diploma, or certificate;

(7) is not in default, as defined by the office, of any federal or state student educational loan;

(8) is not more than 30 days in arrears in court-ordered child support that is collected or enforced by the public authority responsible for child support enforcement or, if the applicant is more than 30 days in arrears in court-ordered child support that is collected or enforced by the public authority responsible for child support enforcement, but is complying with a written payment agreement under section 518A.69 or order for arrearages;

(9) has not been convicted of or pled nolo contendere or guilty to a crime involving fraud in obtaining federal Title IV funds within the meaning of Code of Federal Regulations, subtitle B, chapter VI, part 668, subpart C; and

~~(5)~~ (10) is meeting satisfactory academic progress as defined in section 136A.101, subdivision 10.

Sec. 18. Minnesota Statutes 2023 Supplement, section 136A.1465, subdivision 3, is amended to read:

Subd. 3. **Scholarship.** (a) Beginning in the fall term of the 2024-2025 academic year, scholarships shall be awarded to eligible students in an amount not to exceed 100 percent of tuition and fees after ~~grants and other scholarships are~~ gift aid is deducted.

(b) For the 2024-2025, 2025-2026, and 2026-2027 academic years, if funds remain after scholarships are awarded under paragraph (a), supplemental grants shall be awarded to eligible students in an amount ~~equal to 100 percent of tuition and fees plus, subject to available funds,~~ up to 50 percent of the amount of a Pell grant the student would receive based on household size, family adjusted gross income, and results of the federal needs analysis ~~after other gift aid is deducted~~, not to exceed the student's recognized cost of attendance. The commissioner may adjust the supplemental grant amount based on the availability of funds.

Sec. 19. Minnesota Statutes 2023 Supplement, section 136A.1465, subdivision 4, is amended to read:

Subd. 4. **Maintain current levels of institutional assistance.** (a) Commencing with the 2024-2025 academic year, a public postsecondary educational institution or Tribal college shall not reduce the institutional gift aid offered or awarded to a student who is eligible to receive funds under this program unless the student's gift aid exceeds the student's annual recognized cost of attendance.

(b) The public postsecondary educational institution or Tribal college may reduce the institutional gift aid offer of a student who is eligible to receive funds under this program by no more than the amount of the student's gift aid that is in excess of the student's annual recognized cost of attendance.

(c) The public postsecondary educational institution or Tribal college shall not consider receipt or anticipated receipt of funds under this program when considering a student for qualification for institutional gift aid.

(d) To ensure financial aid is maximized, a public postsecondary educational institution or Tribal college is encouraged to implement efforts to avoid scholarship displacement through consultation with the Office of Higher Education ~~and students to avoid situations where institutional gift aid can only be used for specific purposes~~.

Sec. 20. Minnesota Statutes 2023 Supplement, section 136A.1465, subdivision 5, is amended to read:

Subd. 5. **Duration of scholarship authorized; scholarship paid to institution.** (a) Each scholarship is for a period of one semester. A scholarship may be renewed provided that the eligible student continues to meet the conditions of eligibility.

(b) Scholarships may be provided to an eligible student ~~for up to 60 credits for~~ pursuing the completion of a certificate or an associate degree ~~and up to 120 credits for the completion of a bachelor's degree~~ who has not previously received the scholarship for four full-time semesters or the equivalent. Scholarships may be provided to an eligible student pursuing the completion of a bachelor's degree who has not previously received the scholarship for eight full-time semesters or the equivalent. The maximum ~~credits~~ for which a student is eligible is a total of ~~120 credits~~ eight full-time semesters or the equivalent. Courses taken that qualify as developmental education or below college-level shall be excluded from the limit.

(c) A student is entitled to an additional semester or the equivalent of grant eligibility if the student withdraws from enrollment:

(1) for active military service because the student was ordered to active military service as defined in section 190.05, subdivision 5b or 5c;

(2) for a serious health condition, while under the care of a medical professional, that substantially limits the student's ability to complete the term; or

(3) while providing care that substantially limits the student's ability to complete the term to the student's spouse, child, or parent who has a serious health condition.

~~(c) The commissioner shall determine a time frame by which the eligible student must complete the credential.~~

(d) The scholarship must be paid directly to the eligible institution where the student is enrolled.

Sec. 21. Minnesota Statutes 2022, section 136A.1701, subdivision 4, is amended to read:

Subd. 4. **Terms and conditions of loans.** (a) The office may loan money upon such terms and conditions as the office may prescribe.

(b) The minimum loan amount and a maximum loan amount to students must be determined annually by the office. Loan limits are defined based on the type of program enrollment, such as a certificate, an associate's degree, a bachelor's degree, or a graduate program. The aggregate principal amount of all loans made subject to this paragraph to a student as an undergraduate and graduate student must not exceed $140,000. The amount of the loan must not exceed the cost of attendance as determined by the eligible institution less all other financial aid, including PLUS loans or other similar parent loans borrowed on the student's behalf. A student may borrow up to the maximum amount twice in the same grade level.

(c) The cumulative borrowing maximums must be determined annually by the office and are defined based on program enrollment. In determining the cumulative borrowing maximums, the office shall, among other considerations, take into consideration the maximum SELF loan amount, student financing needs, funding capacity for the SELF program, delinquency and default loss management, and current financial market conditions.

Sec. 22. Minnesota Statutes 2022, section 136A.1701, subdivision 7, is amended to read:

Subd. 7. **Repayment of loans.** The office shall establish repayment procedures for loans made under this section in accordance with the policies, rules, and conditions authorized under section 136A.16, subdivision 2. The office will take into consideration the loan limits and current financial market conditions when establishing repayment terms. The office shall not require a minimum annual payment, though the office may require minimum monthly payments.

Sec. 23. Minnesota Statutes 2022, section 136A.29, subdivision 9, is amended to read:

Subd. 9. **Revenue bonds; limit.** The authority is authorized and empowered to issue revenue bonds whose aggregate principal amount at any time shall not exceed ~~$1,300,000,000~~ $2,000,000,000 and to issue notes, bond anticipation notes, and revenue refunding bonds of the authority under the provisions of sections 136A.25 to 136A.42, to provide funds for acquiring, constructing, reconstructing, enlarging, remodeling, renovating, improving, furnishing, or equipping one or more projects or parts thereof.

Sec. 24. Minnesota Statutes 2023 Supplement, section 136A.62, subdivision 3, is amended to read:

Subd. 3. **School.** "School" means:

(1) a Tribal college that has a physical presence in Minnesota;

(2) any partnership, company, firm, society, trust, association, corporation, or any combination thereof, with a physical presence in Minnesota, which: (i) is, owns, or operates a private, nonprofit postsecondary education institution; (ii) is, owns, or operates a private, for-profit postsecondary education institution; or (iii) provides a postsecondary instructional program or course leading to a degree whether or not for profit; or

(3) any public or private postsecondary educational institution located in another state or country ~~which offers or makes available to a Minnesota resident any course, program or educational activity which does not require the leaving of the state for its completion; or~~ with a physical presence in Minnesota.

~~(4) any individual, entity, or postsecondary institution located in another state that contracts with any school located within the state of Minnesota for the purpose of providing educational programs, training programs, or awarding postsecondary credits or continuing education credits to Minnesota residents that may be applied to a degree program.~~

Sec. 25. Minnesota Statutes 2022, section 136A.62, is amended by adding a subdivision to read:

Subd. 8. **Postsecondary education.** "Postsecondary education" means the range of formal learning opportunities beyond high school, including those aimed at learning an occupation or earning an academic credential.

Sec. 26. Minnesota Statutes 2022, section 136A.62, is amended by adding a subdivision to read:

Subd. 9. **Physical presence.** "Physical presence" means a presence within the state of Minnesota for the purpose of conducting activity related to any program at the degree level or courses that may be applied to a degree program. Physical presence includes:

(1) operating a location within the state;

(2) offering instruction within or originating from Minnesota designed to impart knowledge with response utilizing teachers, trainers, counselors or computer resources, computer linking, or any form of electronic means; and

(3) granting an educational credential from a location within the state or to a student within the state.

Physical presence does not include field trips, sanctioned sports recruiting activities, or college fairs or other assemblies of schools in Minnesota. No school may enroll an individual, allow an individual to sign any agreement obligating the person to the school, accept any moneys from the individual, or follow up with an individual by means of an in-person meeting in Minnesota at a college fair or assembly.

Sec. 27. Minnesota Statutes 2022, section 136A.63, subdivision 1, is amended to read:

Subdivision 1. **Annual registration.** All schools ~~located within Minnesota and all schools located outside Minnesota~~ with a physical presence in Minnesota which offer degree programs or courses within Minnesota shall register annually with the office.

Sec. 28. Minnesota Statutes 2022, section 136A.646, is amended to read:

136A.646 ADDITIONAL SECURITY.

(a) New institutions 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, 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,~~ an alternative standard set forth in 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. If 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.

(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.

(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.

(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~~ 180 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;

(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. 29. Minnesota Statutes 2022, section 136A.65, subdivision 4, is amended to read:

Subd. 4. **Criteria for approval.** (a) A school applying to be registered and to have its degree or degrees and name approved must substantially meet the following criteria:

(1) the school has an organizational framework with administrative and teaching personnel to provide the educational programs offered;

(2) the school has financial resources sufficient to meet the school's financial obligations, including refunding tuition and other charges consistent with its stated policy if the institution is dissolved, or if claims for refunds are made, to provide service to the students as promised, and to provide educational programs leading to degrees as offered;

(3) the school operates in conformity with generally accepted accounting principles according to the type of school;

(4) the school provides an educational program leading to the degree it offers;

(5) the school provides appropriate and accessible library, laboratory, and other physical facilities to support the educational program offered;

(6) the school has a policy on freedom or limitation of expression and inquiry for faculty and students which is published or available on request;

(7) the school uses only publications and advertisements which are truthful and do not give any false, fraudulent, deceptive, inaccurate, or misleading impressions about the school, its personnel, programs, services, or occupational opportunities for its graduates for promotion and student recruitment;

(8) the school's compensated recruiting agents who are operating in Minnesota identify themselves as agents of the school when talking to or corresponding with students and prospective students;

(9) the school provides information to students and prospective students concerning:

(i) comprehensive and accurate policies relating to student admission, evaluation, suspension, and dismissal;

(ii) clear and accurate policies relating to granting credit for prior education, training, and experience and for courses offered by the school;

(iii) current schedules of fees, charges for tuition, required supplies, student activities, housing, and all other standard charges;

(iv) policies regarding refunds and adjustments for withdrawal or modification of enrollment status; and

(v) procedures and standards used for selection of recipients and the terms of payment and repayment for any financial aid program;

(10) the school must not withhold a student's official transcript because the student is in arrears or in default on any loan issued by the school to the student if the loan qualifies as an institutional loan under United States Code, title 11, section 523(a)(8)(b); ~~and~~

(11) the school has a process to receive and act on student complaints;

(12) the school includes a joint and several liability provision for torts and compliance with the requirements of sections 136A.61 to 136A.71 in any contract effective after July 1, 2026, with any individual,

entity, or postsecondary school located in another state for the purpose of providing educational or training programs or awarding postsecondary credits or continuing education credits to Minnesota residents that may be applied to a degree program; and

(13) the school must not use nondisclosure agreements or other contracts restricting a student's ability to disclose information in connection with school actions or conduct that would be covered under section 136A.672.

(b) An application for degree approval must also include:

(i) title of degree and formal recognition awarded;

(ii) location where such degree will be offered;

(iii) proposed implementation date of the degree;

(iv) admissions requirements for the degree;

(v) length of the degree;

(vi) projected enrollment for a period of five years;

(vii) the curriculum required for the degree, including course syllabi or outlines;

(viii) statement of academic and administrative mechanisms planned for monitoring the quality of the proposed degree;

(ix) statement of satisfaction of professional licensure criteria, if applicable;

(x) documentation of the availability of clinical, internship, externship, or practicum sites, if applicable; and

(xi) statement of how the degree fulfills the institution's mission and goals, complements existing degrees, and contributes to the school's viability.

Sec. 30. Minnesota Statutes 2022, section 136A.675, subdivision 2, is amended to read:

Subd. 2. **Additional reporting.** (a) In addition to the information required for the indicators in subdivision 1, an institution must notify the office within ten business days if any of the events in paragraphs (b) to (e) occur.

(b) Related to revenue, debt, and cash flow, notice is required if:

(1) the institution defaulted on a debt payment or covenant and has not received a waiver of the violation from the financial institution within 60 days;

(2) for institutions with a federal composite score of less than 1.5, the institution's owner withdraws equity that directly results in a composite score of less than 1.0, unless the withdrawal is a transfer between affiliated entities included in a common composite score;

(3) the United States Department of Education requires a 25 percent or greater Letter of Credit, except when the Letter of Credit is imposed due to a change of ownership;

(4) the United States Department of Education requires Heightened Cash Monitoring 2;

(5) the institution receives written notification that it violated the United States Department of Education's revenue requirement under United States Code, title 20, section 1094(a)(24), as amended; or

(6) the institution receives written notification by the United States Department of Education that it has fallen below minimum financial standards and that its continued participation in Title IV is conditioned upon satisfying ~~either the Zone Alternative,~~ an alternative standard set forth in 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)~~.

(c) Related to accreditation and licensing, notice is required if:

(1) the institution receives written notification of probation, warning, show-cause, or loss of institutional accreditation;

(2) the institution receives written notification that its institutional accreditor lost federal recognition; or

(3) the institution receives written notification that it has materially violated state authorization or institution licensing requirements in a different state that may lead to or has led to the termination of the institution's ability to continue to provide educational programs or otherwise continue to operate in that state.

(d) Related to securities, notice is required if:

(1) the Securities and Exchange Commission (i) issues an order suspending or revoking the registration of the institution's securities, or (ii) suspends trading of the institution's securities on any national securities exchange;

(2) the national securities exchange on which the institution's securities are traded notifies the institution that it is not in compliance with the exchange's listing requirements and the institution's securities are delisted; or

(3) the Securities and Exchange Commission is not in timely receipt of a required report and did not issue an extension to file the report.

(e) Related to criminal and civil investigations, notice is required if:

(1) the institution receives written notification of a felony criminal indictment or charges of the institution's owner;

(2) the institution receives written notification of criminal indictment or charges of the institution's officers related to operations of the institution; or

(3) there has been a criminal, civil, or administrative adjudication of fraud or misrepresentation in Minnesota or in another state or jurisdiction against the institution or its owner, officers, agents, or sponsoring organization.

Sec. 31. Minnesota Statutes 2022, section 136A.69, subdivision 1, is amended to read:

Subdivision 1. **Registration fees.** (a) The office shall collect reasonable registration fees that are sufficient to recover, but do not exceed, its costs of administering the registration program. The office shall charge the fees listed in paragraphs (b) ~~and (c)~~ to (d) for new registrations.

(b) A new school offering no more than one degree at each level during its first year must pay registration fees for each applicable level in the following amounts:

associate degree	$2,000
baccalaureate degree	$2,500
master's degree	$3,000
doctorate degree	$3,500

(c) A new school that will offer more than one degree per level during its first year must pay registration fees in an amount equal to the fee for the first degree at each degree level under paragraph (b), plus fees for each additional nondegree program or degree as follows:

nondegree program	$250
additional associate degree	$250
additional baccalaureate degree	$500
additional master's degree	$750
additional doctorate degree	$1,000

(d) In addition to the fees under paragraphs (b) and (c), a fee of $600 must be paid for an initial application that: (1) has had four revisions, corrections, amendment requests, or application reminders for the same application or registration requirement; or (2) cumulatively has had six revisions, corrections, amendment requests, or application reminders for the same license application and the school seeks to continue with the application process with additional application submissions. If this fee is paid, the school may submit two final application submissions for review prior to application denial under section 136A.65, subdivision 8. This provision excludes from its scope nonrepetitive questions or clarifications initiated by the school before the submission of the application, initial interpretation questions or inquiries from the office regarding a completed application, and initial requests from the office for verification or validation of a completed application.

~~(d)~~ (e) The annual renewal registration fee is $1,500.

(f) In addition to the fee under paragraph (e), a fee of $600 must be paid for a renewal application that: (1) has had four revisions, corrections, amendment requests, or application reminders for the same application or registration requirement; or (2) cumulatively has had six revisions, corrections, amendment requests, or application reminders for the same license application and the school seeks to continue with the application process with additional application submissions. If this fee is paid, the school may submit two final application submissions for review prior to application denial under section 136A.65, subdivision 8. This provision excludes from its scope nonrepetitive questions or clarifications initiated by the school before the submission of the application, initial interpretation questions or inquiries from the office regarding a completed application, and initial requests from the office for verification or validation of a completed application.

Sec. 32. Minnesota Statutes 2022, section 136A.821, subdivision 5, is amended to read:

Subd. 5. **Private career school.** "Private career school" means a person who maintains~~, advertises, administers, solicits for, or conducts~~ a physical presence for any program at less than an associate degree

level; is not registered as a private institution under sections 136A.61 to 136A.71; and is not specifically exempted by section 136A.833.

Sec. 33. Minnesota Statutes 2022, section 136A.821, is amended by adding a subdivision to read:

Subd. 20. **Physical presence.** "Physical presence" means presence within the state of Minnesota for the purpose of conducting activity related to any program at less than an associate degree level. Physical presence includes:

(1) operating a location within the state;

(2) offering instruction within or originating from Minnesota designed to impart knowledge with response utilizing teachers, trainers, counselors or computer resources, computer linking, or any form of electronic means;

(3) granting an educational credential from a location within the state or to a student within the state; and

(4) using an agent, recruiter, institution, or business that solicits for enrollment or credits or for the award of an educational credential.

Physical presence does not include field trips, sanctioned sports recruiting activities, or college fairs or other assemblies of schools in Minnesota. No school may enroll an individual, allow an individual to sign any agreement obligating the person to the school, accept any moneys from the individual, or follow up with an individual by means of an in-person meeting in Minnesota at a college fair or assembly.

Sec. 34. Minnesota Statutes 2022, section 136A.822, subdivision 1, is amended to read:

Subdivision 1. **Required.** A private career school must not maintain~~, advertise, solicit for, administer, or conduct~~ a physical presence for any program in Minnesota without first obtaining a license from the office.

Sec. 35. Minnesota Statutes 2022, section 136A.822, subdivision 2, is amended to read:

Subd. 2. **Contract unenforceable.** A contract entered into with a person for a program by or on behalf of a person operating a private career school with a physical presence in Minnesota to which a license has not been issued under sections 136A.821 to 136A.833, is unenforceable in any action.

Sec. 36. Minnesota Statutes 2022, 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~~ with a physical presence within the state of Minnesota for 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 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 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.

Sec. 37. Minnesota Statutes 2022, section 136A.822, subdivision 7, is amended to read:

Subd. 7. **Resident agent.** Private career schools located outside the state of Minnesota that ~~offer, advertise, solicit for, or conduct any program~~ have a physical presence within the state of Minnesota shall first file with the secretary of state a sworn statement designating a resident agent authorized to receive service of process. The statement shall designate the secretary of state as resident agent for service of process in the absence of a designated agent. If a private career school fails to file the statement, the secretary of state is designated as the resident agent authorized to receive service of process. The authorization shall be irrevocable as to causes of action arising out of transactions occurring prior to the filing of written notice of withdrawal from the state of Minnesota filed with the secretary of state.

Sec. 38. Minnesota Statutes 2022, section 136A.822, subdivision 8, is amended to read:

Subd. 8. **Minimum standards.** A license shall be issued if the office first determines:

(1) that the applicant has a sound financial condition with sufficient resources available to:

(i) meet the private career school's financial obligations;

(ii) refund all tuition and other charges, within a reasonable period of time, in the event of dissolution of the private career school or in the event of any justifiable claims for refund against the private career school by the student body;

(iii) provide adequate service to its students and prospective students; and

(iv) maintain and support the private career school;

(2) that the applicant has satisfactory facilities with sufficient tools and equipment and the necessary number of work stations to prepare adequately the students currently enrolled, and those proposed to be enrolled;

(3) that the applicant employs a sufficient number of qualified teaching personnel to provide the educational programs contemplated;

(4) that the private career school has an organizational framework with administrative and instructional personnel to provide the programs and services it intends to offer;

(5) that the quality and content of each occupational course or program of study provides education and adequate preparation to enrolled students for entry level positions in the occupation for which prepared;

(6) that the premises and conditions where the students work and study and the student living quarters which are owned, maintained, recommended, or approved by the applicant are sanitary, healthful, and safe, as evidenced by certificate of occupancy issued by the municipality or county where the private career school is physically situated, a fire inspection by the local or state fire marshal, or another verification deemed acceptable by the office;

(7) that the contract or enrollment agreement used by the private career school complies with the provisions in section 136A.826;

(8) that contracts and agreements do not contain a wage assignment provision or a confession of judgment clause; ~~and~~

(9) that there has been no adjudication of fraud or misrepresentation in any criminal, civil, or administrative proceeding in any jurisdiction against the private career school or its owner, officers, agents, or sponsoring organization;

(10) that the private career school or its owners, officers, agents, or sponsoring organization has not had a license revoked under section 136A.829 or its equivalent in other states or has closed the institution prior to all students, enrolled at the time of the closure, completing their program within two years of the effective date of the revocation; and

(11) that the school includes a joint and several liability provision for torts and compliance with the requirements of sections 136A.82 to 136A.834 in any contract effective after July 1, 2026, with any individual, entity, or postsecondary school located in another state for the purpose of providing educational or training programs or awarding postsecondary credits to Minnesota residents that may be applied to a program.

Sec. 39. Minnesota Statutes 2022, section 136A.824, subdivision 1, is amended to read:

Subdivision 1. **Initial licensure fee.** (a) The office processing fee for an initial licensure application is:

(1) $2,500 for a private career school that will offer no more than one program during its first year of operation;

(2) $750 for a private career school licensed exclusively due to the use of the term "college," "university," "academy," or "institute" in its name, or licensed exclusively in order to participate in state grant or SELF loan financial aid programs; and

(3) $2,500, plus $500 for each additional program offered by the private career school, for a private career school during its first year of operation.

(b) In addition to the fee under paragraph (a), a fee of $600 must be paid for an initial application that: (1) has had four revisions, corrections, amendment requests, or application reminders for the same application or licensure requirement; or (2) cumulatively has had six revisions, corrections, amendment requests, or application reminders for the same license application and the private career school seeks to continue with the application process with additional application submissions. If this fee is paid, the private career school may submit two final application submissions for review prior to application denial under section 136A.829, subdivision 1, clause (2). This provision excludes from its scope nonrepetitive questions or clarifications initiated by the school before the submission of the application, initial interpretation questions or inquiries from the office regarding a completed application, and initial requests from the office for verification or validation of a completed application.

Sec. 40. Minnesota Statutes 2022, section 136A.824, subdivision 2, is amended to read:

Subd. 2. **Renewal licensure fee; late fee.** (a) The office processing fee for a renewal licensure application is:

(1) for a private career school that offers one program, the license renewal fee is $1,150;

(2) for a private career school that offers more than one program, the license renewal fee is $1,150, plus $200 for each additional program with a maximum renewal licensing fee of $2,000;

(3) for a private career school licensed exclusively due to the use of the term "college," "university," "academy," or "institute" in its name, the license renewal fee is $750; and

(4) for a private career school licensed by another state agency and also licensed with the office exclusively in order to participate in state student aid programs, the license renewal fee is $750.

(b) If a license renewal application is not received by the office by the close of business at least 60 days before the expiration of the current license, a late fee of $100 per business day, not to exceed $3,000, shall be assessed.

(c) In addition to the fee under paragraph (a), a fee of $600 must be paid for a renewal application that: (1) has had four revisions, corrections, amendment requests, or application reminders for the same application or licensure requirement; or (2) cumulatively has had six revisions, corrections, amendment requests, or application reminders for the same license application and the private career school seeks to continue with the application process with additional application submissions. If this fee is paid, the private career school may submit two final application submissions for review prior to application denial under section 136A.829, subdivision 1, clause (2). This provision excludes from its scope nonrepetitive questions or clarifications initiated by the school before the submission of the application, initial interpretation questions or inquiries from the office regarding a completed application, and initial requests from the office for verification or validation of a completed application.

Sec. 41. Minnesota Statutes 2022, section 136A.828, subdivision 3, is amended to read:

Subd. 3. **False statements.** (a) A private career school, agent, or solicitor shall not make, or cause to be made, any statement or representation, oral, written or visual, in connection with the offering or publicizing of a program, if the private career school, agent, or solicitor knows or reasonably should have known the statement or representation to be false, fraudulent, deceptive, substantially inaccurate, or misleading.

(b) Other than opinion-based statements or puffery, a school shall only make claims that are evidence-based, can be validated, and are based on current conditions and not on conditions that are no longer relevant.

(c) A school shall not guarantee or imply the guarantee of employment.

(d) A school shall not guarantee or advertise any certain wage or imply earnings greater than the prevailing wage for entry-level wages in the field of study for the geographic area unless advertised wages are based on verifiable wage information from graduates.

(e) If placement statistics are used in advertising or other promotional materials, the school must be able to substantiate the statistics with school records. These records must be made available to the office upon request. A school is prohibited from reporting the following in placement statistics:

(1) a student required to receive a job offer or start a job to be classified as a graduate;

(2) a graduate if the graduate held a position before enrolling in the program, unless graduating enabled the graduate to maintain the position or the graduate received a promotion or raise upon graduation;

(3) a graduate who works less than 20 hours per week; and

(4) a graduate who is not expected to maintain the position for at least 180 days.

(f) A school shall not use endorsements, commendations, or recommendations by a student in favor of a school except with the consent of the student and without any offer of financial or other material compensation. Endorsements may be used only when they portray current conditions.

(g) A school may advertise that the school or its programs have been accredited by an accrediting agency recognized by the United States Department of Education or the Council for Higher Education Accreditation, but shall not advertise any other accreditation unless approved by the office. The office may approve an institution's advertising of accreditation that is not recognized by the United States Department of Education or the Council for Higher Education if that accreditation is industry specific. Clear distinction must be made when the school is in candidacy or application status versus full accreditation.

(h) A school may advertise that financial aid is available, including a listing of the financial aid programs in which the school participates, but federal or state financial aid shall not be used as a primary incentive in advertisement, promotion, or recruitment.

(i) A school may advertise placement or career assistance, if offered, but shall not use the words "wanted," "help wanted," or "trainee," either in the headline or the body of the advertisement.

(j) A school shall not be advertised under any "help wanted," "employment," or similar classification.

(k) A school shall not falsely claim that it is conducting a talent hunt, contest, or similar test.

(l) A school shall not make a claim that its program qualifies for a national certification if that national certification entity is not accepted or recognized by Minnesota employers. A school may validate that a

national certification is accepted or recognized by Minnesota employers by providing three certified letters from employers that the national certification entity is recognized in Minnesota by employers.

~~(l)~~ (m) The commissioner, at any time, may require a retraction of a false, misleading, or deceptive claim. To the extent reasonable, the retraction must be published in the same manner as the original claim.

Sec. 42. Minnesota Statutes 2022, section 136A.828, is amended by adding a subdivision to read:

Subd. 7. **Nondisclosure agreements.** No private career school shall use nondisclosure agreements or other contracts restricting a student's ability to disclose information in connection with school actions or conduct that would be covered under section 136A.8295.

Sec. 43. Minnesota Statutes 2022, section 136A.829, subdivision 3, is amended to read:

Subd. 3. **Powers and duties.** The office shall have (in addition to the powers and duties now vested therein by law) the following powers and duties:

(a) To negotiate and enter into interstate reciprocity agreements with similar agencies in other states, if in the judgment of the office such agreements are or will be helpful in effectuating the purposes of Laws 1973, chapter 714;

(b) To grant conditional private career school license for periods of less than one year if in the judgment of the office correctable deficiencies exist at the time of application and when refusal to issue private career school license would adversely affect currently enrolled students;

(c) The office may upon its own motion, and shall upon the verified complaint in writing of any person setting forth fact which, if proved, would constitute grounds for refusal or revocation under Laws 1973, chapter 714, investigate the actions of any applicant or any person or persons holding or claiming to hold a license or permit. However, before proceeding to a hearing on the question of whether a license or permit shall be refused, revoked or suspended for any cause enumerated in subdivision 1, the office shall grant a reasonable time to the holder of or applicant for a license or permit to correct the situation. If within such time the situation is corrected and the private career school is in compliance with the provisions of sections 136A.82 to 136A.834, no further action leading to refusal, revocation, or suspension shall be taken.

(d) To grant a private career school a probationary license for periods of less than three years if, in the judgment of the office, correctable deficiencies exist at the time of application that need more than one year to correct and when the risk of harm to students can be minimized through the use of restrictions and requirements as conditions of the license. Probationary licenses may include requirements and restrictions for:

(1) periodic monitoring and submission of reports on the school's deficiencies to ascertain whether compliance improves;

(2) periodic collaborative consultations with the school on noncompliance with sections 136A.82 to 136A.834 or how the institution is managing compliance;

(3) the submission of contingency plans such as teach-out plans or transfer pathways for students;

(4) a prohibition from accepting tuition and fee payments prior to the add/drop period of the current period of instruction or before the funds have been earned by the school according to the refund requirements of section 136A.827;

(5) a prohibition from enrolling new students;

(6) enrollment caps;

(7) the initiation of alternative processes and communications with students enrolled at the school to notify students of deficiencies or probation status;

(8) the submission of a surety under section 136A.822, subdivision 6, paragraph (b), clause (1), that exceeds ten percent of the preceding year's net revenue from student tuition, fees, and other required institutional charges collected; or

(9) submission of closure information under section 136A.8225.

Sec. 44. Minnesota Statutes 2022, section 136A.829, is amended by adding a subdivision to read:

Subd. 4. **Effect.** A private career school or its owners, officers, or sponsoring organization is prohibited from applying for licensure under section 136A.822 within two years of the effective date of a revocation or within two years from the last date of instruction if the school closed prior to all students completing their courses and programs. A school applying for licensure must:

(1) meet the requirements for licensure under section 136A.822;

(2) pay the licensure fees as a new school under section 136A.824, subdivision 1;

(3) correct any deficiencies that were identified in the revocation order or closed school requests under section 136A.8225;

(4) pay any outstanding fines or penalties under section 136A.832; and

(5) pay any outstanding student refunds under section 136A.827.

Sec. 45. Minnesota Statutes 2023 Supplement, section 136A.833, subdivision 2, is amended to read:

Subd. 2. **Exemption reasons.** Sections 136A.821 to 136A.832 shall not apply to the following:

(1) public postsecondary institutions;

(2) postsecondary institutions registered under sections 136A.61 to 136A.71;

(3) postsecondary institutions exempt from registration under sections 136A.653, subdivisions 1b, 2, 3, and 3a; 136A.657; and 136A.658;

~~(4) private career schools of nursing accredited by the state Board of Nursing or an equivalent public board of another state or foreign country;~~

~~(5)~~ (4) private schools complying with the requirements of section 120A.22, subdivision 4;

~~(6)~~ (5) courses taught to students in an apprenticeship program registered by the United States Department of Labor or Minnesota Department of Labor and taught by or required by a trade union. A trade union is an organization of workers in the same skilled occupation or related skilled occupations who act together to secure all members favorable wages, hours, and other working conditions;

~~(7)~~ (6) private career schools exclusively engaged in training physically or mentally disabled persons ~~for the state of Minnesota~~;

~~(8)~~ (7) private career schools licensed or approved by boards authorized under Minnesota law to issue licenses for training programs except private career schools required to obtain a private career school license due to the use of "academy," "institute," "college," or "university" in their names;

~~(9)~~ (8) private career schools and educational programs, or training programs, contracted for by persons, firms, corporations, government agencies, or associations, for the training of their own employees, for which no fee is charged the employee, regardless of whether that fee is reimbursed by the employer or third party after the employee successfully completes the training;

~~(10)~~ (9) private career schools engaged exclusively in the teaching of purely avocational, recreational, or remedial subjects that are not advertised or maintained for vocational or career advancement, including adult basic education, as determined by the office except private career schools required to obtain a private career school license due to the use of ~~"academy," "institute,"~~ "college~~,~~" or "university" in their names ~~unless the private career school used "academy" or "institute" in its name prior to August 1, 2008~~;

~~(11)~~ (10) classes, courses, or programs conducted by a bona fide trade, professional, or fraternal organization, solely for that organization's membership and not available to the public. In making the determination that the organization is bona fide, the office may request the school provide three certified letters from persons that qualify as evaluators under section 136A.828, subdivision 3, paragraph (l), that the organization is recognized in Minnesota;

~~(12)~~ (11) programs in the fine arts provided by organizations exempt from taxation under section 290.05 and registered with the attorney general under chapter 309. For the purposes of this clause, "fine arts" means activities resulting in artistic creation or artistic performance of works of the imagination which are engaged in for the primary purpose of creative expression rather than commercial sale, vocational or career advancement, or employment. In making this determination the office may seek the advice and recommendation of the Minnesota Board of the Arts;

~~(13)~~ (12) classes, courses, or programs intended to fulfill the continuing education requirements for a bona fide licensure or certification in a profession, that have been approved by a legislatively or judicially established board or agency responsible for regulating the practice of the profession or by an industry-specific certification entity, and that are offered exclusively to individuals with the professional licensure or certification. In making the determination that the licensure or certification is bona fide, the office may request the school provide three certified letters from persons that qualify as evaluators under section 136A.828, subdivision 3, paragraph (l), that the licensure and certification is recognized in Minnesota;

~~(14)~~ (13) review classes, courses, or programs intended to prepare students to sit for undergraduate, graduate, postgraduate, or occupational licensing, certification, or entrance examinations and does not include the instruction to prepare students for that license, occupation, certification, or exam;

~~(15)~~ (14) classes, courses, or programs providing 16 or fewer clock hours of instruction;

~~(16)~~ (15) classes, courses, or programs providing instruction in personal development that is not advertised or maintained for vocational or career advancement, modeling, or acting;

~~(17)~~ (16) private career schools with no physical presence in Minnesota~~, as determined by the office,~~ engaged exclusively in offering distance instruction that are located in and regulated by other states or jurisdictions if the distance education instruction does not include internships, externships, field placements, or clinical placements for residents of Minnesota; and

~~(18)~~ (17) private career schools providing exclusively training, instructional programs, or courses where tuition, fees, and any other charges, regardless of payment or reimbursement method, for a student to participate do not exceed $100.

Sec. 46. Minnesota Statutes 2023 Supplement, section 136F.38, subdivision 3, is amended to read:

Subd. 3. **Program eligibility.** (a) Scholarships shall be awarded only to a student eligible for resident tuition, as defined in section 135A.043, who is enrolled in any of the following programs of study or certification: (1) advanced manufacturing; (2) agriculture; (3) health care services; (4) information technology; (5) early childhood; (6) transportation; (7) construction; (8) education; (9) public safety; (10) energy; or ~~(10)~~ (11) a program of study under paragraph (b).

(b) Each institution may add one additional area of study or certification, based on a workforce shortage for full-time employment requiring postsecondary education that is unique to the institution's specific region, as reported in the most recent Department of Employment and Economic Development job vacancy survey data for the economic development region in which the institution is located. A workforce shortage area is one in which the job vacancy rate for full-time employment in a specific occupation in a region is higher than the state average vacancy rate for that same occupation. The institution may change the area of study or certification based on new data once every two years.

(c) The student must be enrolled for at least nine credits in a two-year college in the Minnesota State Colleges and Universities system to be eligible for first- and second-year scholarships.

(d) The student is eligible for a one-year transfer scholarship if the student transfers from a two-year college after two or more terms, and the student is enrolled for at least nine credits in a four-year university in the Minnesota State Colleges and Universities system.

Sec. 47. **[137.375] DISABLED VETERANS; UNIVERSITY OF MINNESOTA LANDSCAPE ARBORETUM.**

(a) For purposes of this section, "disabled veteran" means a veteran as defined in section 197.447 who is certified as disabled. "Certified as disabled" means certified in writing by the United States Department of Veterans Affairs or the state commissioner of veterans affairs as having a permanent service-connected disability.

(b) The University of Minnesota Landscape Arboretum is requested to provide a disabled veteran unlimited access to the University of Minnesota Landscape Arboretum located in the city of Chaska free of charge. The disabled veteran must provide a veteran photo identification card with the term "service-connected" on the identification card, verifying that the disabled veteran has a service-connected disability.

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

Sec. 48. **REPEALER.**

(a) Minnesota Statutes 2022, section 135A.16, is repealed.

(b) Minnesota Statutes 2023 Supplement, section 135A.162, subdivision 7, is repealed.

EFFECTIVE DATE. Paragraph (a) is effective January 1, 2025.

ARTICLE 36

FIREARMS

Section 1. Minnesota Statutes 2023 Supplement, section 299A.642, subdivision 15, is amended to read:

Subd. 15. **Required reports.** (a) By February 1 of each year, the commissioner of public safety shall submit the following reports to the chairs and ranking minority members of the senate and house of representatives committees and divisions having jurisdiction over criminal justice policy and funding:

(1) a report containing a summary of all audits conducted on multijurisdictional entities under subdivision 4;

(2) a report on the results of audits conducted on data submitted to the criminal gang investigative data system under section 299C.091;

(3) a report on the activities and goals of the coordinating council; and

(4) a report on how funds appropriated for violent crime reduction strategies were used.

(b) The report submitted under paragraph (a), clause (4), must include the following information regarding actions taken by the Bureau of Criminal Apprehension and Violent Crime Enforcement Teams receiving funding under this section:

(1) the number of firearms seized;

(2) the number of gun trafficking investigations conducted; and

(3) a summary of the types of investigations conducted.

Sec. 2. Minnesota Statutes 2023 Supplement, section 609.67, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) "Machine gun" means any firearm designed to discharge, or capable of discharging automatically more than once by a single function of the trigger.

(b) "Shotgun" means a weapon designed, redesigned, made or remade which is intended to be fired from the shoulder and uses the energy of the explosive in a fixed shotgun shell to fire through a smooth bore either a number of ball shot or a single projectile for each single pull of the trigger.

(c) "Short-barreled shotgun" means a shotgun having one or more barrels less than 18 inches in length and any weapon made from a shotgun if such weapon as modified has an overall length less than 26 inches.

(d) "Trigger activator" means:

(1) a removable manual or power driven trigger activating device constructed and designed so that, when attached to a firearm, the rate at which the trigger may be pulled increases and the rate of fire of the firearm increases to that of a machine gun; ~~or~~

(2) a device that allows a semiautomatic firearm to shoot more than one shot with a single pull of the trigger or by harnessing the recoil of energy of the semiautomatic firearm to which it is affixed so that the trigger resets and continues firing without additional physical manipulation of the trigger~~.~~; or

(3) a device that allows a firearm to shoot one shot on the pull of the trigger and a second shot on the release of the trigger without requiring a subsequent pull of the trigger.

(e) "Machine gun conversion kit" means any part or combination of parts designed and intended for use in converting a weapon into a machine gun, and any combination of parts from which a machine gun can be assembled, but does not include a spare or replacement part for a machine gun that is possessed lawfully under section 609.67, subdivision 3.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 3. Minnesota Statutes 2022, section 624.7141, is amended to read:

624.7141 TRANSFER TO INELIGIBLE PERSON.

Subdivision 1. **Transfer prohibited.** (a) A person is guilty of a ~~gross misdemeanor who~~ felony and may be sentenced to imprisonment for up to two years and to payment of a fine of not more than $10,000 if the person intentionally transfers a ~~pistol or semiautomatic military-style assault weapon~~ firearm to another ~~if~~ and the person knows or reasonably should know that the transferee:

(1) has been denied a permit to carry under section 624.714 because the transferee is not eligible under section 624.713 to possess a pistol or semiautomatic military-style assault weapon or any other firearm;

(2) has been found ineligible to possess a pistol or semiautomatic military-style assault weapon by a chief of police or sheriff as a result of an application for a transferee permit or a transfer report; or

(3) is disqualified under section 624.713 from possessing a pistol or semiautomatic military-style assault weapon or any other firearm.

(b) Paragraph (a) does not apply to the transfer of a firearm other than a pistol or semiautomatic military-style assault weapon to a person under the age of 18 who is not disqualified from possessing any other firearm.

Subd. 2. **~~Felony~~ Aggravated offense.** A ~~violation of this section is a felony~~ person who violates this section may be sentenced to imprisonment for up to five years and to payment of a fine of not more than $20,000 if the transferee possesses or uses the weapon within one year after the transfer in furtherance of a felony crime of violence.

Subd. 3. **Subsequent eligibility.** This section is not applicable to a transfer to a person who became eligible to possess a pistol or semiautomatic military-style assault weapon under section 624.713 after the transfer occurred but before the transferee used or possessed the weapon in furtherance of any crime.

Subd. 4. **Affirmative defense.** (a) As used in this subdivision, "family or household member" has the meaning given in section 518B.01, subdivision 2, paragraph (b).

(b) If proven by clear and convincing evidence, it is an affirmative defense to a violation of this section that the defendant was a family or household member of the transferee and committed the violation only under compulsion by the transferee who, by explicit or implicit threats or other acts, created a reasonable apprehension in the mind of the defendant that the refusal of the defendant to participate in the violation would result in the transferee inflicting substantial bodily harm or death on the defendant or a family or household member of the defendant.

(c) The fact finder may consider any evidence of past acts that would constitute domestic abuse, domestic or nondomestic assault, criminal sexual conduct, sexual extortion, sex trafficking, labor trafficking, harassment or stalking, or any other crime that is a crime of violence as defined in section 624.712, subdivision 5, or threats to commit any of these crimes by the transferee toward the defendant or another when determining

if the defendant has proven the affirmative defense. Past prosecution is not required for the fact finder to consider evidence of these acts. Nothing in this paragraph limits the ability of the fact finder to consider other relevant evidence when determining if the defendant has proven the affirmative defense.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to crimes committed on or after that date.

ARTICLE 37

AGRICULTURE APPROPRIATIONS

Section 1. Laws 2023, chapter 43, article 1, section 2, is amended to read:

Sec. 2. **DEPARTMENT OF AGRICULTURE**

		~~**92,025,000**~~		~~**72,223,000**~~
Subdivision 1. **Total Appropriation**	**$**	**88,325,000**	**$**	**80,243,000**

Appropriations by Fund

	2024	2025
	~~91,626,000~~	~~71,824,000~~
General	87,926,000	79,844,000
Remediation	399,000	399,000

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

Subd. 2. **Protection Services**

Appropriations by Fund

	2024	2025
	~~32,034,000~~	~~18,743,000~~
General	32,084,000	22,113,000
Remediation	399,000	399,000

(a) $399,000 the first year and $399,000 the second year are from the remediation fund for administrative funding for the voluntary cleanup program.

(b) $625,000 the first year and ~~$625,000~~ $1,120,000 the second year are for the soil health financial assistance program under Minnesota Statutes, section 17.134. The commissioner may award no more than $50,000 of the appropriation each year to a single

recipient. Of the second year amount, $495,000 is for projects located in Dodge, Fillmore, Goodhue, Houston, Mower, Olmsted, Wabasha, or Winona County. The commissioner may use up to 6.5 percent of this appropriation for costs incurred to administer the program. Any unencumbered balance does not cancel at the end of the first year and is available in the second year. Appropriations encumbered under contract on or before June 30, 2025, for soil health financial assistance grants are available until June 30, 2027. The base for this appropriation is $639,000 in fiscal year 2026 and each year thereafter.

(c) $800,000 the first year ~~is~~ and $75,000 the second year are for transfer to the pollinator research account established under Minnesota Statutes, section 18B.051. The base for this transfer is $100,000 in fiscal year 2026 and each year thereafter.

(d) $150,000 the first year and $150,000 the second year are for transfer to the noxious weed and invasive plant species assistance account established under Minnesota Statutes, section 18.89, to award grants under Minnesota Statutes, section 18.90, to counties, municipalities, and other weed management entities, including Minnesota Tribal governments as defined in Minnesota Statutes, section 10.65. This is a onetime appropriation.

(e) $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. The first year appropriation may be spent to compensate for livestock that were destroyed or crippled during fiscal year 2023. 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 each year to reimburse expenses incurred by university extension educators to provide fair market values of destroyed or crippled livestock. If the commissioner receives federal dollars to pay claims for destroyed or crippled livestock, an equivalent amount of this appropriation may be used to reimburse nonlethal prevention methods performed by federal wildlife services staff.

(f) $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 $10,000 of the appropriation each year to reimburse expenses incurred by the commissioner or the commissioner's approved agent to investigate and resolve claims, as well as for costs associated with training for approved agents. The commissioner may use up to $40,000 of the appropriation each year to make grants to producers for measures to protect stored crops from elk damage. 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.

(g) $825,000 the first year and $825,000 the second year are to replace capital equipment in the Department of Agriculture's analytical laboratory.

(h) $75,000 the first year and $75,000 the second year are to support a meat processing liaison position to assist new or existing meat and poultry processing operations in getting started, expanding, growing, or transitioning into new business models.

(i) $2,200,000 the first year and $1,650,000 the second year are additional funding to maintain the current level of service delivery for programs under this subdivision. The base for this appropriation is $1,925,000 for fiscal year 2026 and each year thereafter.

(j) $250,000 the first year and $250,000 the second year are for grants to organizations in Minnesota to develop enterprises, supply chains, and markets for continuous-living cover crops and cropping systems in the early stages of commercial development. For the purposes of this paragraph, "continuous-living cover crops and cropping systems" refers to agroforestry, perennial biomass, perennial forage, perennial grains, and winter-annual cereal grains and oilseeds that have market value as harvested or grazed commodities. By February 1 each year, the commissioner must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture finance and policy detailing uses of the funds in this paragraph, including administrative costs, and the achievements these funds contributed to. The commissioner may use

up to 6.5 percent of this appropriation for administrative costs. This is a onetime appropriation.

(k) $45,000 the first year and $45,000 the second year are appropriated for wolf-livestock conflict-prevention grants. The commissioner may use some of this appropriation to support nonlethal prevention work performed by federal wildlife services. This is a onetime appropriation.

(l) $10,000,000 the first year is for transfer to the grain indemnity account established in Minnesota Statutes, section 223.24. This is a onetime transfer.

(m) $125,000 the first year and $125,000 the second year are for the PFAS in pesticides review. This is a onetime appropriation.

(n) $1,941,000 the first year is for transfer to the food handler license account. This is a onetime transfer.

(o) $2,800,000 the second year is for nitrate home water treatment, including reverse osmosis, for private drinking-water wells with nitrate in excess of the maximum contaminant level of ten milligrams per liter and located in Dodge, Fillmore, Goodhue, Houston, Mower, Olmsted, Wabasha, or Winona County. The commissioner must prioritize households at or below 300 percent of the federal poverty guideline and households with infants or pregnant individuals. The commissioner may also use this appropriation for education, outreach, and technical assistance to homeowners. The commissioner of agriculture may transfer money to the commissioner of health to establish and administer a mitigation program for contaminated wells located in Dodge, Fillmore, Goodhue, Houston, Mower, Olmsted, Wabasha, or Winona County. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner may use up to 6.5 percent of this appropriation for administrative costs. This is a onetime appropriation and is available until June 30, 2027.

(p) $50,000 the first year is to convene a working group of interested parties, including representatives from the Department of Natural Resources, to investigate and recommend options for addressing crop and fence destruction due to Cervidae. By February 1, 2025, the commissioner must submit a report on the findings and recommendations of the working group

to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture policy and finance. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available in the second year. This is a onetime appropriation.

Subd. 3. **Agricultural Marketing and Development** 5,165,000 4,985,000

(a) $150,000 the first year and $150,000 the second year are to expand international trade opportunities and markets for Minnesota agricultural products.

(b) $186,000 the first year and $186,000 the second year are for transfer to the Minnesota grown account and may be used as grants for Minnesota grown promotion under Minnesota Statutes, section 17.102. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2025, for Minnesota grown grants in this paragraph are available until June 30, 2027.

(c) $634,000 the first year and $634,000 the second year are for the continuation of the dairy development and profitability enhancement programs, including dairy profitability teams and dairy business planning grants under Minnesota Statutes, section 32D.30.

(d) The commissioner may use funds appropriated in this subdivision for annual cost-share payments to resident farmers or entities that sell, process, or package agricultural products in this state for the costs of organic certification. The commissioner may allocate these funds for assistance to persons transitioning from conventional to organic agriculture.

(e) $600,000 the first year and $420,000 the second year are to maintain the current level of service delivery. The base for this appropriation is ~~$490,000~~ $510,000 for fiscal year 2026 and each year thereafter.

(f) $100,000 the first year and $100,000 the second year are for mental health outreach and support to farmers, ranchers, and others in the agricultural community and for farm safety grant and outreach programs under Minnesota Statutes, section 17.1195. Mental health outreach and support may include a 24-hour hotline, stigma reduction, and education. Notwithstanding Minnesota Statutes, section 16A.28,

any unencumbered balance does not cancel at the end of the first year and is available in the second year. This is a onetime appropriation.

(g) $100,000 the first year and $100,000 the second year are to award and administer grants ~~for infrastructure~~ and other forms of financial assistance to support EBT, SNAP, SFMNP, and related programs at farmers markets. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available in the second year. This is a onetime appropriation.

(h) $200,000 the first year and $200,000 the second year are to award cooperative grants under Minnesota Statutes, section 17.1016. The commissioner may use up to 6.5 percent of the appropriation each year to administer the grant program. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available in the second year. This is a onetime appropriation.

Subd. 4. **Agriculture, Bioenergy, and Bioproduct Advancement**	~~37,809,000~~ 34,034,000	~~33,809,000~~ 38,159,000

(a) $10,702,000 the first year and $10,702,000 the second year are for the agriculture research, education, extension, and technology transfer program under Minnesota Statutes, section 41A.14. Except as provided below, the appropriation each year is for transfer to the agriculture research, education, extension, and technology transfer account under Minnesota Statutes, section 41A.14, subdivision 3, and the commissioner shall transfer funds each year to the Board of Regents of the University of Minnesota for purposes of Minnesota Statutes, section 41A.14. To the extent practicable, money expended under Minnesota Statutes, section 41A.14, subdivision 1, clauses (1) and (2), must supplement and not supplant existing sources and levels of funding. The commissioner may use up to one percent of this appropriation for costs incurred to administer the program.

Of the amount appropriated for the agriculture research, education, extension, and technology transfer

grant program under Minnesota Statutes, section 41A.14:

(1) $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) up to $1,000,000 the first year and up to $1,000,000 the second year are for research on avian influenza, salmonella, and other turkey-related diseases and disease prevention measures;

(3) $2,250,000 the first year and $2,250,000 the second year are for grants to the Minnesota Agricultural Education Leadership Council to enhance agricultural education with priority given to Farm Business Management challenge grants;

(4) $450,000 the first year is for the cultivated wild rice breeding project at the North Central Research and Outreach Center to include a tenure track/research associate plant breeder;

(5) $350,000 the first year and $350,000 the second year are for potato breeding;

(6) $802,000 the first year and $802,000 the second year are to fund the Forever Green Initiative and protect the state's natural resources while increasing the efficiency, profitability, and productivity of Minnesota farmers by incorporating perennial and winter-annual crops into existing agricultural practices. The base for the allocation under this clause is $802,000 in fiscal year 2026 and each year thereafter. By February 1 each year, the dean of the College of Food, Agricultural and Natural Resource Sciences must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture finance and policy and higher education detailing uses of the funds in this paragraph, including administrative costs, and the achievements these funds contributed to; ~~and~~

(7) $350,000 each year is for farm-scale winter greenhouse research and development coordinated by University of Minnesota Extension Regional Sustainable Development Partnerships. The allocation in this clause is onetime~~.~~;

(8) $200,000 the second year is for research on natural stands of wild rice; and

(9) $250,000 the second year is for the cultivated wild rice forward selection project at the North Central Research and Outreach Center, including a tenure track or research associate plant scientist.

(b) The base for the agriculture research, education, extension, and technology transfer program is $10,352,000 in fiscal year 2026 and $10,352,000 in fiscal year 2027.

(c) ~~$27,107,000~~ $23,332,000 the first year ~~and $23,107,000 the second year are~~ is for the agricultural growth, research, and innovation program under Minnesota Statutes, section 41A.12. Except as provided below, the commissioner may allocate this appropriation ~~each year~~ among the following areas: facilitating the start-up, modernization, improvement, or expansion of livestock operations, including beginning and transitioning livestock operations with preference given to robotic dairy-milking equipment; assisting value-added agricultural businesses to begin or expand, to access new markets, or to diversify, including aquaponics systems, with preference given to hemp fiber processing equipment; 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; the development or expansion of food hubs and other alternative community-based food distribution systems; enhancing renewable energy infrastructure and use; crop research, including basic and applied turf seed research; Farm Business Management tuition assistance; and good agricultural practices and good handling practices certification assistance. 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 under Minnesota Statutes, section 41A.12:

(1) $1,000,000 the first year ~~and $1,000,000 the second year are~~ is for distribution in equal amounts to each of the state's county fairs to preserve and promote Minnesota agriculture;

(2) $5,750,000 the first year ~~and $5,750,000 the second year are~~ is for incentive payments under Minnesota Statutes, sections 41A.16, 41A.17, 41A.18, and 41A.20. Notwithstanding Minnesota Statutes, section 16A.28, the first year appropriation is available until June 30, 2025~~, and the second year appropriation is available until June 30, 2026~~. 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 other purposes under this paragraph~~. The base under this clause is $3,000,000 in fiscal year 2026 and each year thereafter~~;

(3) $3,375,000 the first year ~~and $3,375,000 the second year are~~ is for grants that enable retail petroleum dispensers, fuel storage tanks, and other equipment to dispense biofuels to the public in accordance with the biofuel replacement goals established under Minnesota Statutes, section 239.7911. A retail petroleum dispenser selling petroleum for use in spark ignition engines for vehicle model years after 2000 is eligible for grant money under this clause if the retail petroleum dispenser has no more than 10 retail petroleum dispensing sites and each site is located in Minnesota. The grant money must be used to replace or upgrade equipment that does not have the ability to be certified for E25. A grant award must not exceed 65 percent of the cost of the appropriate technology. A grant award must not exceed $200,000 per station. The commissioner must cooperate with biofuel stakeholders in the implementation of the grant program. The commissioner, in cooperation with any economic or community development financial institution and any other entity with which the commissioner contracts, must submit a report on the biofuels infrastructure financial assistance program by January 15 of each year to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture policy and finance. The annual report must include but not be limited to a summary of the following metrics: (i) the number and types of projects financed; (ii) the amount of dollars leveraged or matched per project; (iii) the geographic distribution of financed projects; (iv) any market expansion associated with upgraded infrastructure; (v) the demographics of the areas served; (vi) the costs of the program; and (vii) the number of grants to minority-owned or female-owned businesses~~. The base~~

~~under this clause is $3,000,000 for fiscal year 2026 and each year thereafter~~;

(4) $1,250,000 the first year ~~and $1,250,000 the second year are~~ is for grants to facilitate the start-up, modernization, or expansion of meat, poultry, egg, and milk processing facilities. A grant award under this clause must not exceed $200,000. Any unencumbered balance at the end of the second year does not cancel until June 30, 2026, and may be used for other purposes under this paragraph~~. The base under this clause is $250,000 in fiscal year 2026 and each year thereafter~~;

(5) $1,150,000 the first year ~~and $1,150,000 the second year are~~ is for providing more fruits, vegetables, meat, poultry, grain, and dairy for children in school and early childhood education ~~centers~~ settings, including, at the commissioner's discretion, providing grants to reimburse schools and early childhood education ~~centers~~ and child care providers for purchasing equipment and agricultural products. Organizations must participate in the National School Lunch Program or the Child and Adult Care Food Program to be eligible. Of the amount appropriated, $150,000 ~~each year~~ is for a statewide coordinator of farm-to-institution strategy and programming. The coordinator must consult with relevant stakeholders and provide technical assistance and training for participating farmers and eligible grant recipients~~. The base under this clause is $1,294,000 in fiscal year 2026 and each year thereafter~~;

~~(6) $4,000,000 the first year is for Dairy Assistance, Investment, Relief Initiative (DAIRI) grants and other forms of financial assistance to Minnesota dairy farms that enroll in coverage under a federal dairy risk protection program and produced no more than 16,000,000 pounds of milk in 2022. The commissioner must make DAIRI payments based on the amount of milk produced in 2022, up to 5,000,000 pounds per participating farm, at a rate determined by the commissioner within the limits of available funding. Any unencumbered balance does not cancel at the end of the first year and is available in the second year. Any unencumbered balance at the end of the second year does not cancel until June 30, 2026, and may be used for other purposes under this paragraph. The allocation in this clause is onetime;~~

~~(7)~~ (6) $2,000,000 the first year ~~and $2,000,000 the second year are~~ is for urban youth agricultural education or urban agriculture community development; ~~and~~

~~(8)~~ (7) $1,000,000 the first year ~~and $1,000,000 the second year are~~ is for the good food access program under Minnesota Statutes, section 17.1017~~.~~; and

(8) $225,000 the first year is to provide grants to secondary career and technical education programs for the purpose of offering instruction in meat cutting and butchery. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner may use up to 6.5 percent of this appropriation for administrative costs. This is a onetime appropriation. Grants may be used for costs, including but not limited to:

(i) equipment required for a meat cutting program;

(ii) facility renovation to accommodate meat cutting; and

(iii) training faculty to teach the fundamentals of meat processing.

A grant recipient may be awarded a grant of up to $75,000 and may use up to ten percent of the grant for faculty training. Priority may be given to applicants who are coordinating with meat cutting and butchery programs at Minnesota State Colleges and Universities institutions or with local industry partners.

By January 15, 2025, the commissioner must report to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture finance and education finance by listing the grants made under this paragraph by county and noting the number and amount of grant requests not fulfilled. The report may include additional information as determined by the commissioner, including but not limited to information regarding the outcomes produced by these grants. If additional grants are awarded under this paragraph that were not covered in the report due by January 15, 2025, the commissioner must submit an additional report to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture finance

and education finance regarding all grants issued under this paragraph by November 1, 2025.

Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available for the second year, and appropriations encumbered under contract on or before June 30, 2025, for agricultural growth, research, and innovation grants are available until June 30, 2028.

(d) $27,457,000 the second year is for the agricultural growth, research, and innovation program under Minnesota Statutes, section 41A.12. Except as provided below, the commissioner may allocate this appropriation among the following areas: facilitating the start-up, modernization, improvement, or expansion of livestock operations, including beginning and transitioning livestock operations with preference given to robotic dairy-milking equipment; assisting value-added agricultural businesses to begin or expand, to access new markets, or to diversify, including aquaponics systems, with preference given to hemp fiber processing equipment; 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; the development or expansion of food hubs and other alternative community-based food distribution systems; enhancing renewable energy infrastructure and use; crop research, including basic and applied turf seed research; Farm Business Management tuition assistance; and good agricultural practices and good handling practices certification assistance. 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 under Minnesota Statutes, section 41A.12:

(1) $1,000,000 the second year is for distribution in equal amounts to each of the state's county fairs to preserve and promote Minnesota agriculture;

(2) $5,750,000 the second year is for incentive payments under Minnesota Statutes, sections 41A.16, 41A.17, 41A.18, and 41A.20. Notwithstanding Minnesota Statutes, section 16A.28, this appropriation

is available until June 30, 2027. 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 other purposes under this paragraph. The base under this clause is $3,000,000 in fiscal year 2026 and each year thereafter;

(3) $3,375,000 the second year is for grants that enable retail petroleum dispensers, fuel storage tanks, and other equipment to dispense biofuels to the public in accordance with the biofuel replacement goals established under Minnesota Statutes, section 239.7911. A retail petroleum dispenser selling petroleum for use in spark ignition engines for vehicle model years after 2000 is eligible for grant money under this clause if the retail petroleum dispenser has no more than ten retail petroleum dispensing sites and each site is located in Minnesota. The grant money must be used to replace or upgrade equipment that does not have the ability to be certified for E25. A grant award must not exceed 65 percent of the cost of the appropriate technology. A grant award must not exceed $200,000 per station. The commissioner must cooperate with biofuel stakeholders in the implementation of the grant program. The commissioner, in cooperation with any economic or community development financial institution and any other entity with which the commissioner contracts, must submit a report on the biofuels infrastructure financial assistance program by January 15 of each year to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture policy and finance. The annual report must include but not be limited to a summary of the following metrics: (i) the number and types of projects financed; (ii) the amount of money leveraged or matched per project; (iii) the geographic distribution of financed projects; (iv) any market expansion associated with upgraded infrastructure; (v) the demographics of the areas served; (vi) the costs of the program; and (vii) the number of grants to minority-owned or female-owned businesses. The base under this clause is $3,000,000 for fiscal year 2026 and each year thereafter;

(4) $1,250,000 the second year is for grants to facilitate the start-up, modernization, or expansion of meat, poultry, egg, and milk processing facilities. A grant award under this clause must not exceed $200,000.

Any unencumbered balance at the end of the second year does not cancel until June 30, 2027, and may be used for other purposes under this paragraph. The base under this clause is $250,000 in fiscal year 2026 and each year thereafter;

(5) $1,275,000 the second year is for providing more fruits, vegetables, meat, poultry, grain, and dairy for children in school and early childhood education settings, including, at the commissioner's discretion, providing grants to reimburse schools and early childhood education and child care providers for purchasing equipment and agricultural products. Organizations must participate in the National School Lunch Program or the Child and Adult Care Food Program to be eligible. Of the amount appropriated, $150,000 is for a statewide coordinator of farm-to-institution strategy and programming. The coordinator must consult with relevant stakeholders and provide technical assistance and training for participating farmers and eligible grant recipients. The base under this clause is $1,294,000 in fiscal year 2026 and each year thereafter;

(6) $4,000,000 the second year is for Dairy Assistance, Investment, Relief Initiative (DAIRI) grants and other forms of financial assistance to Minnesota dairy farms that enroll in coverage under a federal dairy risk protection program and produced no more than 16,000,000 pounds of milk in 2022. The commissioner must make DAIRI payments based on the amount of milk produced in 2022, up to 5,000,000 pounds per participating farm, at a rate determined by the commissioner within the limits of available funding. Any unencumbered balance on June 30, 2026, may be used for other purposes under this paragraph. The allocation in this clause is onetime;

(7) $2,000,000 the second year is for urban youth agricultural education or urban agriculture community development;

(8) $1,000,000 the second year is for the good food access program under Minnesota Statutes, section 17.1017; and

(9) $225,000 the second year is for the protecting livestock grant program for producers to support the installation of measures to prevent the transmission of avian influenza. For the appropriation in this paragraph,

a grant applicant must document a cost-share of 20 percent. An applicant's cost-share amount may be reduced up to $2,000 to cover time and labor costs. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner may use up to 6.5 percent of this appropriation for administrative costs. This appropriation is available until June 30, 2027. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, this appropriation does not cancel at the end of the second year and is available until June 30, 2027. Appropriations encumbered under contract on or before June 30, 2027, for agricultural growth, research, and innovation grants are available until June 30, 2030.

~~(d)~~ (e) The base for the agricultural growth, research, and innovation program is ~~$16,294,000~~ $17,582,000 in fiscal year 2026 and each year thereafter and includes $200,000 each year for cooperative development grants.

	~~16,618,000~~	~~14,287,000~~
Subd. 5. **Administration and Financial Assistance**	16,643,000	14,587,000

(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 must 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) $350,000 the first year and $350,000 the second year are for grants to the Minnesota Agricultural Education and Leadership Council for programs of the council under Minnesota Statutes, chapter 41D. The base for this appropriation is $250,000 in fiscal year 2026 and each year thereafter.

(c) $2,000 the first year is for a grant to the Minnesota State Poultry Association. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available for the second year.

(d) $18,000 the first year and $18,000 the second year are for grants to the Minnesota Livestock Breeders Association. This is a onetime appropriation.

(e) $60,000 the first year and $60,000 the second year are for grants to the Northern Crops Institute that may be used to purchase equipment. This is a onetime appropriation.

(f) $34,000 the first year and $34,000 the second year are for grants to the Minnesota State Horticultural Society. This is a onetime appropriation.

(g) $25,000 the first year and $25,000 the second year are for grants to the Center for Rural Policy and Development. This is a onetime appropriation.

(h) $75,000 the first year and $75,000 the second year are appropriated from the general fund to the commissioner of agriculture for 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 Minnesota Turf Seed Council 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 in the second year. The Minnesota Turf Seed Council must prepare a report outlining the use of the grant money and related accomplishments. No later than January 15, 2025, the council must submit the report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture finance and policy. This is a onetime appropriation.

(i) $100,000 the first year and $100,000 the second year are for grants to GreenSeam for assistance to agriculture-related businesses to support business retention and development, business attraction and creation, talent development and attraction, and regional branding and promotion. These are onetime appropriations. No later than December 1, 2024, and December 1, 2025, GreenSeam must report to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture and rural development with information on new and existing

businesses supported, number of new jobs created in the region, new educational partnerships and programs supported, and regional branding and promotional efforts.

(j) $1,950,000 the first year and $1,950,000 the second year are for grants to Second Harvest Heartland on behalf of Minnesota's six Feeding America food banks for the following purposes:

(1) at least $850,000 each year must be allocated to purchase 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. 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 that receives funding under this clause may use up to two percent for administrative expenses. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance the first year does not cancel and is available the second year;

(2) 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 be 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 clause must be from Minnesota producers and processors. Second Harvest Heartland may use up to 15 percent of each grant awarded under this clause for administrative and transportation expenses; and

(3) to purchase and distribute protein products, including but not limited to pork, poultry, beef, dry legumes, cheese, and eggs to Minnesota's food shelves and other charitable organizations that are eligible to receive food from the food banks. Second Harvest

Heartland may use up to two percent of each grant awarded under this clause for administrative expenses. Protein products purchased under the grants must be acquired from Minnesota processors and producers.

Second Harvest Heartland must submit quarterly reports to the commissioner and the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture finance in the form prescribed by the commissioner. The reports must include but are not limited to information on the expenditure of funds, the amount of milk or other commodities purchased, and the organizations to which this food was distributed. The base for this appropriation is $1,700,000 for fiscal year 2026 and each year thereafter.

(k) $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.

(l) $300,000 the first year and $300,000 the second year are for grants to The Good Acre for the Local Emergency Assistance Farmer Fund (LEAFF) program to compensate emerging farmers for crops donated to hunger relief organizations in Minnesota. This is a onetime appropriation.

(m) $750,000 the first year and $750,000 the second year are to expand the Emerging Farmers Office and provide services to beginning and emerging farmers to increase connections between farmers and market opportunities throughout the state. This appropriation may be used for grants, translation services, training programs, or other purposes in line with the recommendations of the Emerging Farmer Working Group established under Minnesota Statutes, section 17.055, subdivision 1. The base for this appropriation is $1,000,000 in fiscal year 2026 and each year thereafter.

(n) $50,000 the first year is to provide technical assistance and leadership in the development of a comprehensive and well-documented state aquaculture plan. The commissioner must provide the state aquaculture plan to the legislative committees with

jurisdiction over agriculture finance and policy by February 15, 2025.

(o) $337,000 the first year and $337,000 the second year are for farm advocate services. Of these amounts, $50,000 the first year and $50,000 the second year are for the continuation of the farmland transition programs and may be used for grants to farmland access teams to provide technical assistance to potential beginning farmers. Farmland access teams must assist existing farmers and beginning farmers with transitioning farm ownership and farm operation. Services provided by teams may include but are not limited to mediation assistance, designing contracts, financial planning, tax preparation, estate planning, and housing assistance.

(p) $260,000 the first year and $260,000 the second year are for a pass-through grant to Region Five Development Commission to provide, in collaboration with Farm Business Management, statewide mental health counseling support to Minnesota farm operators, families, and employees, and individuals who work with Minnesota farmers in a professional capacity. Region Five Development Commission may use up to 6.5 percent of the grant awarded under this paragraph for administration.

(q) $1,000,000 the first year is for transfer to the agricultural emergency account established under Minnesota Statutes, section 17.041.

(r) $1,084,000 the first year and $500,000 the second year are to support IT modernization efforts, including laying the technology foundations needed for improving customer interactions with the department for licensing and payments. This is a onetime appropriation.

(s) $275,000 the first year is for technical assistance grants to certified community development financial institutions that participate in United States Department of Agriculture loan or grant programs for small or emerging farmers, including but not limited to the Increasing Land, Capital, and Market Access Program. For purposes of this paragraph, "emerging farmer" has the meaning given in Minnesota Statutes, section 17.055, subdivision 1. The commissioner may use up to 6.5 percent of this appropriation for costs incurred to administer the program. Notwithstanding Minnesota

Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available in the second year. This is a onetime appropriation.

(t) $1,425,000 the first year and $1,425,000 the second year are for transfer to the agricultural and environmental revolving loan account established under Minnesota Statutes, section 17.117, subdivision 5a, for low-interest loans under Minnesota Statutes, section 17.117.

(u) $150,000 the first year and $150,000 the second year are for administrative support for the Rural Finance Authority.

(v) The base in fiscal years 2026 and 2027 is $150,000 each year to coordinate climate-related activities and services within the Department of Agriculture and counterparts in local, state, and federal agencies and to hire a full-time climate implementation coordinator. The climate implementation coordinator must coordinate efforts seeking federal funding for Minnesota's agricultural climate adaptation and mitigation efforts and develop strategic partnerships with the private sector and nongovernment organizations.

(w) $1,200,000 the first year and $930,000 the second year are to maintain the current level of service delivery. The base for this appropriation is ~~$1,085,000~~ $1,065,000 in fiscal year 2026 and ~~$1,085,000~~ $1,065,000 in fiscal year 2027 and each year thereafter.

(x) $250,000 the first year is for a grant to the Board of Regents of the University of Minnesota to purchase equipment for the Veterinary Diagnostic Laboratory to test for chronic wasting disease, African swine fever, avian influenza, and other animal diseases. The Veterinary Diagnostic Laboratory must report expenditures under this paragraph to the legislative committees with jurisdiction over agriculture finance and higher education with a report submitted by January 3, 2024, and a final report submitted by December 31, 2024. The reports must include a list of equipment purchased, including the cost of each item.

(y) $1,000,000 the first year and $1,000,000 the second year are to award and administer down payment assistance grants under Minnesota Statutes, section

17.133, with priority given to ~~emerging farmers as defined in Minnesota Statutes, section 17.055, subdivision 1~~ eligible applicants with no more than $100,000 in annual gross farm product sales and eligible applicants who are producers of industrial hemp, cannabis, or one or more of the following specialty crops as defined by the United States Department of Agriculture for purposes of the specialty crop block grant program: fruits and vegetables, tree nuts, dried fruits, medicinal plants, culinary herbs and spices, horticulture crops, floriculture crops, and nursery crops. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance at the end of the first year does not cancel and is available in the second year and appropriations encumbered under contract by June 30, 2025, are available until June 30, 2027.

(z) $222,000 the first year and $322,000 the second year are for meat processing training and retention incentive grants under section 5. The commissioner may use up to 6.5 percent of this appropriation for costs incurred to administer the program. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available in the second year. This is a onetime appropriation.

(aa) $300,000 the first year and $300,000 the second year are for transfer to the Board of Regents of the University of Minnesota to evaluate, propagate, and maintain the genetic diversity of oilseeds, grains, grasses, legumes, and other plants including flax, timothy, barley, rye, triticale, alfalfa, orchard grass, clover, and other species and varieties that were in commercial distribution and use in Minnesota before 1970, excluding wild rice. This effort must also protect traditional seeds brought to Minnesota by immigrant communities. This appropriation includes funding for associated extension and outreach to small and Black, Indigenous, and People of Color (BIPOC) farmers. This is a onetime appropriation.

(bb) $300,000 the second year is to award and administer beginning farmer equipment and infrastructure grants under Minnesota Statutes, section 17.055. This is a onetime appropriation.

(cc) $25,000 the first year is for the credit market report. Notwithstanding Minnesota Statutes, section 16A.28, any unencumbered balance does not cancel at the end of the first year and is available in the second year. This is a onetime appropriation.

~~(bb)~~ (dd) The commissioner shall continue to increase connections with ethnic minority and immigrant farmers to farming opportunities and farming programs throughout the state.

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

Sec. 2. Laws 2023, chapter 43, article 1, section 4, is amended to read:

Sec. 4. **AGRICULTURAL UTILIZATION RESEARCH INSTITUTE**	**$**	**~~6,143,000~~ 6,368,000**	**$**	**4,343,000**

(a) $300,000 the first year is for equipment upgrades, equipment replacement, installation expenses, and laboratory infrastructure at the Agricultural Utilization Research Institute's laboratories in the cities of Crookston, Marshall, and Waseca.

(b) $1,500,000 the first year is to replace analytical and processing equipment and make corresponding facility upgrades at Agricultural Utilization Research Institute facilities in the cities of Marshall, Crookston, and Waseca. Of this amount, up to $500,000 may be used for renewable natural gas and anaerobic digestion projects. This is a onetime appropriation and is available until June 30, 2026.

(c) $300,000 the first year and $300,000 the second year are to maintain the current level of service delivery.

(d) $225,000 the first year is to support food businesses. This is a onetime appropriation and is available until June 30, 2026.

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

ARTICLE 38

AGRICULTURE POLICY

Section 1. Minnesota Statutes 2022, section 3.7371, is amended by adding a subdivision to read:

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

(b) "Approved agent" means a person authorized by the Department of Agriculture to determine if crop or fence damage was caused by elk and to assign a monetary value to the crop or fence damage.

(c) "Commissioner" means the commissioner of agriculture or the commissioner's authorized representative.

(d) "Estimated value" means the current value of crops or fencing as determined by an approved agent.

(e) "Owner" means an individual, firm, corporation, copartnership, or association with an interest in crops or fencing damaged by elk.

Sec. 2. Minnesota Statutes 2022, section 3.7371, subdivision 2, is amended to read:

Subd. 2. **Claim form and reporting.** (a) The owner must prepare a claim on forms provided by the commissioner and available on the Department of ~~Agriculture's~~ Agriculture website or by request from the commissioner. ~~The claim form must be filed with the commissioner.~~

(b) After discovering crop or fence damage suspected to be caused by elk, an owner must promptly notify an approved agent of the damage. To submit a claim for crop or fence damage caused by elk, an owner must complete the required portions of the claim form provided by the commissioner. An owner who has submitted a claim must provide an approved agent with all information required to investigate the crop or fence damage.

Sec. 3. Minnesota Statutes 2022, section 3.7371, is amended by adding a subdivision to read:

Subd. 2a. **Investigation and crop valuation.** (a) Upon receiving notification of crop or fence damage suspected to be caused by elk, an approved agent must promptly investigate the damage in a timely manner. An approved agent must make written findings on the claim form regarding whether the crop or fence was destroyed or damaged by elk. The approved agent's findings must be based on physical and circumstantial evidence, including:

(1) the condition of the crop or fence;

(2) the presence of elk tracks;

(3) the geographic area of the state where the crop or fence damage occurred;

(4) any sightings of elk in the area; and

(5) any other circumstances that the approved agent considers to be relevant.

(b) The absence of affirmative evidence may be grounds for denial of a claim.

(c) On a claim form, an approved agent must make written findings of the extent of crop or fence damage and, if applicable, the amount of crop destroyed.

(d) For damage to standing crops, an owner may choose to have the approved agent use the method in clause (1) or (2) to complete the claim form and determine the amount of crop loss:

(1) to submit a claim form to the commissioner at the time that the suspected elk damage is discovered, the approved agent must record on the claim form: (i) the field's potential yield per acre; (ii) the field's average yield per acre that is expected on the damaged acres; (iii) the estimated value of the crop; and (iv)

the total amount of loss. Upon completing the claim form, the approved agent must submit the form to the commissioner; or

(2) to submit a claim form to the commissioner at the time that the crop is harvested, the approved agent must record on the claim form at the time of the investigation: (i) the percent of crop loss from damage; (ii) the actual yield of the damaged field when the crop is harvested; (iii) the estimated value of the crop; and (iv) the total amount of loss. Upon completing the claim form, the approved agent must submit the form to the commissioner.

(e) For damage to stored crops, an approved agent must record on the claim form: (1) the type and volume of destroyed stored crops; (2) the estimated value of the crop; and (3) the total amount of loss.

(f) For damage to fencing, an approved agent must record on the claim form: (1) the type of materials damaged; (2) the linear feet of the damage; (3) the value of the materials per unit according to National Resource Conservation Service specifications; and (4) the calculated total damage to the fence.

Sec. 4. Minnesota Statutes 2022, section 3.7371, is amended by adding a subdivision to read:

Subd. 2b. **Claim form.** A completed claim form must be signed by the owner and an approved agent. An approved agent must submit the claim form to the commissioner for the commissioner's review and payment. The commissioner must return an incomplete claim form to the approved agent. When returning an incomplete claim form to an approved agent, the commissioner must indicate which information is missing from the claim form.

Sec. 5. Minnesota Statutes 2022, section 3.7371, subdivision 3, is amended to read:

Subd. 3. **Compensation.** (a) ~~The crop~~ An owner is entitled to the ~~target price or the market price, whichever is greater,~~ estimated value of the damaged or destroyed crop ~~plus adjustments for yield loss determined according to agricultural stabilization and conservation service programs for individual farms, adjusted annually, as determined by the commissioner, upon recommendation of the commissioner's approved agent for the owner's county~~ or fence. Verification of crop or fence damage ~~or destruction~~ by elk may be provided by submitting photographs or other evidence and documentation ~~together with a statement from an independent witness~~ using forms prescribed by the commissioner. The commissioner, upon recommendation of the commissioner's approved agent, shall determine whether the crop damage or destruction or damage to or destruction of a fence surrounding a crop or pasture is caused by elk and, if so, the amount of the crop or fence that is damaged or destroyed. In any fiscal year, an owner may not be compensated for a damaged or destroyed crop or fence surrounding a crop or pasture that is less than $100 in value and may be compensated up to $20,000, as determined under this section~~, if normal harvest procedures for the area are followed~~. An owner may not be compensated more than $1,800 per fiscal year for damage to fencing surrounding a crop or pasture.

(b) In any fiscal year, the commissioner may provide compensation for claims filed under this section up to the amount expressly appropriated for this purpose.

Sec. 6. Minnesota Statutes 2023 Supplement, section 17.055, subdivision 3, is amended to read:

Subd. 3. **Beginning farmer equipment and infrastructure grants.** (a) The commissioner may award and administer equipment and infrastructure grants to beginning farmers. The commissioner shall give preference to applicants who are ~~emerging farmers~~ experiencing limited land access or limited market access

as those terms are defined in section 17.133, subdivision 1. Grant money may be used for equipment and infrastructure development.

(b) The commissioner shall develop competitive eligibility criteria and may allocate grants on a needs basis.

(c) Grant projects may continue for up to two years.

Sec. 7. Minnesota Statutes 2022, section 17.116, subdivision 2, is amended to read:

Subd. 2. **Eligibility.** (a) Grants may ~~only~~ be made to farmers~~,~~ and organizations such as farms, agricultural cooperatives, educational institutions, individuals at educational institutions, ~~or~~ nonprofit organizations, Tribal governments, or local units of government residing or located in the state for research or demonstrations on farms in the state.

(b) Grants may only be made for projects that show:

(1) the ability to maximize direct or indirect energy savings or production;

(2) a positive effect or reduced adverse effect on the environment; or

(3) increased profitability for the individual farm by reducing costs or improving marketing opportunities.

Sec. 8. Minnesota Statutes 2022, section 17.133, subdivision 1, is amended to read:

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

(b) "Eligible farmer" means an individual who at the time that the grant is awarded:

(1) is a resident of Minnesota who intends to acquire farmland located within the state and provide the majority of the day-to-day physical labor and management of the farm;

(2) grosses no more than $250,000 per year from the sale of farm products; ~~and~~

(3) has not, and whose spouse has not, at any time had a direct or indirect ownership interest in farmland; and

(4) is not, and whose spouse is not, related by blood or marriage to an owner of the farmland that the individual intends to acquire.

(c) "Farm down payment" means an initial, partial payment required by a lender or seller to purchase farmland.

(d) "Incubator farm" means a farm where:

(1) individuals are given temporary, exclusive, and affordable access to small parcels of land, infrastructure, and often training, for the purpose of honing skills and launching a farm business; and

(2) a majority of the individuals farming the small parcels of land grow industrial hemp, cannabis, or one or more of the following specialty crops as defined by the United States Department of Agriculture for purposes of the specialty crop block grant program: fruits and vegetables, tree nuts, dried fruits, medicinal plants, culinary herbs and spices, horticulture crops, floriculture crops, and nursery crops.

(e) "Limited land access" means farming without ownership of land and:

(1) the individual or the individual's child rents or leases the land, with the term of each rental or lease agreement not exceeding three years in duration, from a person who is not related to the individual or the individual's spouse by blood or marriage; or

(2) the individual rents the land from an incubator farm.

(f) "Limited market access" means the individual has gross sales of no more than $100,000 per year from the sale of farm products.

Sec. 9. Minnesota Statutes 2023 Supplement, section 17.133, subdivision 3, is amended to read:

Subd. 3. **Report to legislature.** No later than December 1, 2023, and annually thereafter, the commissioner must provide a report to the chairs and ranking minority members of the legislative committees having jurisdiction over agriculture and rural development, in compliance with sections 3.195 and 3.197, on the farm down payment assistance grants under this section. The report must include:

(1) background information on beginning farmers in Minnesota and any other information that the commissioner and authority find relevant to evaluating the effect of the grants on increasing opportunities for and the number of beginning farmers;

(2) the number and amount of grants;

(3) the geographic distribution of grants by county;

(4) the number of grant recipients who are emerging farmers;

(5) the number of grant recipients who were experiencing limited land access or limited market access when the grant was awarded;

~~(5)~~ (6) disaggregated data regarding the gender, race, and ethnicity of grant recipients;

~~(6)~~ (7) the number of farmers who cease to own land and are subject to payment of a penalty, along with the reasons for the land ownership cessation; and

~~(7)~~ (8) the number and amount of grant applications that exceeded the allocation available in each year.

Sec. 10. Minnesota Statutes 2023 Supplement, section 17.134, subdivision 3, is amended to read:

Subd. 3. **Grant eligibility.** Any owner or lessee of farmland may apply for a grant under this section. The commissioner must give preference to owners and lessees that have not previously implemented an eligible project and owners and lessees that are certified or assessed and pursuing certification under sections 17.9891 to 17.993. Local government units, including cities; towns; counties; soil and water conservation districts; Minnesota Tribal governments as defined in section 10.65; and joint powers boards, are also eligible for a grant. A local government unit that receives a grant for equipment or technology must make those purchases available for use by the public.

Sec. 11. Minnesota Statutes 2023 Supplement, section 17.134, is amended by adding a subdivision to read:

Subd. 3a. **Equipment sales limitation.** In addition to the applicable grants management requirements imposed under sections 16B.97 to 16B.991, an owner or lessee that receives a grant under this section to

purchase equipment must certify to the commissioner that the owner or lessee will not sell the equipment for at least ten years.

Sec. 12. Minnesota Statutes 2023 Supplement, section 17.710, is amended to read:

17.710 AGRICULTURAL CONTRACTS.

(a) A production or marketing contract entered into, renewed, or amended on or after July 1, ~~1999~~ 2024, between an agricultural producer and a processor, marketer, or other purchaser of agricultural products, including a cooperative organized under chapter 308A or 308B must not contain provisions that prohibit the producer from disclosing terms, conditions, and prices contained in the contract. Any provision prohibiting disclosure by the producer is void.

(b) A contract entered into, renewed, or amended on or after July 1, 2023, between an agricultural producer and an entity buying, selling, certifying, or otherwise participating in a market for stored carbon must not contain provisions that prohibit the producer from disclosing terms, conditions, and prices contained in the contract. Any provision prohibiting disclosure by the producer is void.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 13. Minnesota Statutes 2022, section 18B.01, is amended by adding a subdivision to read:

Subd. 1d. **Application or use of a pesticide.** "Application or use of a pesticide" includes:

(1) the dispersal of a pesticide on, in, at, or directed toward a target site;

(2) preapplication activities that involve the mixing and loading of a restricted use pesticide; and

(3) other restricted use pesticide-related activities, including but not limited to transporting or storing pesticide containers that have been opened; cleaning equipment; and disposing of excess pesticides, spray mix, equipment wash waters, pesticide containers, and other materials that contain pesticide.

Sec. 14. Minnesota Statutes 2022, section 18B.26, subdivision 6, is amended to read:

Subd. 6. **Discontinuance or cancellation of registration.** (a) To ensure the complete withdrawal from distribution or further use of a pesticide, a person who intends to discontinue a pesticide registration must:

(1) terminate a further distribution within the state and continue to register the pesticide annually for two successive years; and

(2) initiate and complete a total recall of the pesticide from all distribution in the state within 60 days from the date of notification to the commissioner of intent to discontinue registration~~; or~~.

~~(3) submit to the commissioner evidence adequate to document that no distribution of the registered pesticide has occurred in the state.~~

(b) Upon the request of a registrant, the commissioner may immediately cancel registration of a pesticide product. The commissioner may immediately cancel registration of a pesticide product at the commissioner's discretion. When requesting that the commissioner immediately cancel registration of a pesticide product, a registrant must provide the commissioner with:

(1) a statement that the pesticide product is no longer in distribution; and

(2) documentation of pesticide gross sales from the previous year supporting the statement under clause (1).

Sec. 15. Minnesota Statutes 2022, section 18B.28, is amended by adding a subdivision to read:

Subd. 5. **Advisory panel.** Before approving the issuance of an experimental use pesticide product registration under this section, the commissioner must convene and consider the advice of a panel of outside scientific and health experts. The panel must include but is not limited to representatives of the Department of Health, the Department of Natural Resources, the Pollution Control Agency, and the University of Minnesota.

Sec. 16. Minnesota Statutes 2022, section 18B.305, subdivision 2, is amended to read:

Subd. 2. **Training manual and examination development.** The commissioner, in consultation with University of Minnesota Extension and other higher education institutions, shall continually revise and update pesticide applicator training manuals and examinations. The manuals and examinations must be written to meet or exceed the minimum competency standards required by the United States Environmental Protection Agency and pertinent state specific information. Pesticide applicator training manuals and examinations must meet or exceed the competency standards in Code of Federal Regulations, title 40, part 171. Competency standards for training manuals and examinations must be published on the Department of Agriculture website. Questions in the examinations must be determined by the commissioner in consultation with other responsible agencies. Manuals and examinations must include pesticide management practices that discuss prevention of pesticide occurrence in groundwater and surface water of the state, and economic thresholds and guidance for insecticide use.

Sec. 17. Minnesota Statutes 2022, section 18B.32, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** (a) A person may not engage in structural pest control applications:

(1) for hire without a structural pest control license; ~~and~~

(2) as a sole proprietorship, company, partnership, or corporation unless the person is or employs a licensed master in structural pest control operations~~.~~; and

(3) unless the person is 18 years of age or older.

(b) A structural pest control licensee must have a valid license identification card to purchase a restricted use pesticide or apply pesticides for hire and must display it upon demand by an authorized representative of the commissioner or a law enforcement officer. The license identification card must contain information required by the commissioner.

Sec. 18. Minnesota Statutes 2022, section 18B.32, subdivision 3, is amended to read:

Subd. 3. **Application.** (a) A person must apply to the commissioner for a structural pest control license on forms and in the manner required by the commissioner. The commissioner shall require the applicant to pass a written, closed-book, monitored examination or oral examination, or both~~, and may also require a practical demonstration regarding structural pest control~~. The commissioner shall establish the examination procedure, including the phases and contents of the examination.

(b) The commissioner may license a person as a master under a structural pest control license if the person has the necessary qualifications through knowledge and experience to properly plan, determine, and

supervise the selection and application of pesticides in structural pest control. To demonstrate the qualifications and become licensed as a master under a structural pest control license, a person must:

(1) pass a closed-book test administered by the commissioner;

(2) have direct experience as a licensed journeyman under a structural pest control license for at least two years by this state or a state with equivalent certification requirements or as a full-time licensed master in another state with equivalent certification requirements; and

(3) show practical knowledge and field experience under clause (2) in the actual selection and application of pesticides under varying conditions.

(c) The commissioner may license a person as a journeyman under a structural pest control license if the person:

(1) has the necessary qualifications in the practical selection and application of pesticides;

(2) has passed a closed-book examination given by the commissioner; and

(3) is engaged as an employee of or is working under the direction of a person licensed as a master under a structural pest control license.

(d) The commissioner may license a person as a fumigator under a structural pest control license if the person:

(1) has knowledge of the practical selection and application of fumigants;

(2) has passed a closed-book examination given by the commissioner; and

(3) is licensed by the commissioner as a master or journeyman under a structural pest control license.

Sec. 19. Minnesota Statutes 2022, section 18B.32, subdivision 4, is amended to read:

Subd. 4. **Renewal.** (a) An applicator may apply to renew a structural pest control applicator license ~~may be renewed~~ on or before the expiration of an existing license subject to reexamination, attendance at ~~workshops~~ a recertification workshop approved by the commissioner, or other requirements imposed by the commissioner to provide the applicator with information regarding changing technology and to help assure a continuing level of competency and ability to use pesticides safely and properly. A recertification workshop must meet or exceed the competency standards in Code of Federal Regulations, title 40, part 171. Competency standards for a recertification workshop must be published on the Department of Agriculture website. If the commissioner requires an applicator to attend a recertification workshop and the applicator fails to attend the workshop, the commissioner may require the applicator to pass a reexamination. The commissioner may require an additional demonstration of applicator qualification if the applicator has had a license suspended or revoked or has otherwise had a history of violations of this chapter.

(b) If ~~a person~~ an applicator fails to renew a structural pest control license within three months of its expiration, the ~~person~~ applicator must obtain a structural pest control license subject to the requirements, procedures, and fees required for an initial license.

Sec. 20. Minnesota Statutes 2022, section 18B.32, subdivision 5, is amended to read:

Subd. 5. **Financial responsibility.** (a) ~~A structural pest control license may not be issued unless the applicant furnishes proof of financial responsibility.~~ The commissioner may suspend or revoke a structural

pest control license if an applicator fails to provide proof of financial responsibility upon the commissioner's request. Financial responsibility may be demonstrated by:

(1) proof of net assets equal to or greater than $50,000; or

(2) a performance bond or insurance of a kind and in an amount determined by the commissioner.

(b) The bond or insurance must cover a period of time at least equal to the term of the ~~applicant's~~ applicator's license. The commissioner must immediately suspend the license of ~~a person~~ an applicator who fails to maintain the required bond or insurance. The performance bond or insurance policy must contain a provision requiring the insurance or bonding company to notify the commissioner by ten days before the effective date of cancellation, termination, or any other change of the bond or insurance. If there is recovery against the bond or insurance, additional coverage must be secured by the applicator to maintain financial responsibility equal to the original amount required.

(c) An employee of a licensed person is not required to maintain an insurance policy or bond during the time the employer is maintaining the required insurance or bond.

(d) Applications for reinstatement of a license suspended under the provisions of this section must be accompanied by proof of satisfaction of judgments previously rendered.

Sec. 21. Minnesota Statutes 2022, section 18B.33, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** (a) A person may not apply a pesticide for hire without a commercial applicator license for the appropriate use categories or a structural pest control license.

(b) A commercial applicator licensee must have a valid license identification card to purchase a restricted use pesticide or apply pesticides for hire and must display it upon demand by an authorized representative of the commissioner or a law enforcement officer. The commissioner shall prescribe the information required on the license identification card.

(c) A person licensed under this section is considered qualified and is not required to verify, document, or otherwise prove a particular need prior to use, except as required by the federal label.

(d) A person who uses a general-use sanitizer or disinfectant for hire in response to COVID-19 is exempt from the commercial applicator license requirements under this section.

(e) A person licensed under this section must be 18 years of age or older.

Sec. 22. Minnesota Statutes 2022, section 18B.33, subdivision 5, is amended to read:

Subd. 5. **Renewal application.** (a) ~~A person~~ An applicator must apply to the commissioner to renew a commercial applicator license. The commissioner may renew a commercial applicator license accompanied by the application fee, subject to reexamination, attendance at ~~workshops~~ a recertification workshop approved by the commissioner, or other requirements imposed by the commissioner to provide the applicator with information regarding changing technology and to help assure a continuing level of competence and ability to use pesticides safely and properly. ~~The applicant~~ A recertification workshop must meet or exceed the competency standards in Code of Federal Regulations, title 40, part 171. Competency standards for a recertification workshop must be published on the Department of Agriculture website. Upon the receipt of an applicator's renewal application, the commissioner may require the applicator to attend a recertification workshop. Depending on the application category, the commissioner may require an applicator to complete a recertification workshop once per year, once every two years, or once every three years. If the commissioner

requires an applicator to attend a recertification workshop and the applicator fails to attend the workshop, the commissioner may require the applicator to pass a reexamination. An applicator may renew a commercial applicator license within 12 months after expiration of the license without having to meet initial testing requirements. The commissioner may require an additional demonstration of applicator qualification if ~~a person~~ the applicator has had a license suspended or revoked or has had a history of violations of this chapter.

(b) An ~~applicant~~ applicator that meets renewal requirements by reexamination instead of attending ~~workshops~~ a recertification workshop must pay the equivalent workshop fee for the reexamination as determined by the commissioner.

Sec. 23. Minnesota Statutes 2022, section 18B.33, subdivision 6, is amended to read:

Subd. 6. **Financial responsibility.** (a) ~~A commercial applicator license may not be issued unless the applicant furnishes proof of financial responsibility.~~ The commissioner may suspend or revoke an applicator's commercial applicator license if the applicator fails to provide proof of financial responsibility upon the commissioner's request. Financial responsibility may be demonstrated by: (1) proof of net assets equal to or greater than $50,000; or (2) by a performance bond or insurance of the kind and in an amount determined by the commissioner.

(b) The bond or insurance must cover a period of time at least equal to the term of the ~~applicant's~~ applicator's license. The commissioner must immediately suspend the license of ~~a person~~ an applicator who fails to maintain the required bond or insurance. The performance bond or insurance policy must contain a provision requiring the insurance or bonding company to notify the commissioner by ten days before the effective date of cancellation, termination, or any other change of the bond or insurance. If there is recovery against the bond or insurance, additional coverage must be secured by the applicator to maintain financial responsibility equal to the original amount required.

(c) An employee of a licensed ~~person~~ applicator is not required to maintain an insurance policy or bond during the time the employer is maintaining the required insurance or bond.

(d) Applications for reinstatement of a license suspended under the provisions of this section must be accompanied by proof of satisfaction of judgments previously rendered.

Sec. 24. Minnesota Statutes 2022, section 18B.34, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** (a) Except for a licensed commercial applicator, certified private applicator, or licensed structural pest control applicator, a person, including a government employee, may not purchase or use a restricted use pesticide in performance of official duties without having a noncommercial applicator license for an appropriate use category.

(b) A licensee must have a valid license identification card when applying pesticides and must display it upon demand by an authorized representative of the commissioner or a law enforcement officer. The license identification card must contain information required by the commissioner.

(c) A person licensed under this section is considered qualified and is not required to verify, document, or otherwise prove a particular need prior to use, except as required by the federal label.

(d) A person licensed under this section must be 18 years of age or older.

Sec. 25. Minnesota Statutes 2022, section 18B.34, subdivision 4, is amended to read:

Subd. 4. **Renewal.** (a) ~~A person~~ An applicator must apply to the commissioner to renew a noncommercial applicator license. The commissioner may renew a license subject to reexamination, attendance at ~~workshops~~ a recertification workshop approved by the commissioner, or other requirements imposed by the commissioner to provide the applicator with information regarding changing technology and to help assure a continuing level of competence and ability to use pesticides safely and properly. A recertification workshop must meet or exceed the competency standards in Code of Federal Regulations, title 40, part 171. Competency standards for a recertification website must be published on the Department of Agriculture website. Upon the receipt of an applicator's renewal application, the commissioner may require the applicator to attend a recertification workshop. Depending on the application category, the commissioner may require an applicator to complete a recertification workshop once per year, once every two years, or once every three years. If the commissioner requires an applicator to attend a recertification workshop and the applicator fails to attend the workshop, the commissioner may require the applicator to pass a reexamination. The commissioner may require an additional demonstration of applicator qualification if the applicator has had a license suspended or revoked or has otherwise had a history of violations of this chapter.

(b) An ~~applicant~~ applicator that meets renewal requirements by reexamination instead of attending ~~workshops~~ a recertification workshop must pay the equivalent workshop fee for the reexamination as determined by the commissioner.

(c) An ~~applicant~~ applicator has 12 months to renew the license after expiration without having to meet initial testing requirements.

Sec. 26. Minnesota Statutes 2022, section 18B.35, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** (a) The commissioner may establish categories of structural pest control, commercial applicator, ~~and~~ noncommercial applicator licenses ~~for administering and enforcing this chapter.~~, and private applicator certification consistent with federal requirements in Code of Federal Regulations, title 40, sections 171.101 and 171.105, including but not limited to the federal categories that are applicable to the state. Application categories must meet or exceed the competency standards in Code of Federal Regulations, title 40, part 171. Competency standards for application categories must be published on the Department of Agriculture website. The categories may include pest control operators and ornamental, agricultural, aquatic, forest, and right-of-way pesticide applicators. Separate subclassifications of categories may be specified as to ground, aerial, or manual methods to apply pesticides or to the use of pesticides to control insects, plant diseases, rodents, or weeds.

(b) Each category is subject to separate testing procedures and requirements.

Sec. 27. Minnesota Statutes 2022, section 18B.36, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** (a) Except for a licensed commercial or noncommercial applicator, only a certified private applicator may use a restricted use pesticide to produce an agricultural commodity:

(1) as a traditional exchange of services without financial compensation;

(2) on a site owned, rented, or managed by the person or the person's employees; or

(3) when the private applicator is one of two or fewer employees and the owner or operator is a certified private applicator or is licensed as a noncommercial applicator.

(b) A person may not purchase a restricted use pesticide without presenting a license card, certified private applicator card, or the card number.

(c) A person certified under this section is considered qualified and is not required to verify, document, or otherwise prove a particular need prior to use, except as required by the federal label.

(d) A person certified under this section must be 18 years of age or older.

Sec. 28. Minnesota Statutes 2022, section 18B.36, subdivision 2, is amended to read:

Subd. 2. **Certification.** (a) The commissioner shall prescribe certification requirements and provide training that meets or exceeds United States Environmental Protection Agency standards to certify private applicators and provide information relating to changing technology to help ensure a continuing level of competency and ability to use pesticides properly and safely. Private applicator certification requirements and training must meet or exceed the competency standards in Code of Federal Regulations, title 40, part 171. Competency standards for private applicator certification and training must be published on the Department of Agriculture website. The training may be done through cooperation with other government agencies and must be a minimum of three hours in duration.

(b) A person must apply to the commissioner for certification as a private applicator. After completing the certification requirements, which must include ~~an~~ a proctored examination as determined by the commissioner, an applicant must be certified as a private applicator to use restricted use pesticides. The certification shall expire March 1 of the third calendar year after the initial year of certification.

(c) The commissioner shall issue a private applicator card to a private applicator.

Sec. 29. Minnesota Statutes 2022, section 18B.37, subdivision 2, is amended to read:

Subd. 2. **Commercial and noncommercial applicators.** (a) A commercial or noncommercial applicator~~,~~ or the applicator's authorized agent~~,~~ must maintain a record of pesticides used on each site. Noncommercial applicators must keep records of restricted use pesticides. The record must include the:

(1) date of the pesticide use;

(2) time the pesticide application was completed;

(3) brand name of the pesticide, the United States Environmental Protection Agency registration number, and rate used;

(4) number of units treated;

(5) temperature, wind speed, and wind direction;

(6) location of the site where the pesticide was applied;

(7) name and address of the customer;

(8) name of applicator, name of company, license number of applicator, and address of applicator company; and

(9) any other information required by the commissioner.

(b) Portions of records not relevant to a specific type of application may be omitted upon approval from the commissioner.

(c) All information for this record requirement must be contained in a document for each pesticide application, except a map may be attached to identify treated areas. An invoice containing the required information may constitute the required record. The commissioner shall make sample forms available to meet the requirements of this paragraph.

(d) The record must be completed no later than five days after the application of the pesticide.

(e) A commercial applicator must give a copy of the record to the customer.

(f) Records must be retained by the applicator, company, or authorized agent for five years after the date of treatment.

(g) A record of a commercial or noncommercial applicator must meet or exceed the requirements in Code of Federal Regulations, title 40, part 171.

Sec. 30. Minnesota Statutes 2022, section 18B.37, subdivision 3, is amended to read:

Subd. 3. **Structural pest control applicators.** (a) A structural pest control applicator must maintain a record of each structural pest control application conducted by that person or by the person's employees. The record must include the:

(1) date of structural pest control application;

(2) target pest;

(3) brand name of the pesticide, United States Environmental Protection Agency registration number, and amount used;

(4) for fumigation, the temperature and exposure time;

(5) time the pesticide application was completed;

(6) name and address of the customer;

(7) name of structural pest control applicator, name of company and address of applicator or company, and license number of applicator; and

(8) any other information required by the commissioner.

(b) All information for this record requirement must be contained in a document for each pesticide application. An invoice containing the required information may constitute the record.

(c) The record must be completed no later than five days after the application of the pesticide.

(d) Records must be retained for five years after the date of treatment.

(e) A copy of the record must be given to a person who ordered the application that is present at the site where the structural pest control application is conducted, placed in a conspicuous location at the site where the structural pest control application is conducted immediately after the application of the pesticides, or delivered to the person who ordered an application or the owner of the site. The commissioner must make sample forms available that meet the requirements of this subdivision.

(f) A structural applicator must post in a conspicuous place inside a renter's apartment where a pesticide application has occurred a list of postapplication precautions contained on the label of the pesticide that was applied in the apartment and any other information required by the commissioner.

(g) A record of a structural applicator must meet or exceed the requirements in Code of Federal Regulations, title 40, part 171.

Sec. 31. Minnesota Statutes 2022, section 18C.005, is amended by adding a subdivision to read:

Subd. 1c. **Beneficial substance.** "Beneficial substance" means any substance or compound other than a primary, secondary, and micro plant nutrient, and excluding pesticides, that can be demonstrated by scientific research to be beneficial to one or more species of plants, soil, or media.

Sec. 32. Minnesota Statutes 2022, section 18C.005, subdivision 33, is amended to read:

Subd. 33. **Soil amendment.** "Soil amendment" means a substance intended to improve the structural, physical, chemical, biochemical, or biological characteristics of the soil or modify organic matter at or near the soil surface, except fertilizers, agricultural liming materials, pesticides, and other materials exempted by the commissioner's rules.

Sec. 33. Minnesota Statutes 2022, section 18C.115, subdivision 2, is amended to read:

Subd. 2. **Adoption of national standards.** Applicable national standards contained in the ~~1996 official publication, number 49,~~ most recently published version of the official publication of the Association of American Plant Food Control Officials including the rules and regulations, statements of uniform interpretation and policy, and the official fertilizer terms and definitions, and not otherwise adopted by the commissioner, may be adopted as fertilizer rules of this state.

Sec. 34. Minnesota Statutes 2022, section 18C.215, subdivision 1, is amended to read:

Subdivision 1. **Packaged fertilizers.** (a) A person may not sell or distribute specialty fertilizer in bags or other containers in this state unless a label is placed on or affixed to the bag or container stating in a clear, legible, and conspicuous form the following information:

(1) the net weight and volume, if applicable;

(2) the brand and grade, except the grade is not required if primary nutrients are not claimed;

(3) the guaranteed analysis;

(4) the name and address of the guarantor;

(5) directions for use, except directions for use are not required for custom blend specialty fertilizers; and

(6) a derivatives statement.

(b) A person may not sell or distribute fertilizer for agricultural purposes in bags or other containers in this state unless a label is placed on or affixed to the bag or container stating in a clear, legible, and conspicuous form the information listed in paragraph (a), clauses (1) to (4), except:

(1) the grade is not required if primary nutrients are not claimed; and

(2) the grade on the label is optional if the fertilizer is used only for agricultural purposes and the guaranteed analysis statement is shown in the complete form as in section 18C.211.

(c) The labeled information must appear:

(1) on the front or back side of the container;

(2) on the upper one-third of the side of the container;

(3) on the upper end of the container; or

(4) printed on a tag affixed to the upper end of the container.

(d) If a person sells a custom blend specialty fertilizer in bags or other containers, the information required in paragraph (a) must either be affixed to the bag or container as required in paragraph (c) or be furnished to the customer on an invoice or delivery ticket in written or printed form.

Sec. 35. Minnesota Statutes 2022, section 18C.221, is amended to read:

18C.221 FERTILIZER PLANT FOOD CONTENT.

(a) Products that are deficient in plant food content are subject to this subdivision.

(b) An analysis must show that a fertilizer is deficient:

(1) in one or more of its guaranteed primary plant nutrients beyond the investigational allowances and compensations as established by regulation; or

(2) if the overall index value of the fertilizer is shown below the level established by rule.

(c) A deficiency in an official sample of mixed fertilizer resulting from nonuniformity is not distinguishable from a deficiency due to actual plant nutrient shortage and is properly subject to official action.

(d) For the purpose of determining the commercial index value to be applied, the commissioner shall determine at least annually the values per unit of nitrogen, available ~~phosphoric acid~~ phosphate, and soluble potash in fertilizers in this state.

(e) If a fertilizer in the possession of the consumer is found by the commissioner to be short in weight, the registrant or licensee of the fertilizer must submit a penalty payment of two times the value of the actual shortage to the consumer within 30 days after official notice from the commissioner.

Sec. 36. Minnesota Statutes 2023 Supplement, 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 the inspection fee set under paragraph (e), and until June

30, ~~2024~~ 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 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.

(e) By commissioner's order, the commissioner must set the inspection fee at no less than 39 cents per ton and no more than 70 cents per ton. The commissioner must hold a public meeting before increasing the fee by more than five cents per ton.

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

Sec. 37. Minnesota Statutes 2022, section 18C.70, subdivision 1, is amended to read:

Subdivision 1. **Establishment; membership.** (a) The Minnesota Agricultural Fertilizer Research and Education Council is established. The council is composed of ~~12~~ 15 voting members as follows:

(1) ~~two members~~ one member of the Minnesota Crop Production Retailers;

(2) one member of the Minnesota Corn Growers Association;

(3) one member of the Minnesota Soybean Growers Association;

(4) one member of the sugar beet growers industry;

(5) one member of the Minnesota Association of Wheat Growers;

(6) one member of the potato growers industry;

(7) one member of the Minnesota Farm Bureau;

(8) one member of the Minnesota Farmers Union;

(9) one member from the Minnesota Irrigators Association;

(10) one member of the Minnesota Grain and Feed Association; ~~and~~

(11) one member of the Minnesota Independent Crop Consultant Association or the Minnesota certified crop advisor program;

(12) one member representing the Minnesota Institute for Sustainable Agriculture;

(13) one member of the Minnesota Soil Health Coalition;

(14) one member who is an expert in public health; and

(15) one member who is an expert in water quality and has performed scientific research on water issues.

(b) Council members shall serve three-year terms. After the initial council is appointed, subsequent appointments must be staggered so that one-third of council membership is replaced each year. Council members must be ~~nominated by their organizations and~~ appointed by the commissioner and, except for the

members specified under paragraph (a), clauses (14) and (15), nominated by their organizations. The council may add ex officio members at its discretion. The council must meet at least once per year, with all related expenses reimbursed by members' sponsoring organizations or by the members themselves.

Sec. 38. Minnesota Statutes 2022, section 18C.70, subdivision 5, is amended to read:

Subd. 5. **Expiration.** This section expires June 30, ~~2025~~ 2030.

Sec. 39. Minnesota Statutes 2022, section 18C.71, subdivision 1, is amended to read:

Subdivision 1. **Eligible projects.** Eligible project activities include research, education, and technology transfer related to the production and application of fertilizer, soil amendments, and other plant amendments, regenerative agriculture, and the protection of clean water. Chosen projects must contain a component of outreach that achieves a timely dissemination of findings and their applicability to the production agricultural community or metropolitan fertilizer users.

Sec. 40. Minnesota Statutes 2022, section 18C.71, is amended by adding a subdivision to read:

Subd. 1a. **Priorities and guidance.** The council must develop or update research priorities and request guidance related to:

(1) the availability of nitrogen by manure type and livestock species based on management; and

(2) manure management and fertilizer best management practices for areas where surface water or groundwater are vulnerable to nitrate losses, including the adjustment of practices based on vulnerability such as coarse textured soils, soils with shallow bedrock, and karst geology.

Sec. 41. Minnesota Statutes 2022, section 18C.71, subdivision 2, is amended to read:

Subd. 2. **Awarding grants.** Applications for program grants must be submitted in the form prescribed by the Minnesota Agricultural Fertilizer Research and Education Council. Applications must be submitted on or before the deadline prescribed by the council. All applications are subject to a thorough in-state review by a peer committee established and approved by the council. Each project meeting the basic qualifications is subject to a yes or no vote by each council member. Projects chosen to receive funding must achieve an affirmative vote from at least ~~eight~~ ten of the ~~12~~ 15 council members or two-thirds of voting members present. Projects awarded program funds must submit an annual progress report in the form prescribed by the council.

Sec. 42. Minnesota Statutes 2022, section 18C.71, subdivision 4, is amended to read:

Subd. 4. **Expiration.** This section expires June 30, ~~2025~~ 2030.

Sec. 43. Minnesota Statutes 2022, section 18C.80, subdivision 2, is amended to read:

Subd. 2. **Expiration.** This section expires June 30, ~~2025~~ 2030.

Sec. 44. Minnesota Statutes 2022, section 18D.301, subdivision 1, is amended to read:

Subdivision 1. **Enforcement required.** (a) The commissioner shall enforce this chapter and chapters 18B, 18C, and 18F.

(b) Violations of chapter 18B, 18C, or 18F or rules adopted under chapter 18B, 18C, or 18F, or section 103H.275, subdivision 2, are a violation of this chapter.

(c) Upon the request of the commissioner, county attorneys, sheriffs, and other officers having authority in the enforcement of the general criminal laws shall take action to the extent of their authority necessary or proper for the enforcement of this chapter or special orders, standards, stipulations, and agreements of the commissioner.

Sec. 45. Minnesota Statutes 2023 Supplement, section 18K.06, is amended to read:

18K.06 RULEMAKING.

(a) The commissioner ~~shall adopt rules governing the production, testing, processing, and licensing of industrial hemp. Notwithstanding the two-year limitation for exempt rules under section 14.388, subdivision 1, Minnesota Rules, chapter 1565, published in the State Register on August 16, 2021, is effective until August 16, 2025, or until permanent rules implementing chapter 18K are adopted, whichever occurs first~~ may adopt or amend rules governing the production, testing, processing, and licensing of industrial hemp using the procedure in section 14.386, paragraph (a). Section 14.386, paragraph (b), does not apply to rules adopted or amended under this section.

(b) Rules adopted under paragraph (a) must include but not be limited to provisions governing:

(1) the supervision and inspection of industrial hemp during its growth and harvest;

(2) the testing of industrial hemp to determine delta-9 tetrahydrocannabinol levels;

(3) the use of background check results required under section 18K.04 to approve or deny a license application; and

(4) any other provision or procedure necessary to carry out the purposes of this chapter.

(c) Rules issued under this section must be consistent with federal law regarding the production, distribution, and sale of industrial hemp.

Sec. 46. Minnesota Statutes 2022, section 28A.10, is amended to read:

28A.10 POSTING OF LICENSE; RULES.

All such licenses shall be issued for a period of one year and shall be posted or displayed in a conspicuous place at the place of business so licensed. ~~Except as provided in sections 29.22, subdivision 4 and 31.39, all such license fees and penalties collected by the commissioner shall be deposited into the state treasury and credited to the general fund.~~ The commissioner may adopt such rules in conformity with law as the commissioner deems necessary to effectively and efficiently carry out the provisions of sections 28A.01 to 28A.16.

Sec. 47. Minnesota Statutes 2022, section 28A.151, subdivision 1, is amended to read:

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

(b) "Farmers' market" means an association of three or more persons who assemble at a defined location that is open to the public for the purpose of selling ~~directly to the consumer the~~ products of a farm or garden occupied and cultivated by the person selling the product.

(c) "Food product sampling" means distributing to individuals at a farmers' market or community event, for promotional or educational purposes, small portions of a food item that include as a main ingredient a product sold by the vendor ~~at the farmers' market or community event~~. For purposes of this subdivision, "small portion" means a portion that is no more than three ounces of food or beverage.

(d) "Food product demonstration" means cooking or preparing food products to distribute to individuals at a farmers' market or community event for promotional or educational purposes.

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

Sec. 48. Minnesota Statutes 2022, section 28A.151, subdivision 2, is amended to read:

Subd. 2. **Food sampling and demonstration.** (a) Food used in sampling and demonstration must be obtained from sources that comply with Minnesota Food Law.

(b) Raw animal, raw poultry, and raw fish products must not be served as samples.

(c) Food product sampling or food product demonstrations, including cooked animal, poultry, or fish products, must be prepared on site at the event.

(d) Animal or poultry products used for food product sampling or food product demonstrations must be from animals slaughtered under continuous inspection, either by the USDA or through Minnesota's "Equal-to" inspection program.

(e) The licensing provisions of sections 28A.01 to 28A.16 shall not apply to persons engaged in food product sampling or food product demonstrations.

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

Sec. 49. Minnesota Statutes 2022, section 28A.151, subdivision 3, is amended to read:

Subd. 3. **Food required to be provided at no cost.** Food provided through food product sampling or food product demonstrations must be provided at no cost to the individual recipient of a sample.

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

Sec. 50. Minnesota Statutes 2022, section 28A.151, subdivision 5, is amended to read:

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

(b) Notwithstanding paragraph (a), a handwashing device is not required when only prepackaged food samples are offered.

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

Sec. 51. Minnesota Statutes 2022, section 28A.151, is amended by adding a subdivision to read:

Subd. 7. **Signage.** A food product provided through food product sampling or food product demonstrations must be accompanied by a legible sign or placard that lists the product's ingredients and major food allergens.

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

Sec. 52. Minnesota Statutes 2022, section 28A.21, subdivision 6, is amended to read:

Subd. 6. **Expiration.** This section expires June 30, ~~2027~~ 2037.

Sec. 53. Minnesota Statutes 2022, section 31.74, is amended to read:

31.74 ~~SALE OF IMITATION~~ HONEY.

Subdivision 1. **Honey defined.** As used in this section "honey" means the nectar and saccharine exudation of plants, gathered, modified and stored in the comb by honey bees, which is levorotatory, contains not more than 25 percent of water, not more than 25/100 percent of ash, and not more than eight percent sucrose.

Subd. 2. **Prohibited sale.** Notwithstanding any law or rule to the contrary, it is unlawful for any person to sell or offer for sale any product which is in semblance of honey and which is labeled, advertised, or otherwise represented to be honey, if it is not honey. The word "imitation" shall not be used in the name of a product which is in semblance of honey whether or not it contains any honey. The label for a product which is not in semblance of honey and which contains honey may include the word "honey" in the name of the product and the relative position of the word "honey" in the product name, and in the list of ingredients, when required, shall be determined by its prominence as an ingredient in the product.

Subd. 4. **Food consisting of honey and another sweetener.** Consistent with the federal act, the federal regulations incorporated under section 31.101, subdivision 7, and the prohibition against misbranding in sections 31.02 and 34A.03, the label for a food in semblance of honey and consisting of honey and another sweetener must include but is not limited to the following elements:

(1) a statement of identity that accurately identifies or describes the nature of the food or its characterizing properties or ingredients; and

(2) the common or usual name of each ingredient in the ingredient statement, in descending order of predominance by weight.

Sec. 54. Minnesota Statutes 2022, section 31.94, is amended to read:

31.94 ORGANIC AGRICULTURE; COMMISSIONER DUTIES.

(a) In order to promote opportunities for organic agriculture in Minnesota, the commissioner shall:

(1) survey producers and support services and organizations to determine information and research needs in the area of organic agriculture practices;

(2) work with the University of Minnesota and other research and education institutions to demonstrate the on-farm applicability of organic agriculture practices to conditions in this state;

(3) direct the programs of the department so as to work toward the promotion of organic agriculture in this state;

(4) inform agencies about state or federal programs that support organic agriculture practices; and

(5) work closely with producers, producer organizations, the University of Minnesota, and other appropriate agencies and organizations to identify opportunities and needs as well as ensure coordination

and avoid duplication of state agency efforts regarding research, teaching, marketing, and extension work relating to organic agriculture.

(b) By November 15 of each year that ends in a zero or a five, the commissioner, in conjunction with the task force created in paragraph (c), shall report on the status of organic agriculture in Minnesota to the legislative policy and finance committees and divisions with jurisdiction over agriculture. The report must include available data on organic acreage and production, available data on the sales or market performance of organic products, and recommendations regarding programs, policies, and research efforts that will benefit Minnesota's organic agriculture sector.

(c) A Minnesota Organic Advisory Task Force shall advise the commissioner and the University of Minnesota on policies and programs that will improve organic agriculture in Minnesota, including how available resources can most effectively be used for outreach, education, research, and technical assistance that meet the needs of the organic agriculture sector. The task force must consist of the following residents of the state:

(1) three organic farmers;

(2) one wholesaler or distributor of organic products;

(3) one representative of organic certification agencies;

(4) two organic processors;

(5) one representative from University of Minnesota Extension;

(6) one University of Minnesota faculty member;

(7) one representative from a nonprofit organization representing producers;

(8) two public members;

(9) one representative from the United States Department of Agriculture;

(10) one retailer of organic products; and

(11) one organic consumer representative.

The commissioner, in consultation with the director of the Minnesota Agricultural Experiment Station; the dean and director of University of Minnesota Extension and the dean of the College of Food, Agricultural and Natural Resource Sciences, shall appoint members to serve three-year terms.

Compensation and removal of members are governed by section 15.059, subdivision 6. The task force must meet at least twice each year and expires on June 30, ~~2024~~ 2034.

(d) For the purposes of expanding, improving, and developing production and marketing of the organic products of Minnesota agriculture, the commissioner may receive funds from state and federal sources and spend them, including through grants or contracts, to assist producers and processors to achieve certification, to conduct education or marketing activities, to enter into research and development partnerships, or to address production or marketing obstacles to the growth and well-being of the industry.

(e) The commissioner may facilitate the registration of state organic production and handling operations including those exempt from organic certification according to Code of Federal Regulations, title 7, section 205.101, and accredited certification agencies operating within the state.

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

Sec. 55. Minnesota Statutes 2022, section 32D.30, is amended to read:

32D.30 DAIRY DEVELOPMENT AND PROFITABILITY ENHANCEMENT.

Subdivision 1. **Program.** The commissioner must implement a dairy development and profitability enhancement program consisting of a dairy profitability enhancement ~~teams and~~ program, dairy business planning grants, and other services to support the dairy industry.

Subd. 2. **Dairy profitability enhancement ~~teams~~ program.** (a) The dairy profitability enhancement ~~teams~~ program must provide ~~one-on-one~~ information and technical assistance to dairy farms of all sizes to enhance their financial success and long-term sustainability. ~~Teams~~ The program must assist dairy producers in all dairy-producing regions of the state ~~and~~. Assistance to producers from the program may ~~consist of~~ be provided individually, as a team, or through other methods by farm business management instructors, dairy extension specialists, and other dairy industry partners. ~~Teams~~ The program may engage in activities ~~including~~ such as comprehensive financial analysis, risk management education, enhanced milk marketing tools and technologies, ~~and~~ facilitating or improving production systems, including rotational grazing and other sustainable agriculture methods, and value-added opportunities.

(b) The commissioner must make grants to regional or statewide organizations qualified to manage the various components of the ~~teams~~ program and serve as program administrators. Each regional or statewide organization must designate a coordinator responsible for overseeing the program and submitting periodic reports to the commissioner regarding aggregate changes in producer financial stability, productivity, product quality, animal health, environmental protection, and other performance measures attributable to the program. The organizations must submit this information in a format that maintains the confidentiality of individual dairy producers.

Subd. 3. **Dairy business planning grants.** The commissioner may award dairy business planning grants of up to $5,000 per producer or dairy processor to ~~develop comprehensive business plans~~ use technical assistance services for evaluating operations, transitional changes, expansions, improvements, and other business modifications. Producers and processors must not use dairy business planning grants for capital improvements.

Subd. 4. **Funding allocation.** Except as specified in law, the commissioner may allocate dairy development and profitability enhancement program dollars ~~among~~ for the permissible uses specified in this section and other needs to support the dairy industry, including efforts to improve the quality of milk produced in the state, in the proportions that the commissioner deems most beneficial to the state's dairy farmers.

Subd. 5. **Reporting.** No later than July 1 each year, the commissioner must submit a detailed accomplishment report and work plan detailing future plans for, and the actual and anticipated accomplishments from, expenditures under this section to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture policy and finance. If the commissioner significantly modifies a submitted work plan during the fiscal year, the commissioner must notify the chairs and ranking minority members.

Sec. 56. Minnesota Statutes 2022, section 41B.039, subdivision 2, is amended to read:

Subd. 2. **State participation.** The state may participate in a new real estate loan with an eligible lender to a beginning farmer to the extent of 45 percent of the principal amount of the loan or ~~$400,000~~ $500,000,

whichever is less. The interest rates and repayment terms of the authority's participation interest may be different than the interest rates and repayment terms of the lender's retained portion of the loan.

Sec. 57. Minnesota Statutes 2022, section 41B.04, subdivision 8, is amended to read:

Subd. 8. **State participation.** With respect to loans that are eligible for restructuring under sections 41B.01 to 41B.23 and upon acceptance by the authority, the authority shall enter into a participation agreement or other financial arrangement whereby it shall participate in a restructured loan to the extent of 45 percent of the primary principal or ~~$525,000~~ $625,000, whichever is less. The authority's portion of the loan must be protected during the authority's participation by the first mortgage held by the eligible lender to the extent of its participation in the loan.

Sec. 58. Minnesota Statutes 2022, section 41B.042, subdivision 4, is amended to read:

Subd. 4. **Participation limit; interest.** The authority may participate in new seller-sponsored loans to the extent of 45 percent of the principal amount of the loan or ~~$400,000~~ $500,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may be different than the interest rates and repayment terms of the seller's retained portion of the loan.

Sec. 59. Minnesota Statutes 2022, section 41B.043, subdivision 1b, is amended to read:

Subd. 1b. **Loan participation.** The authority may participate in an agricultural improvement loan with an eligible lender to a farmer who meets the requirements of section 41B.03, subdivision 1, clauses (1) and (2), and who is actively engaged in farming. Participation is limited to 45 percent of the principal amount of the loan or ~~$400,000~~ $500,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may be different than the interest rates and repayment terms of the lender's retained portion of the loan.

Sec. 60. Minnesota Statutes 2022, section 41B.045, subdivision 2, is amended to read:

Subd. 2. **Loan participation.** The authority may participate in a livestock expansion and modernization loan with an eligible lender to a livestock farmer who meets the requirements of section 41B.03, subdivision 1, clauses (1) and (2), and who are actively engaged in a livestock operation. A prospective borrower must have a total net worth, including assets and liabilities of the borrower's spouse and dependents, of less than $1,700,000 in 2017 and an amount in subsequent years which is adjusted for inflation by multiplying that amount by the cumulative inflation rate as determined by the United States All-Items Consumer Price Index.

Participation is limited to 45 percent of the principal amount of the loan or ~~$525,000~~ $625,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may be different from the interest rates and repayment terms of the lender's retained portion of the loan.

Sec. 61. Minnesota Statutes 2022, section 41B.047, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** The authority shall establish and implement a disaster recovery loan program to help farmers:

(1) clean up, repair, or replace farm structures and septic and water systems, as well as replace seed, other crop inputs, feed, and livestock;

(2) purchase watering systems, irrigation systems, ~~and~~ other drought mitigation systems and practices, and feed when drought is the cause of the purchase;

(3) restore farmland;

(4) replace flocks or livestock, make building improvements, or cover the loss of revenue when the replacement, improvements, or loss of revenue is due to the confirmed presence of a highly contagious animal disease in a commercial poultry or game flock, or a commercial livestock operation, located in Minnesota; or

(5) cover the loss of revenue when the revenue loss is due to an infectious human disease for which the governor has declared a peacetime emergency under section 12.31.

Sec. 62. Minnesota Statutes 2022, section 232.21, subdivision 3, is amended to read:

Subd. 3. **Commissioner.** "Commissioner" means the commissioner of agriculture or the commissioner's designee.

Sec. 63. Minnesota Statutes 2022, section 232.21, subdivision 7, is amended to read:

Subd. 7. **Grain.** "Grain" means any ~~cereal grain, coarse grain, or oilseed in unprocessed form for which a standard has been established by the United States Secretary of Agriculture, dry edible beans, or agricultural crops designated by the commissioner by rule~~ product commonly referred to as grain, including wheat, corn, oats, barley, rye, rice, soybeans, emmer, sorghum, triticale, millet, pulses, dry edible beans, sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe, sesame seed, and other products ordinarily stored in grain warehouses.

Sec. 64. Minnesota Statutes 2022, section 232.21, subdivision 11, is amended to read:

Subd. 11. **Producer.** "Producer" means a person who ~~owns or manages a grain producing or growing operation and holds or shares the responsibility for marketing that grain produced~~ grows grain on land owned or leased by the person.

Sec. 65. Minnesota Statutes 2022, section 232.21, subdivision 12, is amended to read:

Subd. 12. **Public grain warehouse operator.** "Public grain warehouse operator" means: (1) a person ~~licensed to operate~~ operating a grain warehouse in which grain belonging to persons other than the grain warehouse operator is accepted for storage or purchase~~, or~~; (2) a person who offers grain storage or grain warehouse facilities to the public for hire; or (3) a feed-processing plant that receives and stores grain, the equivalent of which~~,~~ it processes and returns to the grain's owner in amounts, at intervals, and with added ingredients that are mutually agreeable to the grain's owner and the person operating the plant.

Sec. 66. Minnesota Statutes 2022, section 232.21, subdivision 13, is amended to read:

Subd. 13. **Scale ticket.** "Scale ticket" means a memorandum showing the weight~~, grade~~ and kind of grain which is issued by a grain elevator or warehouse operator to a depositor at the time the grain is delivered.

Sec. 67. **[346.021] FINDER TO GIVE NOTICE.**

A person who finds an estray and knows who owns the estray must notify the estray's owner within seven days after finding the estray and request that the owner pay all reasonable charges and take the estray away. A finder who does not know who owns an estray must either:

(1) within ten days, file a notice with the town or city clerk and post a physical or online notice of the finding of the estray. The notice must briefly describe the estray or provide a photograph of the estray, provide the residence or contact information of the finder, and provide the approximate location and time when the finder found the estray; or

(2) within seven days, surrender the estray to a local animal control agency or to a kennel as defined in section 347.31, subdivision 2.

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

Sec. 68. Laws 2023, chapter 43, article 2, section 142, subdivision 9, is amended to read:

Subd. 9. **Dairy law.** Minnesota Statutes 2022, sections 17.984; 32D.03, subdivision 5; 32D.24; 32D.25, subdivision 1; 32D.26; 32D.27; and 32D.28, are repealed.

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

Sec. 69. **REVIVAL AND REENACTMENT.**

Minnesota Statutes, section 32D.25, subdivision 2, is revived and reenacted effective retroactively from July 1, 2023.

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

Sec. 70. **REPORT REQUIRED; COOPERATIVE FINANCIAL REPORTING.**

The commissioner of agriculture shall convene a cooperative financial reporting workgroup, which must include producers who sell to a cooperative and representatives from cooperative management. The commissioner shall develop recommendations relating to requirements for cooperatives to report on financial conditions and report back with recommendations to the legislative committees with jurisdiction over agriculture by January 3, 2025. Participating stakeholders must be given an opportunity to include written testimony to the legislative committees in the commissioner's report.

Sec. 71. **COMMERCIAL APPLICATOR LICENSE EXAMINATION LANGUAGE REQUIREMENTS.**

By January 1, 2025, the commissioner of agriculture must ensure that examinations for a commercial applicator license under Minnesota Statutes, section 18B.33, are available in Spanish and that applicants are informed that the examinations can be taken in Spanish. The commissioner must use money appropriated from the pesticide regulatory account under Minnesota Statutes, section 18B.05, for this purpose.

Sec. 72. **CREDIT MARKET REPORT REQUIRED.**

The commissioner of agriculture must convene a stakeholder working group to explore the state establishing a market for carbon credits, ecosystem services credits, or other credits generated by farmers

who implement clean water, climate-smart, and soil-healthy farming practices. To the extent practicable, the stakeholder working group must include but is not limited to farmers; representatives of agricultural organizations; experts in geoscience, carbon storage, greenhouse gas modeling, and agricultural economics; industry representatives with experience in carbon markets and supply chain sustainability; and representatives of environmental organizations with expertise in carbon sequestration and agriculture. No later than February 1, 2025, the commissioner must report recommendations to the legislative committees with jurisdiction over agriculture. The commissioner must provide participating stakeholders an opportunity to include written testimony in the commissioner's report.

Sec. 73. **REPEALER.**

(a) Minnesota Statutes 2022, sections 3.7371, subdivision 7; and 34.07, are repealed.

(b) Minnesota Rules, parts 1506.0010; 1506.0015; 1506.0020; 1506.0025; 1506.0030; 1506.0035; and 1506.0040, are repealed.

ARTICLE 39

BROADBAND

Section 1. Minnesota Statutes 2022, section 116J.396, is amended by adding a subdivision to read:

Subd. 4. **Transfer.** The commissioner may transfer up to $5,000,000 of a fiscal year appropriation between the border-to-border broadband program, low density population broadband program, and the broadband line extension program to meet demand. The commissioner must inform the chairs and ranking minority members of the legislative committees with jurisdiction over broadband finance in writing when this transfer authority is used. The written notice must include how much money was transferred and why the transfer was made. The written notice must also be filed with the Legislative Reference Library in compliance with Minnesota Statutes, section 3.195.

Sec. 2. **BROADBAND DEVELOPMENT; APPLICATION FOR FEDERAL FUNDING; APPROPRIATION.**

(a) The commissioner of employment and economic development must prepare and submit an application to the United States Department of Commerce requesting State Digital Equity Capacity Grant funding made available under Public Law 117-58, the Infrastructure Investment and Jobs Act.

(b) The amount awarded to Minnesota pursuant to the application submitted under paragraph (a) is appropriated to the commissioner of employment and economic development for purposes of the commissioner's Minnesota Digital Opportunity Plan.

ARTICLE 40

CLIMATE AND ENERGY FINANCE

Section 1. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2024" and "2025" used in this

article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2024, or June 30, 2025, respectively. "The first year" is fiscal year 2024. "The second year" is fiscal year 2025. "The biennium" is fiscal years 2024 and 2025.

	APPROPRIATIONS Available for the Year Ending June 30	
	2024	**2025**
Sec. 2. **DEPARTMENT OF COMMERCE**		
Subdivision 1. **Total Appropriation**	**$ -0-**	**$ 1,133,000**

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

Subd. 2. **Thermal Energy Network Site Suitability Study**

$500,000 the second year is for the thermal energy network site suitability study under article 42, section 51. This is a onetime appropriation and is available until December 31, 2025.

Subd. 3. **SolarAPP+ Program**

$500,000 the second year is for transfer to the SolarAPP+ program account established under Minnesota Statutes, section 216C.48, to award incentives to local units of government that deploy federally developed software to automate the review of applications and issuance of permits for residential solar projects. Incentives must be awarded only to local units of government located outside the electric service territory of the public utility subject to Minnesota Statutes, section 116C.779, subdivision 1. This is a onetime transfer and is available until June 30, 2028.

Subd. 4. **Grid-Enhancing Technologies**

$133,000 the second year is to (1) participate in a Minnesota Public Utilities Commission proceeding to review electric transmission line owners' plans to deploy grid-enhancing technologies, and (2) issue an order to implement the plans. The base in fiscal year 2026 is $265,000 and the base in fiscal year 2027 is $265,000. The base in fiscal year 2028 is $0.

Sec. 3. **PUBLIC UTILITIES COMMISSION**	**$ -0-**	**$ 267,000**

(a) $39,000 the second year is to support the Thermal Energy Network Deployment Work Group and prepare a report under article 42, section 49. The base in fiscal year 2026 is $77,000 and the base in fiscal year 2027 is $0.

(b) $117,000 the second year is to review electric transmission line owners' plans to deploy grid-enhancing technologies and develop a commission order to implement approved plans under article 42, section 52. The base in fiscal year 2026 is $157,000 and the base in fiscal year 2027 is $157,000. The base in fiscal year 2028 is $0.

(c) $111,000 the second year is to conduct a proceeding to develop a cost-sharing mechanism enabling developers of distributed generation projects to pay utilities to expand distribution line capacity in order to interconnect to the grid. The base in fiscal year 2026 is $111,000 and the base in fiscal year 2027 is $77,000. The base in fiscal year 2028 is $0.

Sec. 4. **GRANT ADMINISTRATION REPORTING.**

(a) By July 1, 2024, the commissioner of commerce must report to the chairs and ranking minority members of the legislative committees having jurisdiction over energy finance and policy regarding the anticipated costs to administer each named grant and competitive grant program in Laws 2023, chapter 60, article 10, section 2, and Laws 2023, chapter 60, article 11, section 2.

(b) Within 90 days after each named grantee has fulfilled the obligations of the grantee's grant agreement, the commissioner must report to the chairs and ranking minority members of the legislative committees having jurisdiction over energy finance and policy on the final cost to administer (1) each named grant included in paragraph (a), and (2) each named grant in this article and article 41.

(c) By January 15, 2025, and each year thereafter, the commissioner must report to the chairs and ranking minority members of the legislative committees having jurisdiction over energy finance and policy on the annual cost to administer (1) each competitive grant program included in paragraph (a), and (2) each competitive grant program in this article and article 41.

ARTICLE 41

RENEWABLE DEVELOPMENT ACCOUNT APPROPRIATIONS

Section 1. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j), the appropriations are from the renewable development account in the special revenue fund established in Minnesota Statutes, section 116C.779, subdivision 1, and are available for the fiscal years indicated for each purpose. The figures "2024" and "2025" used in this article mean that the appropriations

listed under them are available for the fiscal year ending June 30, 2024, or June 30, 2025, respectively. "The first year" is fiscal year 2024. "The second year" is fiscal year 2025. "The biennium" is fiscal years 2024 and 2025.

	APPROPRIATIONS Available for the Year Ending June 30	
	2024	**2025**
Sec. 2. **DEPARTMENT OF COMMERCE**		
Subdivision 1. **Total Appropriation**	**$ -0-**	**$ 14,450,000**

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

Subd. 2. **Geothermal Energy System; Sabathani Community Center**

(a) $6,000,000 the second year is for a grant to the Sabathani Community Center in Minneapolis to construct a geothermal energy system that provides space heating and cooling to the center. This is a onetime appropriation and is available until June 30, 2028.

(b) For the purposes of this subdivision, "geothermal energy system" means a system composed of: a heat pump that moves a heat-transferring fluid through piping embedded in the earth and absorbs the earth's constant temperature; a heat exchanger; and ductwork to distribute heated and cooled air to a building.

Subd. 3. **Geothermal Planning Grants**

$1,200,000 the second year is for transfer to the geothermal planning grant account established under Minnesota Statutes, section 216C.47, for planning grants to political subdivisions to assess the feasibility and cost of constructing geothermal energy systems. This is a onetime appropriation and is available until June 30, 2029.

Subd. 4. **Energy Efficiency Projects; Dakota County**

(a) $500,000 the second year is for a grant to Dakota County for energy efficiency projects that are located in the service area of the public utility subject to

Minnesota Statutes, section 116C.779. This is a onetime appropriation and is available until June 30, 2027.

(b) For purposes of this subdivision, "energy efficiency project" includes: (1) LED lighting, as defined under Minnesota Statutes, section 216B.241, subdivision 5; (2) solar arrays; or (3) heating, ventilating, or air conditioning system improvements.

Subd. 5. **Anaerobic Digester Energy System**

(a) $5,000,000 the second year is for a grant to Recycling and Energy, in partnership with Dem-Con HZI Bioenergy, LLC, to construct an anaerobic energy system in Louisville Township. This is a onetime appropriation and is available until June 30, 2028.

(b) For the purposes of this subdivision, "anaerobic energy system" means a facility that uses diverted food and organic waste to create renewable natural gas and biochar.

Subd. 6. **SolarAPP+ Program**

$1,500,000 the second year is for transfer to the SolarAPP+ program account established under Minnesota Statutes, section 216C.48, to award incentives to local units of government that deploy federally developed software to automate the review of applications and issuance of permits for residential solar projects. Incentives must be awarded only to political subdivisions located within the electric service territory of the public utility that is subject to Minnesota Statutes, section 116C.779, subdivision 1. This is a onetime transfer.

Subd. 7. **Ultraefficient Vehicle Development Grants**

$250,000 the second year is transferred to the ultraefficient vehicle development grant account under article 42, section 48, to provide grants for developers and producers of ultraefficient vehicles. This is a onetime transfer.

Sec. 3. **PUBLIC UTILITIES COMMISSION** **$** **-0-** **$** **1,000,000**

$1,000,000 the second year is for the carbon dioxide pipelines study under article 42, section 50. This is a onetime appropriation.

ARTICLE 42

ENERGY POLICY

Section 1. Minnesota Statutes 2022, section 103I.621, subdivision 1, is amended to read:

Subdivision 1. **Permit.** (a) Notwithstanding any department or agency rule to the contrary, the commissioner shall issue, on request by the owner of the property and payment of the permit fee, permits for the reinjection of water by a properly constructed well into the same aquifer from which the water was drawn for the operation of a groundwater thermal exchange device.

(b) As a condition of the permit, an applicant must agree to allow inspection by the commissioner during regular working hours for department inspectors.

(c) Not more than 200 permits may be issued for small systems ~~having~~ that (1) have maximum capacities of 20 gallons per minute or less, and (2) are compliant with the natural resource water-use requirements under subdivision 2. ~~The small systems are subject to inspection twice a year.~~

(d) Not more than ~~ten~~ 100 permits may be issued for larger systems ~~having~~ that (1) have maximum capacities ~~from~~ over 20 ~~to 50~~ gallons per minute, and (2) are compliant with the natural resource water-use requirements under subdivision 2. ~~The larger systems are subject to inspection four times a year.~~

(e) A person issued a permit must comply with this section ~~for the permit to be valid.~~ and permit conditions deemed necessary to protect public health and safety of groundwater. Permit conditions may include but are not limited to:

(1) notification to the commissioner at intervals specified in the permit conditions;

(2) system operation and maintenance;

(3) system location and construction;

(4) well location and construction;

(5) signage requirements;

(6) reports of system construction, performance, operation, and maintenance;

(7) removal of the system upon termination of use or failure;

(8) disclosure of the system at the time of property transfer;

(9) requirements to obtain approval from the commissioner prior to deviating from the approval plan and conditions;

(10) groundwater level monitoring; and

(11) groundwater quality monitoring.

(f) The property owner or the property owner's agent must submit to the commissioner a permit application on a form provided by the commissioner, or in a format approved by the commissioner, that provides any information necessary to protect public health and safety of groundwater.

(g) A permit granted under this section is not valid if a water-use permit is required for the project and is not approved by the commissioner of natural resources.

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

Sec. 2. Minnesota Statutes 2022, section 103I.621, subdivision 2, is amended to read:

Subd. 2. **Water-use requirements apply.** Water-use permit requirements and penalties under chapter ~~103F~~ 103G and related rules adopted and enforced by the commissioner of natural resources apply to groundwater thermal exchange permit recipients. A person who violates a provision of this section is subject to enforcement or penalties for the noncomplying activity that are available to the commissioner and the Pollution Control Agency.

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

Sec. 3. Minnesota Statutes 2023 Supplement, section 116C.779, subdivision 1, is amended to read:

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

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

(c) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing each January 15 thereafter, the public utility that owns the Prairie Island nuclear generating plant must transfer to the renewable development account $500,000 each year for each dry cask containing spent fuel that is located at the Prairie Island power plant for each year the plant is in operation, and $7,500,000 each year the plant is not in operation if ordered by the commission pursuant to paragraph (i). The fund transfer must be made if nuclear waste is stored in a dry cask at the independent spent-fuel storage facility at Prairie Island for any part of a year. The total amount transferred annually under this paragraph must be reduced by $3,750,000.

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

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

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

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

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

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

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

(2) "grid modernization" means:

(i) enhancing the reliability of the electrical grid;

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

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

(l) A renewable development account advisory group that includes, among others, representatives of the public utility and its ratepayers, and includes at least one representative of the Prairie Island Indian community appointed by that community's tribal council, shall develop recommendations on account expenditures. The 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), clause (1), may be limited to or include a request to higher education institutions located in Minnesota for multiple projects authorized under paragraph (j), 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:

(1) potential benefit to Minnesota citizens and businesses and the utility's ratepayers; and

(2) the proposer's commitment to increasing the diversity of the proposer's workforce and vendors.

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

(n) The commission shall present its recommended appropriations from the account to the senate and house of representatives committees with jurisdiction over energy policy and finance annually by February 15. Expenditures from the account 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) 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) 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 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.

~~(q) By February 1, 2018, and each February 1 thereafter, the commissioner of management and budget shall submit a written report regarding the availability of funds in and obligations of the account to the chairs and ranking minority members of the senate and house committees with jurisdiction over energy policy and finance, the public utility, and the advisory group.~~

~~(r)~~ (q) A project receiving funds from the account must produce a written final report that includes sufficient detail for technical readers and a clearly written summary for nontechnical readers. The report must include an evaluation of the project's financial, environmental, and other benefits to the state and the public utility's ratepayers. A project receiving funds from the account must submit a report that meets the requirements of section 216C.51, subdivisions 3 and 4, each year the project funded by the account is in progress.

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

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

~~(v)~~ (u) Construction projects receiving funds from this account are subject to the requirement to pay the prevailing wage rate, as defined in section 177.42 and the requirements and enforcement provisions in sections 177.27, 177.30, 177.32, 177.41 to 177.435, and 177.45.

Sec. 4. Minnesota Statutes 2023 Supplement, section 116C.7792, is amended to read:

116C.7792 SOLAR ENERGY PRODUCTION INCENTIVE PROGRAM.

(a) The utility subject to section 116C.779 shall operate a program to provide solar energy production incentives for solar energy systems of no more than a total aggregate nameplate capacity of 40 kilowatts alternating current per premise. 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 that the aggregate capacity of all systems at the customer location does not exceed 40 kilowatts.

(b) The program is funded by money withheld from transfer to the renewable development account under section 116C.779, subdivision 1, paragraphs (b) and (e). Program funds must be placed in a separate account for the purpose of the solar energy production incentive program operated by the utility and not for any other program or purpose.

(c) Funds allocated to the solar energy production incentive program in 2019 and 2020 remain available to the solar energy production incentive program.

(d) The following amounts are allocated to the solar energy production incentive program:

(1) $10,000,000 in 2021;

(2) $10,000,000 in 2022;

(3) $5,000,000 in 2023;

(4) $11,250,000 in 2024; ~~and~~

(5) $6,250,000 in 2025; and

(6) $5,000,000 each year, beginning in 2026 through 2035.

(e) Notwithstanding the Department of Commerce's November 14, 2018, decision in Docket No. E002/M-13-1015 regarding operation of the utility's solar energy production incentive program, half of the amounts allocated each year under paragraph (d), clauses (3), (4), and (5), must be reserved for solar energy systems whose installation meets the eligibility standards for the low-income program established in the November 14, 2018, decision or successor decisions of the department. All other program operations of the solar energy production incentive program are governed by the provisions of the November 14, 2018, decision or successor decisions of the department.

(f) Funds allocated to the solar energy production incentive program that have not been committed to a specific project at the end of a program year remain available to the solar energy production incentive program.

(g) Any unspent amount remaining on January 1, 2028, must be transferred to the renewable development account.

(h) A solar energy system receiving a production incentive under this section 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.

(i) 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 or less does not require the utility to file a plan with the commissioner. Any plan approved by the commissioner of commerce must not provide an increased incentive scale over prior years unless the commissioner demonstrates that changes in the market for solar energy facilities require an increase.

Sec. 5. Minnesota Statutes 2022, section 216B.098, is amended by adding a subdivision to read:

Subd. 7. **Social Security number and individual taxpayer identification number.** If a utility requires a new customer to provide a Social Security number on an application for utility service, the utility must accept an individual taxpayer identification number in lieu of a Social Security number. The utility application must indicate that the utility accepts an individual taxpayer identification number.

Sec. 6. Minnesota Statutes 2022, section 216B.16, subdivision 6c, is amended to read:

Subd. 6c. **Incentive plan for energy conservation and efficient fuel-switching improvement.** (a) The commission may order public utilities to develop and submit for commission approval incentive plans that describe the method of recovery and accounting for utility conservation and efficient fuel-switching expenditures and savings. For public utilities that provide electric service, the commission must develop

and implement incentive plans designed to promote energy conservation separately from the plans designed to promote efficient fuel-switching. In developing the incentive plans the commission shall ensure the effective involvement of interested parties.

(b) In approving incentive plans, the commission shall consider:

(1) whether the plan is likely to increase utility investment in cost-effective energy conservation or efficient fuel switching;

(2) whether the plan is compatible with the interest of utility ratepayers and other interested parties;

(3) whether the plan links the incentive to the utility's performance in achieving cost-effective conservation or efficient fuel switching; ~~and~~

(4) whether the plan is in conflict with other provisions of this chapter~~.~~;

(5) whether the plan conflicts with other provisions of this chapter; and

(6) the likely financial impacts of the conservation and efficient fuel-switching programs on the utility.

(c) The commission may set rates to encourage the vigorous and effective implementation of utility conservation and efficient fuel-switching programs. The commission may:

(1) increase or decrease any otherwise allowed rate of return on net investment based upon the utility's skill, efforts, and success in ~~conserving~~ improving the efficient use of energy through energy conservation or efficient fuel switching;

(2) share between ratepayers and utilities the net savings resulting from energy conservation and efficient fuel-switching programs to the extent justified by the utility's skill, efforts, and success in ~~conserving~~ improving the efficient use of energy; and

(3) adopt any mechanism that satisfies the criteria of this subdivision, such that implementation of cost-effective conservation or efficient fuel switching is a preferred resource choice for the public utility considering the impact of conservation or efficient fuel switching on earnings of the public utility.

(d) Any incentives offered to electric utilities under this subdivision for efficient-fuel switching projects expire December 31, 2032.

Sec. 7. Minnesota Statutes 2022, section 216B.16, subdivision 8, is amended to read:

Subd. 8. **Advertising expense.** (a) The commission shall disapprove the portion of any rate which makes an allowance directly or indirectly for expenses incurred by a public utility to provide a public advertisement which:

(1) is designed to influence or has the effect of influencing public attitudes toward legislation or proposed legislation, or toward a rule, proposed rule, authorization or proposed authorization of the Public Utilities Commission or other agency of government responsible for regulating a public utility;

(2) is designed to justify or otherwise support or defend a rate, proposed rate, practice or proposed practice of a public utility;

(3) is designed primarily to promote consumption of the services of the utility;

(4) is designed primarily to promote good will for the public utility or improve the utility's public image; or

(5) is designed to promote the use of nuclear power or to promote a nuclear waste storage facility.

(b) The commission may approve a rate which makes an allowance for expenses incurred by a public utility to disseminate information which:

(1) is designed to encourage ~~conservation~~ efficient use of energy supplies;

(2) is designed to promote safety; or

(3) is designed to inform and educate customers as to financial services made available to them by the public utility.

(c) The commission shall not withhold approval of a rate because it makes an allowance for expenses incurred by the utility to disseminate information about corporate affairs to its owners.

Sec. 8. Minnesota Statutes 2022, section 216B.2402, is amended by adding a subdivision to read:

Subd. 3a. **Data mining facility.** "Data mining facility" means all buildings, structures, equipment, and installations at a single site where electricity is used primarily by computers to process transactions involving digital currency that is not issued by a central authority.

Sec. 9. Minnesota Statutes 2022, section 216B.2402, subdivision 4, is amended to read:

Subd. 4. **Efficient fuel-switching improvement.** "Efficient fuel-switching improvement" means a project that:

(1) replaces a fuel used by a customer with electricity or natural gas delivered at retail by a utility subject to section 216B.2403 or 216B.241;

(2) results in a net increase in the use of electricity or natural gas and a net decrease in source energy consumption on a fuel-neutral basis;

(3) otherwise meets the criteria established for consumer-owned utilities in section 216B.2403, subdivision 8, and for public utilities under section 216B.241, subdivisions 11 and 12; and

(4) requires the installation of equipment that utilizes electricity or natural gas, resulting in a reduction or elimination of the previous fuel used.

An efficient fuel-switching improvement is not an energy conservation improvement or energy efficiency even if the efficient fuel-switching improvement results in a net reduction in electricity or natural gas use. ~~An efficient fuel-switching improvement does not include, and must not count toward any energy savings goal from, energy conservation improvements when fuel switching would result in an increase of greenhouse gas emissions into the atmosphere on an annual basis.~~

Sec. 10. Minnesota Statutes 2022, section 216B.2402, subdivision 10, is amended to read:

Subd. 10. **Gross annual retail energy sales.** "Gross annual retail energy sales" means a utility's annual electric sales to all Minnesota retail customers, or natural gas throughput to all retail customers, including natural gas transportation customers, on a utility's distribution system in Minnesota. Gross annual retail energy sales does not include:

(1) gas sales to:

(i) a large energy facility;

(ii) a large customer facility whose natural gas utility has been exempted by the commissioner under section 216B.241, subdivision 1a, paragraph (a), with respect to natural gas sales made to the large customer facility; and

(iii) a commercial gas customer facility whose natural gas utility has been exempted by the commissioner under section 216B.241, subdivision 1a, paragraph (b), with respect to natural gas sales made to the commercial gas customer facility;

(2) electric sales to:

(i) a large customer facility whose electric utility has been exempted by the commissioner under section 216B.241, subdivision 1a, paragraph (a), with respect to electric sales made to the large customer facility; ~~or~~ and

(ii) a data mining facility, if the facility:

(A) has provided a signed letter to the utility verifying the facility meets the definition of a data mining facility; and

(B) imposes a peak electrical demand on a consumer-owned utility's system equal to or greater than 40 percent of the peak electrical demand of the system, measured in the same manner as the utility that serves the customer facility measures electric demand for billing purposes; or

(3) the amount of electric sales prior to December 31, 2032, that are associated with a utility's program, rate, or tariff for electric vehicle charging based on a methodology and assumptions developed by the department in consultation with interested stakeholders no later than December 31, 2021. After December 31, 2032, incremental sales to electric vehicles must be included in calculating a public utility's gross annual retail sales.

Sec. 11. Minnesota Statutes 2022, section 216B.2403, subdivision 2, is amended to read:

Subd. 2. **Consumer-owned utility; energy-savings goal.** (a) Each individual consumer-owned electric utility subject to this section has an annual energy-savings goal equivalent to 1.5 percent of gross annual retail energy sales and each individual consumer-owned natural gas utility subject to this section has an annual energy-savings goal equivalent to one percent of gross annual retail energy sales, to be met with a minimum of energy savings from energy conservation improvements equivalent to at least ~~0.95~~ 0.90 percent of the consumer-owned utility's gross annual retail energy sales. The balance of energy savings toward the annual energy-savings goal may be achieved only by the following consumer-owned utility activities:

(1) energy savings from additional energy conservation improvements;

(2) electric utility infrastructure projects, as defined in section 216B.1636, subdivision 1, that result in increased efficiency greater than would have occurred through normal maintenance activity;

(3) net energy savings from efficient fuel-switching improvements that meet the criteria under subdivision 8, which may contribute up to ~~0.55~~ 0.60 percent of the goal; or

(4) subject to department approval, demand-side natural gas or electric energy displaced by use of waste heat recovered and used as thermal energy, including the recovered thermal energy from a cogeneration or combined heat and power facility.

(b) The energy-savings goals specified in this section must be calculated based on weather-normalized sales averaged over the most recent three years. A consumer-owned utility may elect to carry forward energy savings in excess of 1.5 percent for a year to the next three years, except that energy savings from electric utility infrastructure projects may be carried forward for five years. A particular energy savings can only be used to meet one year's goal.

(c) A consumer-owned utility subject to this section is not required to make energy conservation improvements that are not cost-effective, even if the improvement is necessary to attain the energy-savings goal. A consumer-owned utility subject to this section must make reasonable efforts to implement energy conservation improvements that exceed the minimum level established under this subdivision if cost-effective opportunities and funding are available, considering other potential investments the consumer-owned utility intends to make to benefit customers during the term of the plan filed under subdivision 3.

~~(d) Notwithstanding any provision to the contrary, until July 1, 2026, spending by a consumer-owned utility subject to this section on efficient fuel-switching improvements implemented to meet the annual energy savings goal under this section must not exceed 0.55 percent per year, averaged over a three-year period, of the consumer-owned utility's gross annual retail energy sales.~~

Sec. 12. Minnesota Statutes 2022, section 216B.2403, subdivision 3, is amended to read:

Subd. 3. **Consumer-owned utility; energy conservation and optimization plans.** (a) By June 1, 2022, and at least every three years thereafter, each consumer-owned utility must file with the commissioner an energy conservation and optimization plan that describes the programs for energy conservation, efficient fuel-switching, load management, and other measures the consumer-owned utility intends to offer to achieve the utility's energy savings goal.

(b) A plan's term may extend up to three years. A multiyear plan must identify the total energy savings and energy savings resulting from energy conservation improvements that are projected to be achieved in each year of the plan. A multiyear plan that does not, in each year of the plan, meet both the minimum energy savings goal from energy conservation improvements and the total energy savings goal of 1.5 percent, or lower goals adjusted by the commissioner under paragraph (k), must:

(1) state why each goal is projected to be unmet; and

(2) demonstrate how the consumer-owned utility proposes to meet both goals on an average basis over the duration of the plan.

(c) A plan filed under this subdivision must provide:

(1) for existing programs, an analysis of the cost-effectiveness of the consumer-owned utility's programs offered under the plan, using a list of baseline energy- and capacity-savings assumptions developed in consultation with the department; and

(2) for new programs, a preliminary analysis upon which the program will proceed, in parallel with further development of assumptions and standards.

(d) The commissioner must evaluate a plan filed under this subdivision based on the plan's likelihood to achieve the energy-savings goals established in subdivision 2. The commissioner may make

recommendations to a consumer-owned utility regarding ways to increase the effectiveness of the consumer-owned utility's energy conservation activities and programs under this subdivision. The commissioner may recommend that a consumer-owned utility implement a cost-effective energy conservation or efficient fuel-switching program~~, including an energy conservation program~~ suggested by an outside source such as a political subdivision, nonprofit corporation, or community organization.

(e) Beginning June 1, 2023, and every June 1 thereafter, each consumer-owned utility must file: (1) an annual update identifying the status of the plan filed under this subdivision, including: (i) total expenditures and investments made to date under the plan; and (ii) any intended changes to the plan; and (2) a summary of the annual energy-savings achievements under a plan. An annual filing made in the last year of a plan must contain a new plan that complies with this section.

(f) When evaluating the cost-effectiveness of a consumer-owned utility's energy conservation programs, the consumer-owned utility and the commissioner must consider the costs and benefits to ratepayers, the utility, participants, and society. The commissioner must also consider the rate at which the consumer-owned utility is increasing energy savings and expenditures on energy conservation, and lifetime energy savings and cumulative energy savings.

(g) A consumer-owned utility may annually spend and invest up to ten percent of the total amount spent and invested on energy conservation, efficient fuel-switching, or load management improvements on research and development projects that meet the applicable definition of energy conservation, efficient fuel-switching, or load management improvement.

(h) A generation and transmission cooperative electric association or municipal power agency that provides energy services to consumer-owned utilities may file a plan under this subdivision on behalf of the consumer-owned utilities to which the association or agency provides energy services and may make investments, offer conservation programs, and otherwise fulfill the energy-savings goals and reporting requirements of this subdivision for those consumer-owned utilities on an aggregate basis.

(i) A consumer-owned utility is prohibited from spending for or investing in energy conservation improvements that directly benefit a large energy facility or a large electric customer facility the commissioner has exempted under section 216B.241, subdivision 1a.

(j) The energy conservation and optimization plan of a consumer-owned utility may include activities to improve energy efficiency in the public schools served by the utility. These activities may include programs to:

(1) increase the efficiency of the school's lighting and heating and cooling systems;

(2) recommission buildings;

(3) train building operators; and

(4) provide opportunities to educate students, teachers, and staff regarding energy efficiency measures implemented at the school.

(k) A consumer-owned utility may request that the commissioner adjust the consumer-owned utility's minimum goal for energy savings from energy conservation improvements under subdivision 2, paragraph (a), for the duration of the plan filed under this subdivision. The request must be made by January 1 of the year when the consumer-owned utility must file a plan under this subdivision. The request must be based on:

(1) historical energy conservation improvement program achievements;

(2) customer class makeup;

(3) projected load growth;

(4) an energy conservation potential study that estimates the amount of cost-effective energy conservation potential that exists in the consumer-owned utility's service territory;

(5) the cost-effectiveness and quality of the energy conservation programs offered by the consumer-owned utility; and

(6) other factors the commissioner and consumer-owned utility determine warrant an adjustment.

The commissioner must adjust the energy savings goal to a level the commissioner determines is supported by the record, but must not approve a minimum energy savings goal from energy conservation improvements that is less than an average of 0.95 percent per year over the consecutive years of the plan's duration, including the year the minimum energy savings goal is adjusted.

(l) A consumer-owned utility filing a conservation and optimization plan that includes an efficient fuel-switching program ~~to achieve the utility's energy savings goal~~ must, as part of the filing, demonstrate ~~by a comparison of greenhouse gas emissions between the fuels~~ that the requirements of subdivision 8 are met~~, using a full fuel-cycle energy analysis~~.

Sec. 13. Minnesota Statutes 2022, section 216B.2403, subdivision 5, is amended to read:

Subd. 5. **Energy conservation programs for low-income households.** (a) A consumer-owned utility subject to this section must provide energy conservation programs to low-income households. The commissioner must evaluate a consumer-owned utility's plans under this section by considering the consumer-owned utility's historic spending on energy conservation programs directed to low-income households, the rate of customer participation in and the energy savings resulting from those programs, and the number of low-income persons residing in the consumer-owned utility's service territory. A municipal utility that furnishes natural gas service must spend at least 0.2 percent of the municipal utility's most recent three-year average gross operating revenue from residential customers in Minnesota on energy conservation programs for low-income households. A consumer-owned utility that furnishes electric service must spend at least 0.2 percent of the consumer-owned utility's gross operating revenue from residential customers in Minnesota on energy conservation programs for low-income households. The requirement under this paragraph applies to each generation and transmission cooperative association's aggregate gross operating revenue from the sale of electricity to residential customers in Minnesota by all of the association's member distribution cooperatives.

(b) To meet all or part of the spending requirements of paragraph (a), a consumer-owned utility may contribute money to the energy and conservation account established in section 216B.241, subdivision 2a. An energy conservation optimization plan must state the amount of contributions the consumer-owned utility plans to make to the energy and conservation account. Contributions to the account must be used for energy conservation programs serving low-income households, including renters, located in the service area of the consumer-owned utility making the contribution. Contributions must be remitted to the commissioner by February 1 each year.

(c) The commissioner must establish energy conservation programs for low-income households funded through contributions to the energy and conservation account under paragraph (b). When establishing energy

conservation programs for low-income households, the commissioner must consult political subdivisions, utilities, and nonprofit and community organizations, including organizations providing energy and weatherization assistance to low-income households. The commissioner must record and report expenditures and energy savings achieved as a result of energy conservation programs for low-income households funded through the energy and conservation account in the report required under section 216B.241, subdivision 1c, paragraph (f). The commissioner may contract with a political subdivision, nonprofit or community organization, public utility, municipality, or consumer-owned utility to implement low-income programs funded through the energy and conservation account.

(d) A consumer-owned utility may petition the commissioner to modify the required spending under this subdivision if the consumer-owned utility and the commissioner were unable to expend the amount required for three consecutive years.

(e) The commissioner must develop and establish guidelines for determining the eligibility of multifamily buildings to participate in energy conservation programs provided to low-income households. Notwithstanding the definition of low-income household in section 216B.2402, a consumer-owned utility or association may apply the most recent guidelines published by the department for purposes of determining the eligibility of multifamily buildings to participate in low-income programs. The commissioner must convene a stakeholder group to review and update these guidelines by August 1, 2021, and at least once every five years thereafter. The stakeholder group must include but is not limited to representatives of public utilities; municipal electric or gas utilities; electric cooperative associations; multifamily housing owners and developers; and low-income advocates.

(f) Up to 15 percent of a consumer-owned utility's spending on low-income energy conservation programs may be spent on preweatherization measures. A consumer-owned utility is prohibited from claiming energy savings from preweatherization measures toward the consumer-owned utility's energy savings goal.

(g) The commissioner must, by order, establish a list of preweatherization measures eligible for inclusion in low-income energy conservation programs no later than March 15, 2022.

(h) A Healthy AIR (Asbestos Insulation Removal) account is established as a separate account in the special revenue fund in the state treasury. A consumer-owned utility may elect to contribute money to the Healthy AIR account to provide preweatherization measures for households eligible for weatherization assistance from the state weatherization assistance program in section 216C.264. Remediation activities must be executed in conjunction with federal weatherization assistance program services. Money contributed to the account by a consumer-owned utility counts toward: (1) the minimum low-income spending requirement under paragraph (a); and (2) the cap on preweatherization measures under paragraph (f). Money in the account is annually appropriated to the commissioner of commerce to pay for Healthy AIR-related activities.

(i) This paragraph applies to a consumer-owned utility that supplies electricity to a low-income household whose primary heating fuel is supplied by an entity other than a public utility. Any spending on space and water heating energy conservation improvements and efficient fuel-switching by the consumer-owned utility on behalf of the low-income household may be applied to the consumer owned utility's spending requirement under paragraph (a). To the maximum extent possible, a consumer-owned utility providing services under this paragraph must offer the services in conjunction with weatherization services provided under section 216C.264.

Sec. 14. Minnesota Statutes 2022, section 216B.2403, subdivision 8, is amended to read:

Subd. 8. **Criteria for efficient fuel-switching improvements.** (a) A fuel-switching improvement is deemed efficient if, applying the technical criteria established under section 216B.241, subdivision 1d, paragraph (e), the improvement, relative to the fuel being displaced:

(1) results in a net reduction in the amount of source energy consumed for a particular use, measured on a fuel-neutral basis, using (i) the consumer-owned utility's or the utility's electricity supplier's annual system average efficiency, or (ii) if the utility elects, a seasonal, monthly, or more granular level of analysis for the electric utility system over the measure's life;

(2) results in a net reduction of statewide greenhouse gas emissions, as defined in section 216H.01, subdivision 2, over the lifetime of the improvement. For an efficient fuel-switching improvement installed by an electric consumer-owned utility, the reduction in emissions must be measured ~~based on the hourly emissions profile of the consumer-owned utility or the utility's electricity supplier, as reported in the most recent resource plan approved by the commission under section 216B.2422. If the hourly emissions profile is not available, the commissioner must develop a method consumer-owned utilities must use to estimate that value~~ using (i) the consumer-owned utility's or the utility's electricity supplier's annual average emissions factor, or (ii) if the utility elects, a seasonal, monthly, or more granular level of analysis for the electric utility system over the measure's life; and

(3) is cost-effective, considering the costs and benefits from the perspective of the consumer-owned utility, participants, and society~~; and~~.

~~(4) is installed and operated in a manner that improves the consumer-owned utility's system load factor.~~

(b) For purposes of this subdivision, "source energy" means the total amount of primary energy required to deliver energy services, adjusted for losses in generation, transmission, and distribution, and expressed on a fuel-neutral basis.

Sec. 15. Minnesota Statutes 2022, section 216B.241, subdivision 1c, is amended to read:

Subd. 1c. **Public utility; energy-saving goals.** (a) The commissioner shall establish energy-saving goals for energy conservation improvements and shall evaluate an energy conservation improvement program on how well it meets the goals set.

(b) A public utility providing electric service has an annual energy-savings goal equivalent to 1.75 percent of gross annual retail energy sales unless modified by the commissioner under paragraph (c). A public utility providing natural gas service has an annual energy-savings goal equivalent to one percent of gross annual retail energy sales, which cannot be lowered by the commissioner. The savings goals must be calculated based on the most recent three-year weather-normalized average. A public utility providing electric service may elect to carry forward energy savings in excess of 1.75 percent for a year to the succeeding three calendar years, except that savings from electric utility infrastructure projects allowed under paragraph (d) may be carried forward for five years. A public utility providing natural gas service may elect to carry forward energy savings in excess of one percent for a year to the succeeding three calendar years. A particular energy savings can only be used to meet one year's goal.

(c) In its energy conservation and optimization plan filing, a public utility may request the commissioner to adjust its annual energy-savings percentage goal based on its historical conservation investment experience, customer class makeup, load growth, a conservation potential study, or other factors the commissioner determines warrants an adjustment.

(d) The commissioner may not approve a plan of a public utility that provides for an annual energy-savings goal of less than one percent of gross annual retail energy sales from energy conservation improvements.

The balance of the 1.75 percent annual energy savings goal may be achieved through energy savings from:

(1) additional energy conservation improvements;

(2) electric utility infrastructure projects approved by the commission under section 216B.1636 that result in increased efficiency greater than would have occurred through normal maintenance activity; or

(3) subject to department approval, demand-side natural gas or electric energy displaced by use of waste heat recovered and used as thermal energy, including the recovered thermal energy from a cogeneration or combined heat and power facility.

(e) A public utility is not required to make energy conservation investments to attain the energy-savings goals of this subdivision that are not cost-effective even if the investment is necessary to attain the energy-savings goals. For the purpose of this paragraph, in determining cost-effectiveness, the commissioner shall consider: (1) the costs and benefits to ratepayers, the utility, participants, and society; (2) the rate at which a public utility is increasing both its energy savings and its expenditures on energy conservation; and (3) the public utility's lifetime energy savings and cumulative energy savings.

(f) On an annual basis, the commissioner shall produce and make publicly available a report on the annual energy and capacity savings and estimated carbon dioxide reductions achieved by the programs under this section and section 216B.2403 for the two most recent years for which data is available. The report must also include information regarding any annual energy sales or generation capacity increases resulting from efficient fuel-switching improvements. The commissioner shall report on program performance both in the aggregate and for each entity filing an energy conservation improvement plan for approval or review by the commissioner, and must estimate progress made toward the statewide energy-savings goal under section 216B.2401.

~~(g) Notwithstanding any provision to the contrary, until July 1, 2026, spending by a public utility subject to this section on efficient fuel-switching improvements to meet energy savings goals under this section must not exceed 0.35 percent per year, averaged over three years, of the public utility's gross annual retail energy sales.~~

Sec. 16. Minnesota Statutes 2022, section 216B.241, subdivision 2, is amended to read:

Subd. 2. **Public utility; energy conservation and optimization plans.** (a) The commissioner may require a public utility to make investments and expenditures in energy conservation improvements, explicitly setting forth the interest rates, prices, and terms under which the improvements must be offered to the customers.

(b) A public utility shall file an energy conservation and optimization plan by June 1, on a schedule determined by order of the commissioner, but at least every three years. As provided in subdivisions 11 to 13, plans may include programs for efficient fuel-switching improvements and load management. An individual utility program may combine elements of energy conservation, load management, or efficient fuel-switching. The plan must estimate the lifetime energy savings and cumulative lifetime energy savings projected to be achieved under the plan. A plan filed by a public utility by June 1 must be approved or approved as modified by the commissioner by December 1 of that same year.

(c) The commissioner shall evaluate the plan on the basis of cost-effectiveness and the reliability of technologies employed. The commissioner's order must provide to the extent practicable for a free choice, by consumers participating in an energy conservation program, of the device, method, material, or project constituting the energy conservation improvement and for a free choice of the seller, installer, or contractor of the energy conservation improvement, provided that the device, method, material, or project seller, installer, or contractor is duly licensed, certified, approved, or qualified, including under the residential conservation services program, where applicable.

(d) The commissioner may require a utility subject to subdivision 1c to make an energy conservation improvement investment or expenditure whenever the commissioner finds that the improvement will result in energy savings at a total cost to the utility less than the cost to the utility to produce or purchase an equivalent amount of new supply of energy.

(e) Each public utility subject to this subdivision may spend and invest annually up to ten percent of the total amount ~~spent and invested~~ that the public utility spends and invests on energy conservation, efficient fuel-switching, or load management improvements under this section ~~by the public utility~~ on research and development projects that meet the applicable definition of energy conservation, efficient fuel-switching, or load management improvement.

(f) The commissioner shall consider and may require a public utility to undertake an energy conservation ~~program~~ or efficient fuel-switching program, subject to the requirements of subdivisions 11 and 12, that is suggested by an outside source, including a political subdivision, a nonprofit corporation, or community organization. When approving a proposal under this paragraph, the commissioner must consider the qualifications and experience of the entity proposing the program and any other criteria the commissioner deems relevant.

(g) A public utility, a political subdivision, or a nonprofit or community organization that has suggested an energy conservation program, the attorney general acting on behalf of consumers and small business interests, or a public utility customer that has suggested an energy conservation program and is not represented by the attorney general under section 8.33 may petition the commission to modify or revoke a department decision under this section, and the commission may do so if it determines that the energy conservation program is not cost-effective, does not adequately address the residential conservation improvement needs of low-income persons, has a long-range negative effect on one or more classes of customers, or is otherwise not in the public interest. The commission shall reject a petition that, on its face, fails to make a reasonable argument that an energy conservation program is not in the public interest.

(h) The commissioner may order a public utility to include, with the filing of the public utility's annual status report, the results of an independent audit of the public utility's conservation improvement programs and expenditures performed by the department or an auditor with experience in the provision of energy conservation and energy efficiency services approved by the commissioner and chosen by the public utility. The audit must specify the energy savings or increased efficiency in the use of energy within the service territory of the public utility that is the result of the public utility's spending and investments. The audit must evaluate the cost-effectiveness of the public utility's conservation programs.

(i) The energy conservation and optimization plan of each public utility subject to this section must include activities to improve energy efficiency in public schools served by the utility. As applicable to each public utility, at a minimum the activities must include programs to increase the efficiency of the school's lighting and heating and cooling systems, and to provide for building recommissioning, building operator training, and opportunities to educate students, teachers, and staff regarding energy efficiency measures implemented at the school.

(j) The commissioner may require investments or spending greater than the amounts proposed in a plan filed under this subdivision or section 216C.17 for a public utility whose most recent advanced forecast required under section 216B.2422 projects a peak demand deficit of 100 megawatts or more within five years under midrange forecast assumptions.

(k) A public utility filing a conservation and optimization plan that includes an efficient fuel-switching program ~~to achieve the utility's energy savings goal~~ must, as part of the filing, demonstrate ~~by a comparison of greenhouse gas emissions between the fuels~~ that the requirements of subdivisions 11 or 12 are met, as applicable~~, using a full fuel-cycle energy analysis~~.

Sec. 17. Minnesota Statutes 2022, section 216B.241, subdivision 11, is amended to read:

Subd. 11. **Programs for efficient fuel-switching improvements; electric utilities.** (a) A public utility providing electric service at retail may include in the plan required under subdivision 2 a proposed goal for efficient fuel-switching improvements that the utility expects to achieve under the plan and the programs to implement efficient fuel-switching improvements or combinations of energy conservation improvements, fuel-switching improvements, and load management. For each program, the public utility must provide a proposed budget, an analysis of the program's cost-effectiveness, and estimated net energy and demand savings.

(b) The department may approve proposed programs for efficient fuel-switching improvements if the department determines the improvements meet the requirements of paragraph (d). ~~For fuel-switching improvements that require the deployment of electric technologies, the department must also consider whether the fuel-switching improvement can be operated in a manner that facilitates the integration of variable renewable energy into the electric system. The net benefits from an efficient fuel-switching improvement that is integrated with an energy efficiency program approved under this section may be counted toward the net benefits of the energy efficiency program, if the department determines the primary purpose and effect of the program is energy efficiency.~~

(c) A public utility may file a rate schedule with the commission that provides for annual cost recovery of reasonable and prudent costs to implement and promote efficient fuel-switching programs. The utility, department, or other entity may propose, and the commission may ~~not~~ approve, modify, or reject, a proposal for a financial incentive to encourage efficient fuel-switching programs operated by a public utility providing electric service approved under this subdivision. When making a decision on the financial incentive proposal, the commission must apply the considerations established in section 216B.16, subdivision 6c, paragraphs (b) and (c).

(d) A fuel-switching improvement is deemed efficient if, applying the technical criteria established under section 216B.241, subdivision 1d, paragraph (e), the improvement meets the following criteria, relative to the fuel that is being displaced:

(1) results in a net reduction in the amount of source energy consumed for a particular use, measured on a fuel-neutral basis, using (i) the utility's annual system average efficiency, or (ii) if the utility elects, a seasonal, monthly, or more granular level of analysis for the electric utility system over the measure's life;

(2) results in a net reduction of statewide greenhouse gas emissions as defined in section 216H.01, subdivision 2, over the lifetime of the improvement. For an efficient fuel-switching improvement installed by an electric utility, the reduction in emissions must be measured ~~based on the hourly emission profile of the electric utility, using the hourly emissions profile in the most recent resource plan approved by the commission under section 216B.2422~~ using (i) the utility's annual average emissions factor, or (ii) if the

utility elects, a seasonal, monthly or more granular level of analysis, for the electric utility system over the measure's life; and

(3) is cost-effective, considering the costs and benefits from the perspective of the utility, participants, and society~~; and~~.

~~(4) is installed and operated in a manner that improves the utility's system load factor.~~

(e) For purposes of this subdivision, "source energy" means the total amount of primary energy required to deliver energy services, adjusted for losses in generation, transmission, and distribution, and expressed on a fuel-neutral basis.

Sec. 18. Minnesota Statutes 2022, section 216B.241, subdivision 12, is amended to read:

Subd. 12. **Programs for efficient fuel-switching improvements; natural gas utilities.** (a) As part of a public utility's plan filed under subdivision 2, a public utility that provides natural gas service to Minnesota retail customers may propose one or more programs to install electric technologies that reduce the consumption of natural gas by the utility's retail customers as an energy conservation improvement. The commissioner may approve a proposed program if the commissioner, applying the technical criteria developed under section 216B.241, subdivision 1d, paragraph (e), determines that:

(1) the electric technology to be installed meets the criteria established under section 216B.241, subdivision 11, paragraph (d), clauses (1) and (2); and

(2) the program is cost-effective, considering the costs and benefits to ratepayers, the utility, participants, and society.

(b) If a program is approved by the commission under this subdivision, the public utility may count the program's energy savings toward its energy savings goal under section 216B.241, subdivision 1c. Notwithstanding section 216B.2402, subdivision 4, efficient fuel-switching achieved through programs approved under this subdivision is energy conservation.

(c) A public utility may file rate schedules with the commission that provide annual cost-recovery for programs approved by the department under this subdivision, including reasonable and prudent costs to implement and promote the programs.

(d) The commission may approve, modify, or reject a proposal made by the department or a utility for an incentive plan to encourage efficient fuel-switching programs approved under this subdivision, applying the considerations established under section 216B.16, subdivision 6c, paragraphs (b) and (c). The commission may approve a financial incentive mechanism that is calculated based on the combined energy savings and net benefits that the commission has determined have been achieved by a program approved under this subdivision, provided the commission determines that the financial incentive mechanism is in the ratepayers' interest.

~~(e) A public utility is not eligible for a financial incentive for an efficient fuel-switching program under this subdivision in any year in which the utility achieves energy savings below one percent of gross annual retail energy sales, excluding savings achieved through fuel-switching programs.~~

Sec. 19. Minnesota Statutes 2022, section 216B.2425, subdivision 1, is amended to read:

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

EFFECTIVE DATE. This section is effective June 1, 2025.

Sec. 20. Minnesota Statutes 2022, section 216B.2425, is amended by adding a subdivision to read:

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

(b) "Capacity" means the maximum amount of electricity that can flow through a transmission line while observing industry safety standards.

(c) "Congestion" means a condition in which a lack of transmission line capacity prevents the delivery of the lowest-cost electricity dispatched to meet load at a specific location.

(d) "Dynamic line rating" means hardware or software used to calculate the thermal limit of existing transmission lines at a specific point in time by incorporating information on real-time and forecasted weather conditions.

(e) "Grid enhancing technology" means hardware or software that reduces congestion or enhances the flexibility of the transmission system by increasing the capacity of a high-voltage transmission line or rerouting electricity from overloaded to uncongested lines, while maintaining industry safety standards. Grid enhancing technologies include but are not limited to dynamic line rating, advanced power flow controllers, and topology optimization.

(f) "Power flow controller" means hardware and software used to reroute electricity from overloaded transmission lines to underutilized transmission lines.

(g) "Thermal limit" means the temperature a transmission line reaches when heat from the electric current flow within the transmission line causes excessive sagging of the transmission line.

(h) "Topology optimization" means a software technology that uses mathematical models to identify reconfigurations in the transmission grid in order to reroute electricity from overloaded transmission lines to underutilized transmission lines.

(i) "Transmission line" has the meaning given to "high-voltage transmission line" in section 216I.02, subdivision 8.

(j) "Transmission system" means a network of high-voltage transmission lines owned or operated by an entity subject to this section that transports electricity to Minnesota customers.

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

Sec. 21. Minnesota Statutes 2022, section 216B.2425, subdivision 2, is amended to read:

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

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

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

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

(c) The report must:

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

(2) identify alternative means of addressing each inadequacy listed, including grid enhancing technologies such as dynamic line rating, power flow controllers, topology optimization, and other hardware or software that reduce congestion or enhance the flexibility of the transmission system;

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

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

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

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

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

Sec. 22. Minnesota Statutes 2022, section 216B.2427, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For the purposes of this section and section 216B.2428, the following terms have the meanings given.

(b) "Biogas" means gas produced by the anaerobic digestion of biomass, gasification of biomass, or other effective conversion processes.

(c) "Carbon capture" means the capture of greenhouse gas emissions that would otherwise be released into the atmosphere.

(d) "Carbon-free resource" means an electricity generation facility whose operation does not contribute to statewide greenhouse gas emissions, as defined in section 216H.01, subdivision 2.

(e) "Disadvantaged community" means a community in Minnesota that is:

(1) defined as disadvantaged by the federal agency disbursing federal funds, when the federal agency is providing funds for an innovative resource; or

(2) an environmental justice area, as defined under section 216B.1691, subdivision 1.

~~(e)~~ (f) "District energy" means a heating or cooling system that is solar thermal powered or that uses the constant temperature of the earth or underground aquifers as a thermal exchange medium to heat or cool multiple buildings connected through a piping network.

~~(f)~~ (g) "Energy efficiency" has the meaning given in section 216B.241, subdivision 1, paragraph (f), but does not include energy conservation investments that the commissioner determines could reasonably be included in a utility's conservation improvement program.

~~(g)~~ (h) "Greenhouse gas emissions" means emissions of carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride emitted by anthropogenic sources within Minnesota and from the generation of electricity imported from outside the state and consumed in Minnesota, excluding carbon dioxide that is injected into geological formations to prevent its release to the atmosphere in compliance with applicable laws.

~~(h)~~ (i) "Innovative resource" means biogas, renewable natural gas, power-to-hydrogen, power-to-ammonia, carbon capture, strategic electrification, district energy, and energy efficiency.

~~(i)~~ (j) "Lifecycle greenhouse gas emissions" means the aggregate greenhouse gas emissions resulting from the production, processing, transmission, and consumption of an energy resource.

~~(j)~~ (k) "Lifecycle greenhouse gas emissions intensity" means lifecycle greenhouse gas emissions per unit of energy delivered to an end user.

~~(k)~~ (l) "Nonexempt customer" means a utility customer that has not been included in a utility's innovation plan under subdivision 3, paragraph (f).

~~(l)~~ (m) "Power-to-ammonia" means the production of ammonia from hydrogen produced via power-to-hydrogen using a process that has a lower lifecycle greenhouse gas intensity than does natural gas produced from conventional geologic sources.

~~(m)~~ (n) "Power-to-hydrogen" means the use of electricity generated by a carbon-free resource to produce hydrogen.

~~(n)~~ (o) "Renewable energy" has the meaning given in section 216B.2422, subdivision 1.

~~(o)~~ (p) "Renewable natural gas" means biogas that has been processed to be interchangeable with, and that has a lower lifecycle greenhouse gas intensity than, natural gas produced from conventional geologic sources.

~~(p)~~ (q) "Solar thermal" has the meaning given to qualifying solar thermal project in section 216B.2411, subdivision 2, paragraph (d).

~~(q)~~ (r) "Strategic electrification" means the installation of electric end-use equipment in an existing building in which natural gas is a primary or back-up fuel source, or in a newly constructed building in which a customer receives natural gas service for one or more end-uses, provided that the electric end-use equipment:

(1) results in a net reduction in statewide greenhouse gas emissions, as defined in section 216H.01, subdivision 2, over the life of the equipment when compared to the most efficient commercially available natural gas alternative; and

(2) is installed and operated in a manner that improves the load factor of the customer's electric utility.

Strategic electrification does not include investments that the commissioner determines could reasonably be included in the natural gas utility's conservation improvement program under section 216B.241.

(s) "Thermal energy network" means a project that provides heating and cooling to multiple buildings connected via underground piping containing fluids that, in concert with heat pumps, exchange thermal energy from the earth, underground or surface waters, wastewater, or other heat sources.

~~(r)~~ (t) "Total incremental cost" means the calculation of the following components of a utility's innovation plan approved by the commission under subdivision 2:

(1) the sum of:

(i) return of and on capital investments for the production, processing, pipeline interconnection, storage, and distribution of innovative resources;

(ii) incremental operating costs associated with capital investments in infrastructure for the production, processing, pipeline interconnection, storage, and distribution of innovative resources;

(iii) incremental costs to procure innovative resources from third parties;

(iv) incremental costs to develop and administer programs; and

(v) incremental costs for research and development related to innovative resources;

(2) less the sum of:

(i) value received by the utility upon the resale of innovative resources or innovative resource by-products, including any environmental credits included with the resale of renewable gaseous fuels or value received by the utility when innovative resources are used as vehicle fuel;

(ii) cost savings achieved through avoidance of purchases of natural gas produced from conventional geologic sources, including but not limited to avoided commodity purchases and avoided pipeline costs; and

(iii) other revenues received by the utility that are directly attributable to the utility's implementation of an innovation plan.

~~(s)~~ (u) "Utility" means a public utility, as defined in section 216B.02, subdivision 4, that provides natural gas sales or natural gas transportation services to customers in Minnesota.

Sec. 23. Minnesota Statutes 2022, section 216B.2427, is amended by adding a subdivision to read:

Subd. 9a. **Thermal energy networks.** Innovation plans filed after July 1, 2024, under this section by a utility with more than 800,000 customers must include spending of at least 15 percent of the utility's proposed total incremental costs over the five-year term of the proposed innovation plan for thermal energy networks projects. If the utility has developed or is developing thermal energy network projects outside of an approved innovation plan, the utility may apply the budget for the projects toward the 15 percent minimum requirement without counting the costs against the limitations on utility customer costs under subdivision 3.

Sec. 24. Minnesota Statutes 2023 Supplement, section 216C.08, is amended to read:

216C.08 JURISDICTION.

(a) The commissioner has sole authority and responsibility ~~for the administration of sections 216C.05 to 216C.30 and 216C.375~~ to administer this chapter. Other laws notwithstanding, the authority granted to

the commissioner ~~shall supersede~~ under this section supersedes the authority given any other agency whenever overlapping, duplication, or additional administrative or legal procedures might occur in ~~the administration of sections 216C.05 to 216C.30 and 216C.375~~ administering this chapter. The commissioner shall consult with other state departments or agencies in matters related to energy and shall contract with ~~them~~ the other state departments or agencies to provide appropriate services to effectuate the purposes of ~~sections 216C.05 to 216C.30 and 216C.375~~ this chapter. Any other department, agency, or official of this state or political subdivision thereof which would in any way affect the administration or enforcement of ~~sections 216C.05 to 216C.30 and 216C.375~~ this chapter shall cooperate and coordinate all activities with the commissioner to assure orderly and efficient administration and enforcement of ~~sections 216C.05 to 216C.30 and 216C.375~~ this chapter.

(b) The commissioner shall designate a liaison officer whose duty shall be to insure the maximum possible consistency in procedures and to eliminate duplication between the commissioner and the other agencies that may be involved in energy.

Sec. 25. Minnesota Statutes 2023 Supplement, section 216C.09, is amended to read:

216C.09 COMMISSIONER DUTIES.

(a) The commissioner shall:

(1) manage the department as the central repository within the state government for the collection of data on energy;

(2) prepare and adopt an emergency allocation plan specifying actions to be taken in the event of an impending serious shortage of energy, or a threat to public health, safety, or welfare;

(3) undertake a continuing assessment of trends in the consumption of all forms of energy and analyze the social, economic, and environmental consequences of these trends;

(4) carry out energy ~~conservation~~ measures as specified by the legislature and recommend to the governor and the legislature additional energy policies and conservation measures as required to meet the objectives of ~~sections 216C.05 to 216C.30 and 216C.375~~ this chapter;

(5) collect and analyze data relating to present and future demands and resources for all sources of energy;

(6) evaluate policies governing the establishment of rates and prices for energy as related to energy conservation, and other goals and policies of ~~sections 216C.05 to 216C.30 and 216C.375~~ this chapter, and make recommendations for changes in energy pricing policies and rate schedules;

(7) study the impact and relationship of the state energy policies to international, national, and regional energy policies;

(8) design and implement a state program for the conservation of energy; this program shall include but not be limited to, general commercial, industrial, and residential, and transportation areas; such program shall also provide for the evaluation of energy systems as they relate to lighting, heating, refrigeration, air conditioning, building design and operation, and appliance manufacturing and operation;

(9) inform and educate the public about the sources and uses of energy and the ways in which persons can conserve energy;

(10) dispense funds made available for the purpose of research studies and projects of professional and civic orientation, which are related to either energy conservation, resource recovery, or the development of alternative energy technologies which conserve nonrenewable energy resources while creating minimum environmental impact;

(11) charge other governmental departments and agencies involved in energy-related activities with specific information gathering goals and require that those goals be met;

(12) design a comprehensive program for the development of indigenous energy resources. The program shall include, but not be limited to, providing technical, informational, educational, and financial services and materials to persons, businesses, municipalities, and organizations involved in the development of solar, wind, hydropower, peat, fiber fuels, biomass, and other alternative energy resources. The program shall be evaluated by the alternative energy technical activity; and

(13) dispense loans, grants, or other financial aid from money received from litigation or settlement of alleged violations of federal petroleum-pricing regulations made available to the department for that purpose.

(b) Further, the commissioner may participate fully in hearings before the Public Utilities Commission on matters pertaining to rate design, cost allocation, efficient resource utilization, utility conservation investments, small power production, cogeneration, and other rate issues. The commissioner shall support the policies stated in section 216C.05 and shall prepare and defend testimony proposed to encourage energy conservation improvements as defined in section 216B.241.

Sec. 26. Minnesota Statutes 2022, section 216C.10, is amended to read:

216C.10 COMMISSIONER POWERS.

(a) The commissioner may:

(1) adopt rules under chapter 14 as necessary to carry out the purposes of ~~sections 216C.05 to 216C.30~~ this chapter;

(2) make all contracts under ~~sections 216C.05 to 216C.30~~ this chapter and do all things necessary to cooperate with the United States government, and to qualify for, accept, and disburse any grant intended ~~for the administration of sections 216C.05 to 216C.30~~ to administer this chapter;

(3) provide on-site technical assistance to units of local government in order to enhance local capabilities for dealing with energy problems;

(4) administer for the state, energy programs under federal law, regulations, or guidelines, and coordinate the programs and activities with other state agencies, units of local government, and educational institutions;

(5) develop a state energy investment plan with yearly energy conservation and alternative energy development goals, investment targets, and marketing strategies;

(6) perform market analysis studies relating to conservation, alternative and renewable energy resources, and energy recovery;

(7) assist with the preparation of proposals for innovative conservation, renewable, alternative, or energy recovery projects;

(8) manage and disburse funds made available for the purpose of research studies or demonstration projects related to energy conservation or other activities deemed appropriate by the commissioner;

(9) intervene in certificate of need proceedings before the Public Utilities Commission;

(10) collect fees from recipients of loans, grants, or other financial aid from money received from litigation or settlement of alleged violations of federal petroleum-pricing regulations, which fees must be used to pay the department's costs in administering those financial aids; and

(11) collect fees from proposers and operators of conservation and other energy-related programs that are reviewed, evaluated, or approved by the department, other than proposers that are political subdivisions or community or nonprofit organizations, to cover the department's cost in making the reviewal, evaluation, or approval and in developing additional programs for others to operate.

(b) Notwithstanding any other law, the commissioner is designated the state agent to apply for, receive, and accept federal or other funds made available to the state for the purposes of ~~sections 216C.05 to 216C.30~~ this chapter.

Sec. 27. Minnesota Statutes 2023 Supplement, section 216C.331, subdivision 1, is amended to read:

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

(b) "Aggregated customer energy use data" means customer energy use data that is combined into one collective data point per time interval. Aggregated customer energy use data is data with any unique identifiers or other personal information removed that a qualifying utility collects and aggregates in at least monthly intervals for an entire building on a covered property.

(c) "Benchmark" means to electronically input into a benchmarking tool ~~the total~~ whole building energy use data and other descriptive information about a building that is required by a benchmarking tool.

(d) "Benchmarking information" means data related to a building's energy use generated by a benchmarking tool, and other information about the building's physical and operational characteristics. Benchmarking information includes but is not limited to the building's:

(1) address;

(2) owner and, if applicable, the building manager responsible for operating the building's physical systems;

(3) total floor area, expressed in square feet;

(4) energy use intensity;

(5) greenhouse gas emissions; and

(6) energy performance score comparing the building's energy use with that of similar buildings.

(e) "Benchmarking tool" means the United States Environmental Protection Agency's Energy Star Portfolio Manager tool or an equivalent tool determined by the commissioner.

(f) "Covered property" means any property that is served by an investor-owned utility in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington County, or in any city outside the metropolitan area with a population of over 50,000 residents, as determined by the Minnesota State Demographic Center, served by a municipal energy utility or investor-owned utility, and that has one or more buildings containing in sum 50,000 gross square feet or greater. Covered property does not include:

(1) a residential property containing fewer than five dwelling units;

(2) a property that is: (i) classified as manufacturing under the North American Industrial Classification System; (ii) an energy-intensive trade-exposed customer, as defined in section 216B.1696; (iii) an electric power generation facility; (iv) a mining facility; or (v) an industrial building otherwise incompatible with benchmarking in the benchmarking tool, as determined by the commissioner;

(3) an agricultural building;

(4) a multitenant building that is served by a utility that ~~cannot supply~~ is not supplying aggregated customer usage data under subdivision 8 or is not using a customer usage data aggregation program to supply aggregated customer usage data to the benchmarking tool; or

(5) other property types that do not meet the purposes of this section, as determined by the commissioner.

(g) "Customer energy use data" means data collected from utility customer meters that reflect the quantity, quality, or timing of customers' energy use.

(h) "Energy" means electricity, natural gas, steam, or another product used to: (1) provide heating, cooling, lighting, or water heating; or (2) power other end uses in a building.

(i) "Energy performance score" means a numerical value from one to 100 that the Energy Star Portfolio Manager tool calculates to rate a building's energy efficiency against that of comparable buildings nationwide.

(j) "Energy Star Portfolio Manager" means an interactive resource management tool developed by the United States Environmental Protection Agency that (1) enables the periodic entry of a building's energy use data and other descriptive information about a building, and (2) rates a building's energy efficiency against that of comparable buildings nationwide.

(k) "Energy use intensity" means the total annual energy consumed in a building divided by the building's total floor area.

(l) "Financial distress" means a covered property that, at the time benchmarking is conducted:

(1) is the subject of a qualified tax lien sale or public auction due to property tax arrearages;

(2) is controlled by a court-appointed receiver based on financial distress;

(3) is owned by a financial institution through default by the borrower;

(4) has been acquired by deed in lieu of foreclosure; or

(5) has a senior mortgage that is subject to a notice of default.

(m) "Local government" means a statutory or home rule municipality or county.

(n) "Owner" means:

(1) an individual or entity that possesses title to a covered property; or

(2) an agent authorized to act on behalf of the covered property owner.

(o) "Qualifying utility" means ~~a utility serving the covered property, including~~:

(1) an electric or gas utility, including:

(i) an investor-owned electric or gas utility serving customers in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington County, or in any city outside the metropolitan area with a population of over 50,000 residents, as determined by the Minnesota State Demographic Center, and serving properties with one or more buildings containing in sum 50,000 gross square feet or greater; or

(ii) a municipally owned electric or gas utility serving customers in any city with a population of over 50,000 residents, as determined by the Minnesota State Demographic Center, and serving properties with one or more buildings containing in sum 50,000 gross square feet or greater;

(2) a natural gas supplier with five or more active commercial connections, accounts, or customers in the state and serving customers in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington County, or in any city outside the metropolitan area with a population of over 50,000 residents, as determined by the Minnesota State Demographic Center, and serving properties with one or more buildings containing in sum 50,000 gross square feet or greater; or

(3) a district steam, hot water, or chilled water provider serving customers in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington County, or in any city outside the metropolitan area with a population of over 50,000 residents, as determined by the Minnesota State Demographic Center, and serving properties with one or more buildings containing in sum 50,000 gross square feet or greater.

(p) "Tenant" means a person that occupies or holds possession of a building or part of a building or premises pursuant to a lease agreement.

(q) "Total floor area" means the sum of gross square footage inside a building's envelope, measured between the outside exterior walls of the building. Total floor area includes covered parking structures.

(r) "Utility customer" means the building owner or tenant listed on the utility's records as the customer liable for payment of the utility service or additional charges assessed on the utility account.

(s) "Whole building energy use data" means all energy consumed in a building, whether purchased from a third party or generated at the building site or from any other source.

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

Sec. 28. Minnesota Statutes 2022, section 216C.435, subdivision 3a, is amended to read:

Subd. 3a. **~~Cost-effective~~ Energy improvements.** "~~Cost-effective~~ Energy improvements" means:

(1) any new construction, renovation, or retrofitting of qualifying commercial real property to improve energy efficiency that: (i) is permanently affixed to the property~~,~~; and (ii) results in a net reduction in energy consumption ~~without altering the principal source of energy, and has been identified~~ or greenhouse gas emissions, as documented in an energy audit ~~as repaying the purchase and installation costs in 20 years or less,~~ based on the amount of future energy saved ~~and estimated future energy prices~~ or emissions avoided;

(2) any renovation or retrofitting of qualifying residential real property that is permanently affixed to the property and is eligible to receive an incentive through a program offered by the electric or natural gas utility that provides service under section 216B.241 to the property or is otherwise determined to be ~~a cost-effective~~ an eligible energy improvement by the commissioner under section 216B.241, subdivision 1d, paragraph (a);

(3) permanent installation of new or upgraded electrical circuits and related equipment to enable electrical vehicle charging; or

(4) a solar voltaic or solar thermal energy system attached to, installed within, or proximate to a building that generates electrical or thermal energy from a renewable energy source that has been ~~identified~~ documented in an energy audit or renewable energy system feasibility study ~~as repaying their purchase and installation costs in 20 years or less, based on the amount of future energy saved and estimated future energy prices~~, along with the estimated amount of related renewable energy production.

Sec. 29. Minnesota Statutes 2022, section 216C.435, subdivision 3b, is amended to read:

Subd. 3b. **Commercial PACE loan contractor.** "Commercial PACE loan contractor" means a person or entity that installs ~~cost-effective energy~~ eligible improvements financed under a commercial PACE loan program.

Sec. 30. Minnesota Statutes 2022, section 216C.435, is amended by adding a subdivision to read:

Subd. 3e. **Eligible improvement.** "Eligible improvement" means one or more energy improvements, resiliency improvements, or water improvements made to qualifying real property.

Sec. 31. Minnesota Statutes 2022, section 216C.435, subdivision 4, is amended to read:

Subd. 4. **Energy audit.** "Energy audit" means a formal evaluation of the energy consumption of a building by a certified energy auditor, whose certification is approved by the commissioner, for the purpose of identifying appropriate energy improvements that could be made to the building and including an estimate of the ~~length of time a specific energy improvement will take to repay its purchase and installation costs, based on the amount of energy saved and estimated future energy prices~~ effective useful life, the reduction of energy consumption, and the related avoided greenhouse gas emissions resulting from the proposed eligible improvements.

Sec. 32. Minnesota Statutes 2023 Supplement, section 216C.435, subdivision 8, is amended to read:

Subd. 8. **Qualifying commercial real property.** "Qualifying commercial real property" means a multifamily residential dwelling, a commercial or industrial building, or farmland, as defined in section 216C.436, subdivision 1b, that the implementing entity has determined, after review of an energy audit, renewable energy system feasibility study, water improvement study, resiliency improvement study, or agronomic assessment, as defined in section 216C.436, subdivision 1b, can benefit from ~~the installation of cost-effective energy~~ installing eligible improvements or land and water improvements, as defined in section 216C.436, subdivision 1b. Qualifying commercial real property includes new construction.

Sec. 33. Minnesota Statutes 2022, section 216C.435, subdivision 10, is amended to read:

Subd. 10. **Renewable energy system feasibility study.** "Renewable energy system feasibility study" means a written study, conducted by a contractor trained to perform that analysis, for the purpose of determining the feasibility of installing a renewable energy system in a building, including an estimate of the ~~length of time a specific~~ effective useful life, the production of renewable energy, and any related avoided greenhouse gas emissions of the proposed renewable energy system ~~will take to repay its purchase and installation costs, based on the amount of energy saved and estimated future energy prices. For a geothermal energy improvement, the feasibility study must calculate net savings in terms of nongeothermal energy and costs~~.

Sec. 34. Minnesota Statutes 2022, section 216C.435, is amended by adding a subdivision to read:

Subd. 11a. **Resiliency improvement.** "Resiliency improvement" means one or more installations or modifications to eligible commercial real property that are designed to improve a property's resiliency by improving the eligible real property's:

(1) structural integrity for seismic events;

(2) indoor air quality;

(3) durability to resist wind, fire, and flooding;

(4) ability to withstand an electric power outage;

(5) stormwater control measures, including structural and nonstructural measures to mitigate stormwater runoff;

(6) ability to mitigate the impacts of extreme temperatures; or

(7) ability to mitigate greenhouse gas embodied emissions from the eligible real property.

Sec. 35. Minnesota Statutes 2022, section 216C.435, is amended by adding a subdivision to read:

Subd. 11b. **Resiliency improvement feasibility study.** "Resiliency improvement feasibility study" means a written study, conducted by a contractor trained to perform the analysis, that:

(1) determines the feasibility of installing a resiliency improvement;

(2) documents the improved resiliency capabilities of the property; and

(3) estimates the effective useful life of the proposed resiliency improvements.

Sec. 36. Minnesota Statutes 2022, section 216C.435, is amended by adding a subdivision to read:

Subd. 14. **Water improvement.** "Water improvement" means one or more installations or modifications to qualifying commercial real property that are designed to improve water efficiency or water quality by:

(1) reducing water consumption;

(2) improving the quality, potability, or safety of water for the qualifying property; or

(3) conserving or remediating water, in whole or in part, on qualifying real property.

Sec. 37. Minnesota Statutes 2022, section 216C.435, is amended by adding a subdivision to read:

Subd. 15. **Water improvement feasibility study.** "Water improvement feasibility study" means a written study, conducted by a contractor trained to perform the analysis, that:

(1) determines the appropriate water improvements that could be made to the building; and

(2) estimates the effective useful life, the reduction of water consumption, and any improvement in water quality resulting from the proposed water improvements.

Sec. 38. Minnesota Statutes 2022, section 216C.436, subdivision 1, is amended to read:

Subdivision 1. **Program purpose and authority.** An implementing entity may establish a commercial PACE loan program to finance ~~cost-effective~~ energy, water, and resiliency improvements to enable owners of qualifying commercial real property to pay for ~~the cost-effective energy~~ eligible improvements to the qualifying real property with the net proceeds and interest earnings of revenue bonds authorized in this section. An implementing entity may limit the number of qualifying commercial real properties for which a property owner may receive program financing.

Sec. 39. Minnesota Statutes 2023 Supplement, section 216C.436, subdivision 1b, is amended to read:

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

(b) "Agronomic assessment" means a study by an independent third party that assesses the environmental impacts of proposed land and water improvements on farmland.

(c) "Farmland" means land classified as 2a, 2b, or 2c for property tax purposes under section 273.13, subdivision 23.

(d) "Land and water improvement" means:

(1) an improvement to farmland that:

(i) is permanent;

(ii) results in improved agricultural profitability or resiliency;

(iii) reduces the environmental impact of agricultural production; and

(iv) if the improvement affects drainage, complies with the most recent versions of the applicable following conservation practice standards issued by the United States Department of Agriculture's Natural Resources Conservation Service: Drainage Water Management (Code 554), Saturated Buffer (Code 604), Denitrifying Bioreactor (Code 605), and Constructed Wetland (Code 656); or

(2) water conservation and quality measures, which include permanently affixed equipment, appliances, or improvements that reduce a property's water consumption or that enable water to be managed more efficiently.

(e) "Resiliency" means:

(1) the ability of farmland to maintain and enhance profitability, soil health, and water quality~~.~~;

(2) the ability to mitigate greenhouse gas embodied emissions from an eligible real property; or

(3) an increase in building resilience through flood mitigation, stormwater management, wildfire and wind resistance, energy storage use, or microgrid use.

Sec. 40. Minnesota Statutes 2023 Supplement, section 216C.436, subdivision 2, is amended to read:

Subd. 2. **Program requirements.** A commercial PACE loan program must:

(1) impose requirements and conditions on financing arrangements to ensure timely repayment;

(2) require an energy audit, renewable energy system feasibility study, resiliency improvement study, water improvement study, or agronomic or soil health assessment to be conducted on the qualifying commercial real property and reviewed by the implementing entity prior to approval of the financing;

(3) require the inspection or verification of all ~~installations and a performance verification of at least ten percent of the cost-effective energy~~ eligible improvements or land and water improvements financed by the program;

(4) not prohibit the financing of all ~~cost-effective energy~~ eligible improvements or land and water improvements not otherwise prohibited by this section;

(5) require that all ~~cost-effective energy~~ eligible improvements or land and water improvements be made to a qualifying commercial real property prior to, or in conjunction with, an applicant's repayment of financing for ~~cost-effective energy~~ eligible improvements or land and water improvements for ~~that~~ the qualifying commercial real property;

(6) have ~~cost-effective energy~~ eligible improvements or land and water improvements financed by the program performed by a licensed contractor as required by chapter 326B or other law or ordinance;

(7) require disclosures in the loan document to borrowers by the implementing entity of: (i) the risks involved in borrowing, including the risk of foreclosure if a tax delinquency results from a default; and (ii) all the terms and conditions of the commercial PACE loan and the installation of ~~cost-effective energy~~ eligible improvements or land and water improvements, including the interest rate being charged on the loan;

(8) provide financing only to those who demonstrate an ability to repay;

(9) not provide financing for a qualifying commercial real property in which the owner is not current on mortgage or real property tax payments;

(10) require a petition to the implementing entity by all owners of the qualifying commercial real property requesting collections of repayments as a special assessment under section 429.101;

(11) provide that payments and assessments are not accelerated due to a default and that a tax delinquency exists only for assessments not paid when due;

(12) require that liability for special assessments related to the financing runs with the qualifying commercial real property; and

(13) prior to financing any improvements to or imposing any assessment upon qualifying commercial real property, require notice to and written consent from the mortgage lender of any mortgage encumbering or otherwise secured by the qualifying commercial real property.

Sec. 41. Minnesota Statutes 2022, section 216C.436, subdivision 4, is amended to read:

Subd. 4. **Financing terms.** Financing provided under this section must have:

(1) a cost-weighted average maturity not exceeding the useful life of the ~~energy~~ eligible improvements installed, as determined by the implementing entity, but in no event may a term exceed ~~20~~ 30 years;

(2) a principal amount not to exceed the lesser of:

(i) the greater of ~~20~~ 30 percent of the assessed value of the real property on which the improvements are to be installed or ~~20~~ 30 percent of the real property's appraised value, accepted or approved by the mortgage lender; or

(ii) the actual cost of installing the ~~energy~~ eligible improvements, including the costs of necessary equipment, materials, and labor~~,~~; the costs of each related energy audit ~~or~~, renewable energy system feasibility study, water improvement study, or resiliency improvement study; and the cost of verification of installation; and

(3) an interest rate sufficient to pay the financing costs of the program, including the issuance of bonds and any financing delinquencies.

Sec. 42. Minnesota Statutes 2022, section 216C.436, subdivision 7, is amended to read:

Subd. 7. **Repayment.** An implementing entity that finances an ~~energy~~ eligible improvement under this section must:

(1) secure payment with a lien against the qualifying commercial real property; and

(2) collect repayments as a special assessment as provided for in section 429.101 or by charter, provided that special assessments may be made payable in up to ~~20~~ 30 equal annual installments.

If the implementing entity is an authority, the local government that authorized the authority to act as implementing entity shall impose and collect special assessments necessary to pay debt service on bonds issued by the implementing entity under subdivision 8, and shall transfer all collections of the assessments upon receipt to the authority.

Sec. 43. Minnesota Statutes 2022, section 216C.436, subdivision 8, is amended to read:

Subd. 8. **Bond issuance; repayment.** (a) An implementing entity may issue revenue bonds as provided in chapter 475 for the purposes of this section and section 216C.437, provided the revenue bond must not be payable more than ~~20~~ 30 years from the date of issuance.

(b) The bonds must be payable as to both principal and interest solely from the revenues from the assessments established in subdivision 7 and section 216C.437, subdivision 28.

(c) No holder of bonds issued under this subdivision may compel any exercise of the taxing power of the implementing entity that issued the bonds to pay principal or interest on the bonds, and if the implementing entity is an authority, no holder of the bonds may compel any exercise of the taxing power of the local government. Bonds issued under this subdivision are not a debt or obligation of the issuer or any local government that issued them, nor is the payment of the bonds enforceable out of any money other than the revenue pledged to the payment of the bonds.

Sec. 44. Minnesota Statutes 2022, section 216C.436, subdivision 10, is amended to read:

Subd. 10. **Improvements; real property or fixture.** ~~A cost-effective energy~~ An eligible improvement financed under a PACE loan program, including all equipment purchased in whole or in part with loan proceeds under a loan program, is deemed real property or a fixture attached to the real property.

Sec. 45. **[216C.47] GEOTHERMAL PLANNING GRANTS.**

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

(b) "Eligible applicant" means a county, city, town, or the Metropolitan Council.

(c) "Geothermal energy system" means a system that heats and cools one or more buildings by using the constant temperature of the earth as both a heat source and heat sink, and a heat exchanger consisting of an underground closed loop system of piping containing a liquid to absorb and relinquish heat within the earth. Geothermal energy system includes:

(1) a bored geothermal heat exchanger, as defined in section 103I.005;

(2) a groundwater thermal exchange device, as defined in section 103I.005; and

(3) a submerged closed loop heat exchanger, as defined in section 103I.005.

Subd. 2. **Establishment.** A geothermal planning grant program is established in the department to provide financial assistance to eligible applicants to examine the technical and economic feasibility of installing geothermal energy systems.

Subd. 3. **Account established.** (a) The geothermal planning grant account is established as a separate account in the special revenue fund in the state treasury. The commissioner must credit to the account appropriations and transfers to the account. Earnings, including interest, dividends, and any other earnings arising from assets of the account, must be credited to the account. Money remaining in the account at the end of a fiscal year does not cancel to the general fund, but remains in the account until June 30, 2029. The commissioner must manage the account.

(b) Money in the account is appropriated to the commissioner to (1) award geothermal planning grants to eligible applicants, and (2) reimburse the reasonable costs incurred by the department to administer this section.

Subd. 4. **Application process.** An applicant seeking a grant under this section must submit an application to the commissioner on a form developed by the commissioner. The commissioner must develop administrative procedures to govern the application and grant award process. The commissioner may contract with a third party to conduct some or all of the program's operations.

Subd. 5. **Grant awards.** (a) A grant awarded under this process may be used to pay the total cost of the activities eligible for funding under subdivision 6, up to a limit of $150,000.

(b) The commissioner must endeavor to award grants to eligible applicants in all regions of Minnesota.

(c) Grants may be awarded under this section only to projects whose work is completed after July 1, 2024.

Subd. 6. **Eligible grant expenditures.** Activities that may be funded with a grant awarded under this section include:

(1) analysis of the heating and cooling demand of the building or buildings that consume energy from the geothermal energy system;

(2) evaluation of equipment that could be combined with a geothermal energy system to meet the building's heating and cooling requirements;

(3) analysis of the geologic conditions of the earth in which a geothermal energy system operates, including the drilling of one or more test wells to characterize geologic materials and to measure properties of the earth and aquifers that impact the feasibility of installing and operating a geothermal energy system; and

(4) preparation of a financial analysis of the project.

Subd. 7. **Contractor and subcontractor requirements.** Contractors and subcontractors that perform work funded with a grant awarded under this section must have experience installing geothermal energy systems.

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

Sec. 46. **[216C.48] STANDARDIZED SOLAR PLAN REVIEW SOFTWARE; TECHNICAL ASSISTANCE; FINANCIAL INCENTIVE.**

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

(b) "Energy storage system" has the meaning given in section 216B.2422, subdivision 1.

(c) "Permitting authority" means a unit of local government in Minnesota that has authority to review and issue permits to install residential solar projects and solar plus energy storage system projects within the unit of local government's jurisdiction.

(d) "Photovoltaic device" has the meaning given in section 216C.06, subdivision 16.

(e) "Residential solar project" means the installation of a photovoltaic device at a residence located in Minnesota.

(f) "SolarAPP+" means the most recent version of the Solar Automated Permit Processing Plus software, developed by the National Renewable Energy Laboratory and available free to permitting authorities from the United States Department of Energy, that uses a web-based portal to automate the solar project plan review and permit issuance processes for residential solar projects that are compliant with applicable building and electrical codes.

(g) "Solar plus energy storage system project" means a residential solar project installed in conjunction with an energy storage system at the same residence.

Subd. 2. **Program establishment.** A program is established in the department to provide technical assistance and financial incentives to local units of government that issue permits for residential solar projects and solar plus energy storage system projects in order to incentivize a permitting authority to adopt the SolarAPP+ software to standardize, automate, and streamline the review and permitting process.

Subd. 3. **Eligibility.** An incentive may be awarded under this section to a permitting authority that has deployed SolarAPP+ and made SolarAPP+ available on the permitting authority's website.

Subd. 4. **Application.** (a) A permitting authority must submit an application for a financial incentive under this section to the commissioner on a form developed by the commissioner.

(b) An application may be submitted for a financial incentive under this section after SolarAPP+ has become operational in the permitting authority's jurisdiction.

Subd. 5. **Review and grant award process.** The commissioner must develop administrative procedures to govern the application review and incentive award process under this section.

Subd. 6. **Incentive awards.** Beginning no later than March 1, 2025, the commissioner may award a financial incentive to a permitting authority under this section only if the commissioner has determined that the permitting authority meets verification requirements established by the commissioner that ensure a permitting authority has made SolarAPP+ operational within the permitting authority's jurisdiction and that SolarAPP+ is available on the permitting authority's website.

Subd. 7. **Incentive amount.** (a) An incentive awarded under this section must be no less than $5,000 and no greater than $20,000.

(b) The commissioner may vary the amount of an incentive awarded under this section by considering the following factors:

(1) the population of the permitting authority;

(2) the number of permits for solar projects issued by the permitting authority using conventional review processes;

(3) whether the SolarAPP+ software has been adopted on a stand-alone basis or has been integrated with other permit management software utilized by the permitting authority; and

(4) whether the permitting jurisdiction has participated in other sustainability programs, including but not limited to GreenStep Cities and the United States Department of Energy's SolSmart and Charging Smart programs.

Subd. 8. **Technical assistance.** The department must provide technical assistance to eligible permitting authorities seeking to apply for an incentive under this section.

Subd. 9. **Program promotion.** The department must develop an education and outreach program to make permitting authorities aware of the incentive offered under this section, including by convening workshops, producing educational materials, and using other mechanisms to promote the program, including but not limited to utilizing the efforts of the League of Minnesota Cities, the Association of Minnesota Counties, the Community Energy Resource Teams established under section 216C.385, and similar organizations to reach permitting authorities.

Subd. 10. **Account established.** (a) The SolarAPP+ program account is established in the special revenue account in the state treasury. The commissioner must credit to the account appropriations and transfers to the account. Earnings, including interest, dividends, and any other earnings arising from assets of the account, must be credited to the account. Money remaining in the account at the end of a fiscal year does not cancel to the general fund but remains in the account until June 30, 2028. The commissioner must manage the account.

(b) Money in the account is appropriated to the commissioner for the purposes of this section and to reimburse the reasonable costs incurred by the department to administer this section.

Sec. 47. Laws 2023, chapter 60, article 10, section 2, subdivision 2, is amended to read:

Subd. 2. **Energy Resources**	96,083,000	27,617,000

(a) $5,861,000 the first year and $6,038,000 the second year are to the division of energy resources for operating expenses.

(b) $150,000 the first year and $150,000 the second year are to remediate vermiculite insulation from households that are eligible for weatherization assistance under Minnesota's weatherization assistance program state plan under Minnesota Statutes, section 216C.264. Remediation must be done in conjunction with federal weatherization assistance program services.

(c) $1,138,000 in the first year is transferred from the general fund to the solar for schools program account under Minnesota Statutes, section 216C.375, to provide financial assistance to schools that are state colleges and universities to purchase and install solar energy generating systems. This appropriation must be expended on schools located outside the electric service territory of the public utility that is subject to Minnesota Statutes, section 116C.779. Money under this paragraph is available until June 30, 2034. Any money remaining on June 30, 2034, cancels to the general fund.

(d) $189,000 each year is for activities associated with a utility's implementation of a natural gas innovation plan under Minnesota Statutes, section 216B.2427.

(e) $15,000,000 in the first year is transferred from the general fund to the solar for schools program account in the special revenue fund for grants under the solar for schools program established under Minnesota Statutes, section 216C.375. The money under this paragraph must be expended on schools located outside the electric service territory of the public utility that is subject to Minnesota Statutes, section 116C.779.

(f) $500,000 each year is for the strengthen Minnesota homes program under Minnesota Statutes, section 65A.299, subdivision 4. Money under this paragraph is transferred from the general fund to strengthen Minnesota homes account in the special revenue fund. This is a onetime appropriation.

(g) $20,000,000 the first year and $18,737,000 the second year are for weatherization and preweatherization work to serve additional households and allow for services that would otherwise be denied due to current federal limitations related to the federal weatherization assistance program. Money under this paragraph is transferred from the general fund to the preweatherization account in the special revenue fund under Minnesota Statutes, section 216C.264, subdivision 1c. The base in fiscal years 2026 and later is $3,199,000.

(h) $15,000,000 the first year is for a grant to an investor-owned electric utility that has at least 50,000 retail electric customers, but no more than 200,000 retail electric customers, to increase the capacity and improve the reliability of an existing high-voltage direct current transmission line that runs between North Dakota and Minnesota. This is a onetime appropriation and must be used to support the cost-share component of a federal grant application to a program enacted in the federal Infrastructure Investment and Jobs Act, Public Law 117-58, and may otherwise be used to reduce the cost of the high-voltage direct current transmission project upgrade and to reimburse the reasonable costs incurred by the department to administer the grant. This appropriation is available until June 30, 2034.

(i) $300,000 the first year is for technical assistance and administrative support for the Tribal Advocacy Council on Energy under article 12, section 71. As part of the technical assistance and administrative support for the program, the commissioner must hire a Tribal liaison to support the Tribal Advocacy Council on Energy and advise the department on the development of a culturally responsive clean energy grants program based on the priorities identified by the Tribal Advocacy Council on Energy.

(j) $3,000,000 the first year is for a grant to Clean Energy Economy Minnesota for the Minnesota Energy Alley initiative to secure the state's energy and economic development future. The appropriation may be used to establish and support the initiative, provide seed funding for businesses, develop a training and development program, support recruitment of entrepreneurs to Minnesota, and secure funding from federal programs and corporate partners to establish a

self-sustaining, long-term revenue model. This appropriation may be used to reimburse the reasonable costs incurred by the department to administer the grant. This is a onetime appropriation and is available until June 30, 2027.

(k) $5,000,000 the first year is transferred to the electric vehicle rebate program account to award rebates to purchase or lease eligible electric vehicles under Minnesota Statutes, section 216C.401. Rebates must be awarded under this paragraph only to eligible recipients located outside the retail electric service area of the public utility that is subject to Minnesota Statutes, section 116C.779. This is a onetime appropriation and is available until June 30, 2027.

(l) $1,000,000 the first year is to award grants under Minnesota Statutes, section 216C.402, to automobile dealers seeking certification to sell electric vehicles and to reimburse the reasonable costs incurred by the department to administer the grants. Grants must only be awarded under this paragraph to eligible dealers located outside the retail electric service area of the public utility that is subject to Minnesota Statutes, section 116C.779. This is a onetime appropriation and is available until June 30, 2027.

(m) $3,000,000 the first year is transferred to the residential electric panel upgrade grant program account established under Minnesota Statutes, section 216C.45, to award electric panel upgrade grants and to reimburse the reasonable costs incurred by the department to administer the program. Grants must be awarded under this paragraph only to owners of single-family homes or multifamily buildings located outside the electric service area of the public utility subject to Minnesota Statutes, section 116C.779. This is a onetime appropriation and is available until June 30, 2027.

(n) $500,000 the first year and $500,000 the second year are for a grant to the clean energy resource teams partnerships under Minnesota Statutes, section 216C.385, subdivision 2, to provide additional capacity to perform the duties specified under Minnesota Statutes, section 216C.385, subdivision 3. This appropriation may be used to reimburse the reasonable costs incurred by the department to administer the grant.

(o) $1,807,000 the first year and $301,000 the second year are to implement energy benchmarking under Minnesota Statutes, section 216C.331.

Of the amount appropriated under this paragraph, $750,000 the first year is to award grants to qualifying utilities that are not investor-owned utilities to support the development of technology for implementing energy benchmarking under Minnesota Statutes, section 216C.331. This is a onetime appropriation.

Of the amount appropriated in the first year under this paragraph, $756,000 the first year is for a grant to Building Owners and Managers Association Greater Minneapolis to establish partnerships with three technical colleges and high school career counselors with a goal of increasing the number of building engineers across Minnesota. This is a onetime appropriation and is available until June 30, 2028. The grant recipient must provide a detailed report describing how the grant funds were used to the chairs and ranking minority members of the legislative committees having jurisdiction over higher education by January 15 of each year until 2028. The report must describe the progress made toward the goal of increasing the number of building engineers and strategies used.

(p) $500,000 the first year is for a feasibility study to identify and process Minnesota iron resources that could be suitable for upgrading to long-term battery storage specifications. The results of the feasibility study must be submitted to the commissioner of commerce and to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over energy policy no later than ~~February~~ November 1, 2025. This appropriation may be used to reimburse the reasonable costs incurred to administer the study. This is a onetime appropriation.

(q) $6,000,000 the first year is for electric school bus grants under Minnesota Statutes, section 216C.374. Money under this paragraph is transferred from the general fund to the electric school bus program account. This is a onetime appropriation.

(r) $5,300,000 the first year is for electric grid resiliency grants under article 12, section 72. This appropriation may be used to reimburse the reasonable

costs incurred by the department to administer the grants. This is a onetime appropriation and is available until June 30, 2028.

(s) $6,000,000 the first year is transferred to the heat pump rebate program account established under Minnesota Statutes, section 216C.46, to implement the heat pump rebate program and to reimburse the reasonable costs incurred by the department to administer the program. Of this amount:

(1) up to $1,400,000 the first year is to contract with an energy coordinator under Minnesota Statutes, section 216C.46, subdivision 5; and

(2) up to $1,400,000 the first year is to conduct contractor training and support under Minnesota Statutes, section 216C.46, subdivision 6.

(t) $1,000,000 the first year is to award air ventilation pilot program grants under Minnesota Statutes, section 123B.663, for assessments, testing, and equipment upgrades in schools, and for the department's costs to administer the program. This is a onetime appropriation.

(u) $500,000 the first year is for a grant to the city of Anoka for feasibility studies as described in this paragraph and design, engineering, and environmental analysis related to the repair and reconstruction of the Rum River Dam. Findings from the feasibility studies must be incorporated into the design and engineering funded by this appropriation. This appropriation is onetime and is available until June 30, 2027. This appropriation includes money for the following studies: (1) a study to assess the feasibility of adding a lock or other means for boats to traverse the dam to navigate between the lower Rum River and upper Rum River; (2) a study to assess the feasibility of constructing the dam in a manner that would facilitate recreational river surfing at the dam site; and (3) a study to assess the feasibility of constructing the dam in a manner to generate hydroelectric power.

(v) $3,000,000 the first year is for grants to install on-site energy storage systems, as defined in Minnesota Statutes, section 216B.2422, subdivision 1, paragraph (f), with a capacity of 50 kilowatt hours or less and that are located outside the electric service area of the electric utility subject to Minnesota Statutes, section

116C.779. To receive a grant under this paragraph, an owner of the energy storage system must be operating a solar energy generating system at the same site as the energy storage system or have filed an application with a utility to interconnect a solar energy generating system at the same site as the energy storage system. This appropriation may be used to reimburse the reasonable costs incurred by the department to administer the grants. This is a onetime appropriation and is available until June 30, 2027.

(w) $164,000 the second year is for activities associated with a public utility's filing a transportation electrification plan under Minnesota Statutes, section 216B.1615. The base in fiscal year 2026 and later is $164,000.

(x) $77,000 each year is for activities associated with appeals of consumer complaints to the commission under Minnesota Statutes, section 216B.172.

(y) $961,000 each year is for activities required under Minnesota Statutes, section 216B.1641 for community solar gardens. This appropriation must be assessed directly to the public utility subject to Minnesota Statutes, section 116C.779.

(z) $300,000 the first year is for the community solar garden program study required under article 12, section 73.

Sec. 48. **ULTRAEFFICIENT VEHICLE DEVELOPMENT GRANTS.**

Subdivision 1. **Program establishment.** (a) A grant program is established in the Department of Commerce to provide financial assistance to developers and producers of ultraefficient vehicles that use proprietary technology.

(b) For purposes of this section, "ultraefficient vehicle" means a fully closed compartment vehicle that is designed to carry at least one adult passenger and that achieves:

(1) at least 75 miles per gallon while operating on gasoline;

(2) at least 75 miles per gallon equivalent while operating as a hybrid electric-gasoline; or

(3) at least 75 miles per gallon equivalent while operating as a fully electric vehicle.

Subd. 2. **Application process.** Applicants seeking a grant under this section must submit an application to the commissioner of commerce on a form developed by the commissioner. The commissioner is responsible for receiving and reviewing grant applications and awarding grants under this subdivision. The commissioner must develop administrative procedures to govern the application, evaluation, and grant-award process.

Subd. 3. **Grant awards.** The maximum grant award for each eligible applicant awarded a grant under this section is $250,000. When awarding grants under this section, the department must:

(1) give priority to ultraefficient vehicle projects that are deemed to be near production ready; and

(2) give priority to ultraefficient vehicle projects that maximize the use of electricity to charge and run the vehicle.

Subd. 4. **Account established.** An ultraefficient vehicle development grant account is established in the special revenue fund in the state treasury. The commissioner of commerce must credit to the account appropriations made for ultraefficient vehicle development grants. Earnings, including interest, arising from assets in the account, must be credited to the account. Money in the account is available until June 30, 2028. Any amount remaining in the account after June 30, 2028, cancels to the renewable development account. The commissioner of commerce must manage the account.

Subd. 5. **Appropriation; expenditures.** Money in the account established in subdivision 4 is appropriated to the commissioner of commerce and must be used only to:

(1) make grant awards under this section; and

(2) pay the reasonable costs incurred by the department to administer this section.

Subd. 6. **Report.** On January 15, 2026, and on January 15, 2029, the commissioner of commerce must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over energy policy and finance on the grant awards under this section.

Sec. 49. **THERMAL ENERGY NETWORK DEPLOYMENT WORK GROUP.**

Subdivision 1. **Direction.** The Public Utilities Commission must establish and appoint a thermal energy network deployment work group to examine (1) the potential regulatory opportunities for regulated natural gas utilities to deploy thermal energy networks, and (2) potential barriers to development. The work group must examine the public benefits, costs, and impacts of deployment of thermal energy networks, as well as examine rate design options.

Subd. 2. **Membership.** (a) The work group consists of at least the following:

(1) representatives of the Department of Commerce;

(2) representatives of the Department of Health;

(3) representatives of the Pollution Control Agency;

(4) representatives of the Department of Natural Resources;

(5) representatives of the Office of the Attorney General;

(6) representatives from utilities;

(7) representatives from clean energy advocacy organizations;

(8) representatives from labor organizations;

(9) geothermal technology providers;

(10) representatives from consumer protection organizations;

(11) representatives from cities; and

(12) representatives from low-income communities.

(b) The executive secretary of the Public Utilities Commission may invite others to participate in one or more meetings of the work group.

(c) When appointing members to the work group, the Public Utilities Commission must endeavor to ensure that all geographic regions of Minnesota are represented.

Subd. 3. **Duties.** The work group must prepare a report containing findings and recommendations regarding how to deploy thermal energy networks within a regulated context and in a manner that protects the public interest and considers reliability, affordability, environmental impacts, and socioeconomic impacts.

Subd. 4. **Report to legislature.** The work group must submit a report detailing the work group's findings and recommendations to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over energy policy and finance by December 31, 2025. The work group terminates the day after the report under this subdivision is submitted.

Subd. 5. **Notice and comment period.** The executive secretary of the Public Utilities Commission must file the completed report in Public Utilities Commission Docket No. G-999/CI-21-565 and provide notice to all docket participants and other interested persons that comments on the findings and recommendations may be filed in the docket.

Subd. 6. **Definition.** For the purposes of this section, "thermal energy network" means a project that provides heating and cooling to multiple buildings connected via underground piping containing fluids that, in concert with heat pumps, exchange thermal energy from the earth, underground or surface waters, wastewater, or other heat sources.

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

Sec. 50. **STUDY; CARBON DIOXIDE PIPELINES.**

(a) The commission must contract with an independent third party to conduct a study that: (1) assesses the human health and environmental impacts that result from constructing, operating, and maintaining carbon dioxide pipelines; and (2) makes recommendations regarding regulation of the activities listed in clause (1). The executive secretary of the commission may consult with the executive director of the environmental quality board when selecting the contractor to conduct the study.

(b) The study must include, at a minimum, the following elements:

(1) identification of geographic areas in Minnesota that, due to the geographic area's geology or the presence of environmentally sensitive resources, are unsuitable sites to construct and operate carbon dioxide pipelines;

(2) the amount of energy and water required to operate the equipment used to capture the carbon dioxide that is transported in a carbon dioxide pipeline;

(3) the potential human and environmental impacts of a carbon dioxide pipeline leak or rupture, especially to long-term human health, surface water bodies and wetlands, animals and animal habitat, croplands, and other sensitive resources;

(4) measures that can be taken to mitigate the impact of a carbon dioxide pipeline leak or rupture, including setbacks, protection for wildlife and wildlife habitat, and enhanced local emergency response strategies and resources;

(5) the long-term impacts of pipeline construction on wetlands, soils, crops, and other vegetation;

(6) the lifecycle greenhouse gas emissions resulting from carbon dioxide pipelines, including the ultimate disposition of the carbon dioxide, whether the carbon dioxide is sequestered, used to manufacture other products, or used to extract incremental oil or gas supplies from underground reservoirs. The greenhouse gas emissions resulting from the process to extract incremental oil or gas supplies from underground reservoirs and the subsequent combustion of the incremental energy sources must also be estimated. The analysis should also indicate the degree to which any emission reductions are verifiable; and

(7) recommended provisions for a state regulatory process to site, operate, maintain, and abandon carbon dioxide pipelines that are transparent, provide opportunity for public engagement, and provide pipeline operators with clear signals and efficient procedures regarding permitting issues.

(c) No later than November 1, 2026, a written copy of the report must be submitted to the chairs and ranking minority members of the legislative committees with primary jurisdiction over energy policy and environmental policy and to the Public Utilities Commission. The commission must consider the report's findings and recommendations when issuing siting permits for carbon dioxide pipelines.

Sec. 51. **THERMAL ENERGY NETWORK SITE SUITABILITY STUDY.**

(a) The Department of Commerce must conduct or contract for a study to determine the suitability of sites to deploy thermal energy networks statewide.

(b) The study must:

(1) identify areas more and less suitable for deployment of thermal energy networks statewide; and

(2) identify potential barriers to the deployment of thermal energy networks and potential ways to address the barriers.

(c) In determining site suitability, the study must consider:

(1) geologic or hydrologic access to thermal storage;

(2) the existing built environment, including but not limited to age, density, building uses, existing heating and cooling systems, and existing electrical services;

(3) the condition of existing natural gas infrastructure;

(4) road and street conditions, including planned replacement or maintenance;

(5) local land use regulations;

(6) area permitting requirements; and

(7) whether the area is an environmental justice area, as defined in section 116.065, subdivision 1, paragraph (e).

(d) No later than January 15, 2026, the Department of Commerce must submit a written report documenting the study's findings to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over energy policy and finance.

(e) For the purposes of this section, "thermal energy network" means a project that provides heating and cooling to multiple buildings connected via underground piping containing fluids that, in concert with heat pumps, exchange thermal energy from the earth, underground or surface waters, wastewater, or other heat sources.

Sec. 52. **GRID ENHANCING TECHNOLOGIES REPORT; PUBLIC UTILITIES COMMISSION ORDER.**

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

(b) "Capacity" means the maximum amount of electricity that can flow through a transmission line while observing industry safety standards.

(c) "Congestion" means a condition in which a lack of transmission line capacity prevents the delivery of the lowest-cost electricity dispatched to meet load at a specific location.

(d) "Dynamic line rating" means hardware or software used to calculate the thermal limit of existing transmission lines at a specific point in time by incorporating information on real-time and forecasted weather conditions.

(e) "Grid enhancing technology" means hardware or software that reduces congestion or enhances the flexibility of the transmission system by increasing the capacity of a high-voltage transmission line or rerouting electricity from overloaded to uncongested lines, while maintaining industry safety standards. Grid enhancing technologies include but are not limited to dynamic line rating, advanced power flow controllers, and topology optimization.

(f) "Line rating methodology" means a methodology used to calculate the maximum amount of electricity that can be carried by a transmission line without exceeding thermal limits designed to ensure safety.

(g) "Power flow controller" means hardware and software used to reroute electricity from overloaded transmission lines to underutilized transmission lines.

(h) "Thermal limit" means the temperature a transmission line reaches when heat from the electric current flow within the transmission line causes excessive sagging of the transmission line.

(i) "Topology optimization" means a software technology that uses mathematical models to identify reconfigurations in the transmission grid in order to reroute electricity from overloaded transmission lines to underutilized transmission lines.

(j) "Transmission line" has the meaning given to "high-voltage transmission line" in section 216E.01. subdivision 4.

(k) "Transmission system" means a network of high-voltage transmission lines owned or operated by an entity subject to this section that transports electricity to Minnesota customers.

Subd. 2. **Report; content.** An entity that owns more than 750 miles of transmission lines in Minnesota, as reported in the state transmission report submitted to the Public Utilities Commission under Minnesota Statutes, section 216B.2425, by November 1, 2025, must include in that report information that:

(1) identifies, during each of the last three years, locations that experienced 168 hours or more of congestion, or the ten locations at which the most costly congestion occurred, whichever measure produces the greater number of locations;

(2) estimates the frequency of congestion at each location and the increased cost to ratepayers resulting from the substitution of higher-priced electricity;

(3) identifies locations on each transmission system that are likely to experience high levels of congestion during the next five years;

(4) evaluates the technical feasibility and estimates the cost of installing one or more grid enhancing technologies to address each instance of grid congestion identified in clause (1), and projects the grid enhancing technology's efficacy in reducing congestion;

(5) analyzes the cost-effectiveness of installing grid enhancing technologies to address each instance of congestion identified in clause (1) by using the information developed in clause (2) to calculate the payback period of each installation, using a methodology developed by the commission;

(6) proposes an implementation plan, including a schedule and cost estimate, to install grid enhancing technologies at each congestion point identified in clause (1) at which the payback period is less than or equal to a value determined by the commission, in order to maximize transmission system capacity; and

(7) explains the transmission owner's current line rating methodology.

Subd. 3. **Commission review; order.** (a) The commission must review the implementation plans proposed by each reporting entity as required in subdivision 2, clause (6), and must:

(1) review, and may approve, reject, or modify, the plan; and

(2) issue an order requiring implementation of an approved plan.

(b) Within 90 days of the date the commission issues an order under this subdivision each public utility must file with the commission a plan containing a workplan, cost estimate, and schedule to implement the elements of the plan approved by the commission that are located within the public utility's electric service area. For each entity required to report under this section that is not a public utility, the commission's order is advisory.

Subd. 4. **Cost recovery.** Notwithstanding any other provision of this chapter, the commission may approve cost recovery under Minnesota Statutes, section 216B.16, including an appropriate rate of return, of any prudent and reasonable investments made or expenses incurred by a public utility to administer and implement a grid enhancing technologies plan approved by the commission under this section.

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

Sec. 53. **INTERCONNECTION DOCKET; PUBLIC UTILITIES COMMISSION.**

(a) No later than September 1, 2024, the commission must initiate a proceeding to establish by order generic standards for the sharing of utility costs necessary to upgrade a utility's distribution system by increasing hosting capacity or applying other necessary distribution system upgrades at a congested or constrained location in order to allow for the interconnection of distributed generation facilities at the congested or constrained location and to advance the achievement of the state's renewable and carbon-free energy goals in Minnesota Statutes, section 216B.1691 and greenhouse gas emissions reduction goals in

Minnesota Statutes, section 216H.02. The tariff standards must reflect an interconnection process designed to, at a minimum:

(1) accelerate the expansion of hosting capacity at multiple points on a utility's distribution system by ensuring that the cost of upgrades is shared fairly among owners of distributed generation projects seeking interconnection on a pro rata basis according to the amount of the expanded capacity utilized by each interconnected distributed generation facility;

(2) reduce the capital burden on owners of trigger projects seeking interconnection;

(3) establish a minimum level of upgrade costs an expansion of hosting capacity must reach in order to be eligible to participate in the cost-share process and below which a trigger project must bear the full cost of the upgrade;

(4) establish a distributed generation facility's pro rata cost-share amount as the utility's total cost of the upgrade divided by the incremental capacity resulting from the upgrade, and multiplying the result by the capacity of the distributed generation facility seeking interconnection;

(5) establish a minimum proportion of the total upgrade cost that a utility must receive from one or more distributed generation facilities before initiating constructing an upgrade;

(6) allow trigger projects and any other distributed generation facilities to pay a utility more than the trigger project's or distributed generation facility's pro rata cost-share amount only if needed to meet the minimum threshold established in clause (5) and to receive refunds for amounts paid beyond the trigger project's or distributed generation facility's pro rata share of expansion costs from distributed generation projects that subsequently interconnect at the applicable location, after which pro rata payments are paid to the utility for distribution to ratepayers;

(7) prohibit owners of distributed generation facilities from using any unsubscribed capacity at an interconnection that has undergone an upgrade without the distributed generation owners paying the distributed generation owner's pro rata cost of the upgrade; and

(8) establish an annual limit or a formula for determining an annual limit for the total cost of upgrades that are not allocated to owners of participating generation facilities and may be recovered from ratepayers under section 216B.16, subdivision 7b, clause (6).

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

(1) "distributed generation project" means an energy generating system with a capacity no greater than ten megawatts;

(2) "hosting capacity" means the maximum capacity of a utility distribution system to transport electricity at a specific location without compromising the safety or reliability of the distribution system;

(3) "trigger project" means the initial distributed generation project whose application for interconnection of a distributed generation project alerts a utility that an upgrade is needed in order to accommodate the trigger project and any future interconnections at the applicable location;

(4) "upgrade" means a modification of a utility's distribution system at a specific location that is necessary to allow the interconnection of distributed generation projects by increasing hosting capacity at the applicable location, including but not limited to installing or modifying equipment at a substation or along a distribution line. Upgrade does not mean an expansion of hosting capacity dedicated solely to the interconnection of a single distributed generation project; and

(5) "utility" means a public utility, as defined in Minnesota Statutes, section 216B.02, subdivision 4, that provides electric service.

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

Sec. 54. **POSITION ESTABLISHED; PUBLIC UTILITIES COMMISSION.**

Subdivision 1. **Position; duties.** (a) The Public Utilities Commission's Consumer Affairs Office must establish a new full-time equivalent interconnection ombudsperson position to assist applicants seeking to interconnect distributed generation projects to utility distribution systems under the generic statewide standards developed by the commission under section 53. The Public Utilities Commission must (1) appoint a person to the position who possesses mediation skills and technical expertise related to interconnection and interconnection procedures, and (2) authorize the person to request and review all interconnection data from utilities and applicants that are necessary to fulfill the duties of the position described in this subdivision.

(b) The duties of the interconnection ombudsperson include but are not limited to:

(1) tracking interconnection disputes between applicants and utilities;

(2) facilitating the efficient and fair resolution of disputes between customers seeking to interconnect and utilities;

(3) reviewing utility interconnection policies to assess opportunities to reduce interconnection disputes, while considering the equitable distribution of distributed generation facilities;

(4) convening stakeholder groups as necessary to facilitate effective communication among interconnection stakeholders; and

(5) preparing reports that detail the number, type, resolution timelines, and outcome of interconnection disputes.

(c) A utility must provide information requested under this section that the interconnection ombudsperson determines is necessary to effectively carry out the duties of the position.

Subd. 2. **Definition.** For the purposes of this section, "utility" means a public utility, as defined in Minnesota Statutes, section 216B.02, subdivision 4, that provides electric service.

Subd. 3. **Position; funding.** (a) A utility must assess and collect a surcharge of $50 on each application interconnection filed by an owner of a distributed generation facility located in Minnesota. A utility must remit the full surcharge to the Public Utilities Commission monthly, in a manner determined by the Public Utilities Commission, for each interconnection application filed with the utility during the previous month.

(b) The interconnection ombudsperson account is established in the special revenue account in the state treasury. The Public Utilities Commission must manage the account. The Public Utilities Commission must deposit in the account all revenues received from utilities from the surcharge on interconnection applications established under this section. Money is appropriated from the account to the Public Utilities Commission for the sole purpose of funding the ombudsperson position established in subdivision 1.

(c) The Public Utilities Commission must review the amount of revenues collected from the surcharge each year and may adjust the level of the surcharge as necessary to ensure (1) sufficient money is available to support the position, and (2) the reserve in the account does not reach more than ten percent of the amount necessary to fully fund the position.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to applications for interconnections filed with a utility on or after that date.

ARTICLE 43

MINNESOTA ENERGY INFRASTRUCTURE PERMITTING ACT

Section 1. **[216I.01] CITATION.**

This chapter may be cited as the "Minnesota Energy Infrastructure Permitting Act."

Sec. 2. **[216I.02] DEFINITIONS.**

Subdivision 1. **Applicability.** For purposes of this chapter, the terms defined in this section have the meanings given, unless context clearly indicates or provides otherwise.

Subd. 2. **Associated facility.** "Associated facility" means a building, equipment, communication instrumentation, or other physical structure that is necessary to operate a large energy infrastructure facility. Associated facility includes transmission lines designed for and capable of operating at 100 kilovolts or less that interconnect the large energy infrastructure facility with the existing high-voltage transmission system.

Subd. 3. **Commission.** "Commission" means the Public Utilities Commission. Commission also means the executive secretary of the Public Utilities Commission for purposes of the following:

(1) applicability determinations under section 216I.04;

(2) completeness determinations under section 216I.05;

(3) public meetings under section 216I.05, subdivision 9;

(4) draft environmental impact statements under section 216I.06, subdivision 1, paragraph (c); and

(5) public hearings under section 216I.06, subdivision 2, or 216I.07, subdivision 4.

Subd. 4. **Construction.** "Construction" means any clearing of land, excavation, or other action that adversely affects the site's or route's natural environment. Construction does not include changes needed to temporarily use sites or routes for nonutility purposes, or uses in securing survey or geological data, including necessary borings to ascertain foundation conditions.

Subd. 5. **Cultivated agricultural land.** "Cultivated agricultural land" has the meaning given in section 216G.01, subdivision 4.

Subd. 6. **Energy storage system.** "Energy storage system" means equipment and associated facilities designed with a nameplate capacity of 10,000 kilowatts or more that is capable of storing generated electricity for a period of time and delivering the electricity for use after storage.

Subd. 7. **Executive secretary.** "Executive secretary" means the executive secretary of the Public Utilities Commission under section 216A.04 or Public Utilities Commission staff designated by the executive secretary.

Subd. 8. **High-voltage transmission line.** "High-voltage transmission line" means a conductor of electric energy and associated facilities that is (1) designed for and capable of operation at a nominal voltage of 100 kilovolts or more, and (2) is greater than 1,500 feet in length.

Subd. 9. **Large electric power generating plant.** "Large electric power generating plant" means electric power generating equipment and associated facilities designed for or capable of operation at a capacity of 50,000 kilowatts or more.

Subd. 10. **Large energy infrastructure facility.** "Large energy infrastructure facility" means a high-voltage transmission line, a large electric power generating plant, an energy storage system, a large wind energy conversion system, and any associated facility.

Subd. 11. **Large wind energy conversion system.** "Large wind energy conversion system" means any combination of wind energy conversion systems with a combined nameplate capacity of 5,000 kilowatts or more, and may include transmission lines designed for and capable of operating at 100 kilovolts or less that interconnect a large wind energy conversion system with a high-voltage transmission line.

Subd. 12. **Permittee.** "Permittee" means a person to whom a site or route permit is issued.

Subd. 13. **Person.** "Person" means an individual, partnership, joint venture, private or public corporation, association, firm, public service company, cooperative, political subdivision, municipal corporation, government agency, public utility district, or any other entity, public or private, however organized.

Subd. 14. **Power purchase agreement.** "Power purchase agreement" means a legally enforceable agreement between two or more persons where one or more of the signatories agrees to provide electrical power and one or more of the signatories agrees to purchase the power.

Subd. 15. **Route.** "Route" means the location of a high-voltage transmission line between two end points. The route may have a variable width of up to 1.25 miles.

Subd. 16. **Site.** "Site" means the location of a large electric power generating plant, solar energy generating system, energy storage system, or large wind energy conversion system.

Subd. 17. **Small wind energy conversion system.** "Small wind energy conversion system" means any combination of wind energy conversion systems with a combined nameplate capacity of less than 5,000 kilowatts.

Subd. 18. **Solar energy generating system.** "Solar energy generating system" means a set of devices whose primary purpose is to produce electricity by means of any combination of collecting, transferring, or converting solar-generated energy with a combined nameplate capacity of 50,000 kilowatts alternating current or more.

Subd. 19. **Utility.** "Utility" means any entity engaged or intending to engage in generating, transmitting, or distributing electric energy in Minnesota. Utility includes but is not limited to a private investor-owned utility, cooperatively owned utility, and public or municipally owned utility.

Subd. 20. **Wind energy conversion system.** "Wind energy conversion system" means a device, including but not limited to a wind charger, windmill, or wind turbine and associated facilities, that converts wind energy to electrical energy.

Sec. 3. **[216I.03] SITING AUTHORITY.**

Subdivision 1. **Policy.** The legislature hereby declares it is the policy of the state to locate large electric power facilities in an orderly manner that is compatible with environmental preservation and the efficient use of resources. In accordance with the policy, the commission must choose locations that minimize adverse

human and environmental impact while ensuring (1) continuing electric power system reliability and integrity, and (2) that electric energy needs are met and fulfilled in an orderly and timely fashion.

Subd. 2. **Jurisdiction.** (a) The commission has the authority to provide for site and route selection for large energy infrastructure facilities. The commission must issue permits for large energy infrastructure facilities in a timely fashion and in a manner consistent with the overall determination of need for the project under section 216B.2425 or 216B.243, if applicable.

(b) The scope of an environmental review conducted under this chapter must not include: (1) questions of need, including size, type, and timing; (2) alternative system configurations; or (3) voltage.

Subd. 3. **Interstate routes.** If a route is proposed in two or more states, the commission must attempt to reach an agreement with affected states on the entry and exit points before designating a route. The commission, in discharge of the commission's duties under this chapter, may make joint investigations, hold joint hearings within or outside of the state, and issue joint or concurrent orders in conjunction or concurrence with any official or agency of any state or of the United States. The commission may, pursuant to any consent of Congress, negotiate and enter into any agreements or compacts with agencies of other states for cooperative efforts to certify the construction, operation, and maintenance of large electric power facilities in a manner consistent with this chapter's requirements and to enforce the respective state laws regarding large electric power facilities.

Subd. 4. **Biennial report.** By December 15, 2025, and every odd-numbered year thereafter, the commission must submit a written report to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over energy and utilities. The report must:

(1) provide an update on the progress made to permit, approve, and construct the electric utility infrastructure necessary to meet the requirements of section 216B.1691 within the milestones provided under section 216B.1691;

(2) describe efforts made by the commission to engage stakeholders in environmental justice areas, as defined in section 216B.1691, subdivision 1, paragraph (c), in permitting, approving, and constructing electric utility infrastructure under this section, section 216B.1691, or section 216B.243; and

(3) provide information regarding any cumulative impact analysis ordered by the commissioner of the Pollution Control Agency under section 116.065 pertaining to any electric utility infrastructure permitted, approved, or constructed under this section, section 216B.1691, or section 216B.243.

Sec. 4. **[216I.04] APPLICABILITY DETERMINATION.**

Subdivision 1. **Generally.** This section may be used to determine: (1) whether a proposal meets the definition of large energy infrastructure facility and is subject to the commission's siting or routing jurisdiction under this chapter; or (2) which review process is applicable at the time of the initial application.

Subd. 2. **Solar, wind, or energy storage facilities.** For solar energy generating systems, large wind energy conversion systems, or energy storage systems, the alternating current nameplate capacity of one solar energy generating system, wind energy conversion system, or energy storage system must be combined with the alternating current nameplate capacity of any other solar energy generating system, wind energy conversion system, or energy storage system that:

(1) is constructed within the same 12-month period; and

(2) exhibits characteristics of being a single development, including but not limited to ownership structure, an umbrella sales arrangement, shared interconnection, revenue-sharing arrangements, and common debt or equity financing.

Subd. 3. **Transmission lines.** For transmission lines, the petitioner must describe the applicability question and provide sufficient facts to support the determination.

Subd. 4. **Forms; assistance; written determination.** (a) The commission must provide forms and assistance to help applicants make a request for an applicability determination.

(b) Upon written request from an applicant, the commission or the commission's designee must provide a written determination regarding applicability under this section. The commission or the commission's designee must provide the written determination within 30 days of the date the request was received or 30 days of the date information that the commission requested from the applicant is received, whichever is later. This written determination constitutes a final decision of the commission.

Sec. 5. **[216I.05] DESIGNATING SITES AND ROUTES.**

Subdivision 1. **Site permit.** (a) A person is prohibited from constructing a large electric generating plant, a solar energy generating system, an energy storage system, or a large wind energy conversion system without a site permit issued by the commission. A person may construct a large electric generating plant, an energy storage system, a solar energy generating system, or a large wind energy conversion system only on a site approved by the commission. A person is prohibited from increasing the generating capacity or output of an electric power plant from under 50 megawatts to more than 50 megawatts without a site permit issued by the commission.

(b) The commission must incorporate into one proceeding the route selection for a high-voltage transmission line that is directly associated with and necessary to interconnect the large electric generating plant, energy storage system, solar energy generating system, or large wind energy conversion system to the transmission system if the applications are submitted jointly under this chapter.

(c) A site permit does not authorize construction of a large electric power generating plant until the permittee has obtained a power purchase agreement or some other enforceable mechanism to sell the power generated by the project. If the permittee does not have a power purchase agreement or other enforceable mechanism at the time the permit is issued, the commission must provide in the permit that the permittee must advise the commission when the permittee obtains a commitment to purchase the power. The commission may establish as a condition in the permit a date by which the permittee must obtain a power purchase agreement or other enforceable mechanism. If the permittee does not obtain a power purchase agreement or other enforceable mechanism by the date required by the permit condition, the site permit is null and void.

Subd. 2. **Route permit.** A person is prohibited from constructing a high-voltage transmission line without a route permit issued by the commission. A person may construct a high-voltage transmission line only along a route approved by the commission.

Subd. 3. **Application.** (a) A person that seeks to construct a large energy infrastructure facility must apply to the commission for a site or route permit, as applicable. The applicant must propose a single route for a high-voltage transmission line.

(b) The application must contain:

(1) a statement of proposed ownership of the facility at the time of filing the application and after commercial operation;

(2) the name of any person or organization initially named as permittee or permittees and the name of any other person to whom the permit may be transferred if transfer of the permit is contemplated;

(3) a description of the proposed large energy infrastructure facility and all associated facilities, including size, type, and timing of the facility;

(4) the environmental information required under subdivision 4;

(5) the names of each owner described under subdivision 8;

(6) United States Geological Survey topographical maps, or other maps acceptable to the commission, that show the entire proposed large energy infrastructure facility;

(7) a document that identifies existing utility and public rights-of-way along or near the large energy infrastructure facility;

(8) the engineering and operational design at each of the proposed sites for the proposed large energy infrastructure facility, and identify transportation, pipeline, and electrical transmission systems that are required to construct, maintain, and operate the facility;

(9) a cost analysis of the proposed large energy infrastructure facility, including the costs to construct, operate, and maintain the facility;

(10) a description of possible design options to accommodate the large energy infrastructure facility's future expansion;

(11) the procedures and practices proposed to acquire, construct, maintain, and restore the large energy infrastructure facility's right-of-way or site;

(12) a list and brief description of federal, state, and local permits that may be required for the proposed large energy infrastructure facility;

(13) a discussion regarding whether a certificate of need application is required and, if a certificate of need application is required, whether the certificate of need application has been submitted;

(14) a discussion regarding any other sites or routes that were considered and rejected by the applicant;

(15) any information the commission requires pursuant to an administrative rule; and

(16) a discussion regarding coordination with Minnesota Tribal governments, as defined under section 10.65, subdivision 2, by the applicant, including but not limited to the notice required under subdivision 5 of this section.

Subd. 4. **Environmental information.** (a) An applicant for a site or route permit must include in the application environmental information for each proposed site or route. The environmental information submitted must include:

(1) a description of each site or route's environmental setting;

(2) a description of the effects the facility's construction and operation has on human settlement, including but not limited to public health and safety, displacement, noise, aesthetics, socioeconomic impacts, environmental justice impacts, cultural values, recreation, and public services;

(3) a description of the facility's effects on land-based economies, including but not limited to agriculture, forestry, tourism, and mining;

(4) a description of the facility's effects on archaeological and historic resources;

(5) a description of the facility's effects on the natural environment, including effects on air and water quality resources, flora, and fauna;

(6) a description of the greenhouse gas emissions associated with constructing and operating the facility;

(7) a description of the facility's climate change resilience;

(8) a description of the facility's effects on rare and unique natural resources;

(9) a list that identifies human and natural environmental effects that are unavoidable if the facility is approved at a specific site or route; and

(10) a description of (i) measures that might be implemented to mitigate the potential human and environmental impacts identified in clauses (1) to (7), and (ii) the estimated costs of the potential mitigative measures.

(b) An applicant that applies using the standard process under section 216I.06 may include the environmental information required under paragraph (a) in the applicant's environmental assessment.

Subd. 5. **Preapplication coordination.** At least 30 days before filing an application with the commission, an applicant must provide notice to: (1) each local unit of government within which a site or route may be proposed; (2) Minnesota Tribal governments, as defined under section 10.65, subdivision 2; and (3) the state technical resource agencies. The notice must describe the proposed project and provide the entities receiving the notice an opportunity for preapplication coordination or feedback.

Subd. 6. **Preapplication review.** (a) Before submitting an application under this chapter, an applicant must provide a draft application to commission staff for review. A draft application must not be filed electronically.

(b) Commission staff's draft application review must focus on the application's completeness and clarifications that may assist the commission's review of the application. Upon completion of the preapplication review under this subdivision, commission staff must provide the applicant a summary of the completeness review. The applicant may include the completeness review summary with the applicant's application under subdivision 3.

Subd. 7. **Complete applications.** (a) The commission or the commission's designee must determine whether an application is complete and advise the applicant of any deficiencies within ten working days of the date an application is received.

(b) An application is not incomplete if: (1) information that is not included in the application may be obtained from the applicant prior to the initial public meeting; and (2) the information that is not included in the application is not essential to provide adequate notice.

Subd. 8. **Application notice.** (a) Upon finding an application is complete, the commission must:

(1) publish notice of the application in a legal newspaper of general circulation in each county in which the site or route is proposed;

(2) provide notice of the application to any regional development commission, Minnesota Tribal government as defined under section 10.65, subdivision 2, county, incorporated municipality, and town in which any part of the site or route is proposed;

(3) provide notice of the application and description of the proposed project to each owner whose property is within or adjacent to the proposed site or route for the large energy infrastructure facility; and

(4) provide notice to persons who have requested to be placed on a list maintained by the commission to receive notice of proposed large energy infrastructure facilities.

(b) The commission must identify a standard format and content for application notice. At a minimum, the notice must include: (1) a description of the proposed project, including a map displaying the general area of the proposed site or route; (2) a description detailing how a person may receive more information and future notices regarding the application; and (3) a location where a copy of the application may be reviewed.

(c) The notice must also provide information regarding the date and location of the public meeting where the public may learn more about the proposed project and the commission's review process.

(d) For the purposes of providing mailed notice under this subdivision, an owner is the person indicated in the records of the county auditor or, in a county where tax statements are mailed by the county treasurer, in the records of the county treasurer. If necessary, other appropriate records may be used for purposes of providing mailed notice. The failure to provide mailed notice to a property owner or defects in the notice do not invalidate the proceedings, provided a bona fide attempt to comply with this subdivision has been made.

Subd. 9. **Public meeting.** (a) The commission must hold at least one public meeting in a location near the proposed large energy infrastructure facility project's location to explain the permitting process, present major issues, accept public comments on the scope of the environmental impact statement prepared under section 216I.06 or the addendum prepared under section 216I.07, and respond to questions raised by the public.

(b) At the public meeting and in written comments accepted for at least ten days following the date of the public meeting, the commission must accept comments on (1) potential impacts and alternative sites or routes to be considered in the environmental impact statement prepared under section 216I.06 or the addendum prepared under section 216I.07, and (2) permit conditions.

Subd. 10. **Draft permit; additional considerations.** Upon close of the public comment period following the public meeting in subdivision 9, the commission must:

(1) prepare a draft site or route permit for the large energy infrastructure facility. The draft permit must identify the person or persons who are the permittee, describe the proposed project, and include proposed permit conditions. A draft site permit does not authorize a person to construct a large energy infrastructure facility. The commission may change the draft site permit in any respect before final issuance or may deny the permit; and

(2) identify the scope of the environmental impact statement prepared under section 216I.06 or the addendum prepared under section 216I.07. A member of the commission is prohibited from giving direction to commission environmental review staff on the scope of an environmental assessment, environmental addendum, or environmental impact statement, except in a publicly noticed meeting or through a publicly available commission notice or order.

Subd. 11. **Designating sites and routes; considerations.** (a) The commission's site and route permit determinations must (1) be guided by the state's goals to conserve resources; (2) minimize environmental impacts, and minimize human settlement and other land use conflicts; (3) consider impacts to environmental justice areas, as defined in section 216B.1691, subdivision 1, paragraph (e), including cumulative impacts, as defined in section 116.065, to environmental justice areas; and (4) ensure the state's energy security through efficient, cost-effective energy supply and infrastructure.

(b) When determining whether to issue a site permit for a large energy infrastructure facility, the commission must include but is not limited to:

(1) evaluating research and investigations relating to: (i) large energy infrastructure facilities' effects on land, water, and air resources; and (ii) the effects water and air discharges and electric and magnetic fields resulting from large energy infrastructure facilities have on public health and welfare, vegetation, animals, materials, and aesthetic values, including baseline studies, predictive modeling, and evaluating new or improved methods to minimize adverse impacts of water and air discharges and other matters pertaining to large energy infrastructure facilities' effects on the water and air environment;

(2) conducting environmental evaluation of sites and routes that are proposed for future development and expansion, and the relationship of proposed sites and routes for future development and expansion to Minnesota's land, water, air, and human resources;

(3) evaluating the effects of measures designed to minimize adverse environmental effects;

(4) evaluating the potential for beneficial uses of waste energy from proposed large electric power generating plants;

(5) analyzing the direct and indirect economic impact of proposed sites and routes, including but not limited to productive agricultural land lost or impaired;

(6) evaluating adverse direct and indirect environmental effects that are unavoidable should the proposed site and route be accepted;

(7) evaluating alternatives to the applicant's proposed site or route, if applicable;

(8) when appropriate, evaluating potential routes that would use or parallel existing railroad and highway rights-of-way;

(9) evaluating governmental survey lines and other natural division lines of agricultural land to minimize interference with agricultural operations;

(10) evaluating the future needs for large energy infrastructure facilities in the same general area as any proposed site or route;

(11) evaluating irreversible and irretrievable commitments of resources if the proposed site or route is approved;

(12) when appropriate, considering the potential impacts raised by other state and federal agencies and local entities;

(13) evaluating the benefits of the proposed facility with respect to (i) the protection and enhancement of environmental quality, and (ii) the reliability of state and regional energy supplies;

(14) evaluating the proposed facility's impact on socioeconomic factors; and

(15) evaluating the proposed facility's employment and economic impacts in the facility site's vicinity and throughout Minnesota, including the quantity, quality, and compensation level of construction and permanent jobs. The commission must consider a facility's local employment and economic impacts, and may reject or place conditions on a site or route permit based on the local employment and economic impacts.

(c) If the commission's rules are substantially similar to existing federal agency regulations the utility is subject to, the commission must apply the federal regulations.

(d) The commission is prohibited from designating a site or route that violates state agency rules.

(e) When applicable, the commission must make a specific finding that the commission considered locating a route for a high-voltage transmission line on an existing high-voltage transmission route and using parallel existing highway right-of-way. To the extent an existing high-voltage transmission route or parallel existing right-of-way is not used for the route, the commission must state the reasons.

Subd. 12. **Final decision.** (a) The commission must issue a site or route permit that is demonstrated to be in the public interest pursuant to this chapter. The commission may require any reasonable conditions in the site or route permit that are necessary to protect the public interest. The commission maintains continuing jurisdiction over the route and site permits and any conditions contained in the route and site permits.

(b) The commission is prohibited from issuing a site permit in violation of the site selection standards and criteria established under this section and in rules the commission adopts. When the commission designates a site, the commission must issue a site permit to the applicant with any appropriate conditions. The commission must publish a notice of the commission's decision in the Environmental Quality Board Monitor within 30 days of the date the commission issues the site permit.

(c) The commission is prohibited from issuing a route permit in violation of the route selection standards and criteria established under this section and in rules the commission adopts. When the commission designates a route, the commission must issue a permit for the construction of a high-voltage transmission line that specifies the design, routing, right-of-way preparation, and facility construction the commission deems necessary, including any other appropriate conditions. The commission may order the construction of high-voltage transmission line facilities that are capable of expanding transmission capacity through multiple circuiting or design modifications. The commission must publish a notice of the commission's decision in the Environmental Quality Board Monitor within 30 days of the date the commission issues the route permit.

(d) The commission must require as a condition of permit issuance, including the issuance of a modified permit for a repowering project, as defined in section 216B.243, subdivision 8, paragraph (b), that the recipient of a site or route permit to construct an energy infrastructure facility, including all of the permit recipient's construction contractors and subcontractors on the project: (1) must pay no less than the prevailing wage rate, as defined in section 177.42; and (2) is subject to the requirements and enforcement provisions under sections 177.27, 177.30, 177.32, 177.41 to 177.435, and 177.45.

(e) Immediately following the commission's vote granting an applicant a site or route permit, and prior to issuance of a written commission order embodying the decision, the applicant may submit to commission staff for review preconstruction compliance filings specifying details of the applicant's proposed site or route operations.

Subd. 13. **Commission; technical expertise and other assistance.** (a) The commission must consult with other state agencies and obtain technical expertise and other assistance for activities and proceedings under this chapter.

(b) Notwithstanding the requirements of section 216B.33, employees of the commission may take any action related to the requirements of this chapter immediately following a hearing and vote by the commission, prior to issuing a written order, finding, authorization, or certification.

Sec. 6. **[216I.06] APPLICATIONS; MAJOR REVIEW.**

Subdivision 1. **Environmental review.** (a) The commission must prepare an environmental impact statement on each proposed large energy infrastructure facility for which a complete application has been submitted. An environmental impact statement means a detailed written statement that describes a large energy infrastructure facility and satisfies the requirements of section 116D.04. For the purposes of environmental review, the commission is prohibited from considering whether or not the project is needed. No other state environmental review documents are required. The commission must study and evaluate any site or route identified by the commission under section 216I.05, subdivision 10, clause (2).

(b) For a cogeneration facility, as defined in section 216H.01, subdivision 1a, that is a large electric power generating plant and is not proposed by a utility, the commission must make a finding in the environmental impact statement whether the project is likely to result in a net reduction of carbon dioxide emissions, considering both the utility providing electric service to the proposed cogeneration facility and any reduction in carbon dioxide emissions resulting from increased efficiency from thermal energy production on the part of the customer that operates or owns the proposed cogeneration facility.

(c) The commission must publish a draft environmental impact statement and a scoping document for the environmental impact statement under section 216I.05, subdivision 10. The public may provide comments on the draft environmental impact statement at the public hearing and comment period under subdivision 2.

(d) The commission must publish a final environmental impact statement responding to the timely substantive comments on the draft environmental impact statement consistent with the scope approved by the commission under section 216I.05, subdivision 10, clause (2). The final environmental impact statement must discuss at appropriate points in the final environmental impact statement any reasonable opposing views relating to scoping issues that were not adequately discussed in the draft environmental impact statement and must indicate a response to the reasonable opposing views. When making the commission's final decision, the commission must consider the final environmental impact statement and the entirety of the record related to human and environmental impacts.

(e) The commission must determine the adequacy of the final environmental impact statement. The commission must not decide the adequacy for at least ten days after the availability of the final environmental impact statement is announced in the EQB Monitor. The final environmental impact statement is adequate if the final environmental impact statement:

(1) addresses the issues and alternatives raised in scoping;

(2) provides responses to the timely substantive comments received during the draft environmental impact statement review process; and

(3) was prepared in compliance with the procedures in sections 216I.05 and 216I.06.

If the commission finds that the environmental impact statement is not adequate, the commission must direct staff to respond to the deficiencies and resubmit the revised environmental impact statement to the commission as soon as possible.

Subd. 2. **Public hearing.** (a) No sooner than 15 days after the date the draft environmental impact statement is published, the commission must hold a public hearing on an application for a large energy infrastructure facility site or route permit. A hearing held to designate a site or route must be conducted by an administrative law judge from the Office of Administrative Hearings.

(b) The commission may designate a portion of the hearing to be conducted as a contested case proceeding under chapter 14.

(c) The commission must provide notice of the hearing at least ten days before but no earlier than 45 days before the date the hearing commences. The commission must provide notice by (1) publishing in a legal newspaper of general circulation in the county in which the public hearing is to be held, (2) mailing to chief executives of the regional development commissions, counties, organized towns, townships, and incorporated municipalities in which a site or route is proposed, and (3) Tribal governments as defined by section 10.65, subdivision 2.

(d) Any person may appear at the hearings and offer testimony and exhibits without the necessity of intervening as a formal party to the proceedings. The administrative law judge may allow any person to ask questions of other witnesses.

(e) The administrative law judge must hold a portion of the hearing in the area where the large energy infrastructure facility's location is proposed.

(f) The commission and administrative law judge must accept written comments for at least 20 days after the public hearing's date.

Subd. 3. **Administrative law judge report.** The administrative law judge must issue a report and recommendations after completion of post-hearing briefing or the date the public comment period under subdivision 2 closes, whichever is later.

Subd. 4. **Timing.** The commission must make a final decision on an application within 60 days of the date the administrative law judge's report is received. A final decision on the site or route permit request must be made within one year of the date the commission determines an application is complete. The commission may extend the time limit under this subdivision for up to three months for just cause or upon agreement with the applicant.

Sec. 7. **[216I.07] APPLICATIONS; STANDARD REVIEW.**

Subdivision 1. **Standard review.** An applicant who seeks a site or route permit for which the applicant's proposal is one of the projects identified in this section may follow the procedures under this section in lieu of the procedures under section 216I.06. The applicant must notify the commission at the time the application is submitted which procedure the applicant has elected to follow.

Subd. 2. **Applicable projects.** The requirements and procedures under this section apply to projects for which the applicant's proposal is:

(1) large electric power generating plants with a capacity of less than 80 megawatts;

(2) large electric power generating plants that are fueled by natural gas;

(3) high-voltage transmission lines with a capacity between 100 and 300 kilovolts;

(4) high-voltage transmission lines with a capacity in excess of 300 kilovolts and less than 30 miles in length in Minnesota;

(5) high-voltage transmission lines with a capacity in excess of 300 kilovolts, if at least 80 percent of the distance of the line in Minnesota, as proposed by the applicant, is located along existing high-voltage transmission line right-of-way;

(6) solar energy systems;

(7) energy storage systems; and

(8) large wind energy conversion systems.

Subd. 3. **Environmental review.** (a) For the projects identified in subdivision 2 and following the procedures under this section, the applicant must prepare and submit an environmental assessment with the application. A draft of the environmental assessment must also be provided to commission staff as part of the preapplication review under section 216I.05, subdivision 6. The environmental assessment must (1) contain information regarding the proposed project's human and environmental impacts, and (2) address mitigating measures for identified impacts. The environmental assessment is the only state environmental review document that must be prepared for the proposed project.

(b) If after the public meeting the commission identifies other sites or routes or potential impacts for review, the commission must prepare an addendum to the environmental assessment that evaluates (1) the human and environmental impacts of the alternative site or route, and (2) any additional mitigating measures related to the identified impacts consistent with the scoping decision made pursuant to section 216I.06, subdivision 10, clause (2). The public may provide comments on the environmental assessment and any addendum to the environmental assessment at the public hearing and comment period under subdivision 4. When making the commission's final decision, the commission must consider the environmental assessment, the environmental assessment addendum, if any, and the entirety of the record related to human and environmental impacts.

Subd. 4. **Public hearing.** (a) After the commission issues any environmental assessment addendum and a draft permit under section 216I.05, subdivision 10, the commission must hold a public hearing in the area where the facility's location is proposed.

(b) The commission must provide notice of the public hearing in the same manner as required under section 216I.06, subdivision 2.

(c) The commission must conduct the public hearing under procedures established by the commission and may request that an administrative law judge from the Office of Administrative Hearings conduct the hearing and prepare a report.

(d) The applicant must be present at the hearing to present evidence and to answer questions. The commission must provide opportunity at the public hearing for any person to present comments and to ask questions of the applicant and commission staff. The commission must also provide interested persons an opportunity to submit written comments into the record after the public hearing.

Subd. 5. **Timing.** (a) The commission must make a final decision on an application within 60 days of the date the public comment period following completion of the public hearing closes, or the date the report is filed, whichever is later. A final decision on the request for a site or route permit under this section must be made within six months of the date the commission determines the application is complete. The commission may extend the time limit under this subdivision for up to three months for just cause or upon agreement with the applicant.

(b) Immediately following the commission's vote granting an applicant a site or route permit, and prior to issuance of a written commission order embodying the decision, the applicant may submit to commission staff for review preconstruction compliance filings specifying details of the applicant's proposed site or route operations.

Sec. 8. **[216I.08] APPLICATIONS; LOCAL REVIEW.**

Subdivision 1. **Local review authorized.** (a) Notwithstanding sections 216I.06 and 216I.07, an applicant who seeks a site or route permit for one of the projects identified in subdivision 2 may apply to the local units of government that have jurisdiction over the site or route for approval to build the project. If local approval is granted, a site or route permit is not required from the commission. If the applicant files an application with the commission, the applicant waives the applicant's right to seek local approval for the project.

(b) A local unit of government with jurisdiction over a project identified in this section to whom an applicant has applied for approval to build the project may request that the commission assume jurisdiction and make a decision on a site or route permit pursuant to the applicable provisions under this chapter. A local unit of government must file the request with the commission within 60 days of the date an applicant files an application for the project with any one local unit of government. If one of the local units of government with jurisdiction over the project requests that the commission assume jurisdiction, jurisdiction over the project transfers to the commission. If the local units of government maintain jurisdiction over the project, the commission must select the appropriate local unit of government to be the responsible governmental unit to conduct the project's environmental review.

Subd. 2. **Applicable projects.** An applicant may seek approval under this section from a local unit of government to construct:

(1) large electric power generating plants and solar energy generating systems with a capacity of less than 80 megawatts;

(2) large electric power generating plants of any size that burn natural gas and are intended to be a peaking plant;

(3) high-voltage transmission lines with a capacity between 100 and 200 kilovolts;

(4) substations with a voltage designed for and capable of operation at a nominal voltage of 100 kilovolts or more;

(5) a high-voltage transmission line service extension to a single customer between 200 and 300 kilovolts and less than ten miles in length;

(6) a high-voltage transmission line rerouting to serve the demand of a single customer, if at least 80 percent of the rerouted line is located on property owned or controlled by the customer or the owner of the transmission line;

(7) energy storage systems; and

(8) large wind energy conversion systems with a capacity less than 25 megawatts.

Subd. 3. **Notice of application.** An applicant must notify the commission that the applicant has elected to seek local approval of the proposed project within ten days of the date the applicant submits an application to a local unit of government to approve an eligible project.

Subd. 4. **Environmental review.** (a) A local unit of government that maintains jurisdiction over a qualifying project must prepare or request that the applicant prepare an environmental assessment on the project. The local unit of government must afford the public an opportunity to participate in developing the scope of the environmental assessment before the environmental assessment is prepared.

(b) Upon completing the environmental assessment, the local unit of government must publish notice in the EQB Monitor that indicates (1) the environmental assessment is available for review, (2) how a copy of the document may be reviewed, (3) that the public may comment on the document, and (4) the procedure for submitting comments to the local unit of government. Upon completion of the environmental assessment, the local unit of government must provide a copy of the environmental assessment to the commission.

(c) The local unit of government is prohibited from making a final decision on the permit until at least ten days after the date the notice appears in the EQB Monitor. If more than one local unit of government has jurisdiction over a project and the local units of government cannot agree which local unit of government prepares the environmental assessment, any local unit of government or the applicant may request that the commission select the appropriate local unit of government to be the responsible governmental unit to conduct an environmental review of the project.

Sec. 9. **[216I.09] PERMIT AMENDMENTS.**

Subdivision 1. **Applicability.** This section applies to a request by the owner of the large energy infrastructure facility to modify any provision or condition of a site or route permit issued by the commission, including the following:

(1) upgrades or rebuilds an existing electric line and associated facilities to a voltage capable of operating between 100 kilovolts and 300 kilovolts that does not result in significant changes in the human and environmental impact of the facility; or

(2) repowers or refurbishes a large electric power generating plant, a large wind energy conversion system, a solar energy generating system, or an energy storage system that increases the efficiency of the system, provided the project does not increase the developed area within the permitted site or increase the nameplate capacity of the facility's most recent interconnection agreement. For a large electric power generating plant, an increase in efficiency is a reduction in the amount of British thermal units required to produce a kilowatt hour of electricity at the facility.

Subd. 2. **Application.** A person that seeks authorization to amend a large energy infrastructure facility must apply to the commission. The application must be in writing and must (1) describe the alteration to be made or the amendment sought, and (2) explain why the request meets the eligibility criteria under subdivision 1. The application must describe any changes to the environmental impacts evaluated by the commission as part of the initial permit approval. If there are significant changes to the environmental impacts evaluated by the commission as part of the initial permit approval, environmental review must be conducted pursuant to the applicable requirements of Minnesota Rules, chapter 4410 and parts 7849.1000 to 7849.2100.

Subd. 3. **Notice.** The commission must mail notice that the application was received to the persons on the general list and to the persons on the project contact list, if a project list exists.

Subd. 4. **Public comment.** The commission must provide at least a ten-day period for interested persons to submit comments on the application or to request that the matter be brought to the commission for consideration. The applicant may respond to submitted comments within seven days of the date the comment period closes.

Subd. 5. **Timing.** Within 30 days of the date the applicant responds to submitted comments under subdivision 4, the commission must decide whether to authorize the permit amendment, bring the matter to the commission for consideration, or determine that the application requires a permitting decision under another section in this chapter.

Subd. 6. **Decision.** The commission may authorize an amendment but impose reasonable conditions on the approval. The commission must notify the applicant in writing of the commission's decision and send a copy of the decision to any person who requested notification or filed comments on the application.

Subd. 7. **Local review.** For a large electric power generating plant or high-voltage transmission line that was not issued a permit by the commission, the owner or operator of the nonpermitted facility may seek approval of a project listed under subdivision 1 from the local unit of government if the facility qualifies for standard review under section 216I.07 or local review under section 216I.08.

Sec. 10. **[216I.10] EXEMPT PROJECTS.**

Subdivision 1. **Permit not required.** A permit issued by the commission is not required to construct:

(1) a small wind energy conversion system;

(2) a power plant or solar energy generating system with a capacity of less than 50 megawatts;

(3) an energy storage system with a capacity of less than ten megawatts;

(4) a transmission line that (i) has a capacity of 100 kilovolts or more, and (ii) is less than 1,500 feet in length; and

(5) a transmission line that has a capacity of less than 100 kilovolts.

Subd. 2. **Other approval.** A person that proposes a facility listed in subdivision 1 must (1) obtain any approval required by local, state, or federal units of government with jurisdiction over the project, and (2) comply with the environmental review requirements under chapter 116D and Minnesota Rules, chapter 4410.

Sec. 11. **[216I.11] PERMITTING REQUIREMENTS; EXCEPTIONS FOR CERTAIN FACILITIES.**

Subdivision 1. **Permit not required.** The following projects do not constitute the construction of a large energy infrastructure facility and may be constructed without a permit issued by the commission:

(1) maintaining or repairing an existing large energy infrastructure facility within an existing site or right-of-way;

(2) adding equipment at an existing substation that does not (i) require more than a one-acre expansion of the land needed for the substation, and (ii) involve an increase in the voltage or changes in the location of existing transmission lines, except that up to the first five transmission line structures outside the substation may be moved to accommodate the equipment additions, provided the structures are not moved more than 500 feet from the existing right-of-way;

(3) reconductoring or reconstructing a high-voltage transmission line that does not result in a change to voltage or a change in right-of-way;

(4) relocating a high-voltage transmission line that is required by a local or state agency as part of road, street, or highway construction;

(5) converting the fuel source of a large electric power generating plant to natural gas, provided the plant is not expanded beyond the developed portion of the plant site; and

(6) starting up an existing large electric power generating plant that has been closed for any period of time at no more than the large electric power generating plant's previous capacity rating and in a manner that does not involve changing the fuel or expanding the developed portion of the plant site.

Subd. 2. **Amendment.** If a modification or other change to an existing large energy infrastructure facility does not qualify for an exception under subdivision 1, the modification or change may qualify as an amendment under section 216I.09.

Subd. 3. **Notice.** A person that proposes to implement changes to a large energy infrastructure facility under subdivision 1, clauses (2) to (5), must notify the commission in writing at least 30 days before commencing construction of the modification or change.

Sec. 12. **[216I.13] PERMIT TRANSFER.**

Subdivision 1. **Application.** A permittee holding a large energy infrastructure facility site or route permit may request that the commission transfer the permittee's permit. The permittee must provide the name of the existing permittee, the name and description of the entity to which the permit is to be transferred, the reasons for the transfer, a description of the facilities affected, and the proposed effective date of the transfer. The person to whom the permit is to be transferred must provide the commission with information the commission requires to determine whether the new permittee is able to comply with the permit's conditions. The commission must mail notice of receipt of the application to the persons on the general list at least seven days in advance of the date the commission considers the matter. The commission must provide the same notice to persons on the project contact list if a project contact list exists.

Subd. 2. **Approval of transfer.** The commission must approve the transfer if the commission determines that the new permittee complies with the conditions of the permit. The commission, in approving the transfer of a permit, may impose reasonable additional conditions in the permit as part of the approval. The commission may decide to hold a public meeting to provide the public with an opportunity to comment on the request for the transfer prior to making a decision.

Sec. 13. **[216I.14] PERMIT REVOCATION OR SUSPENSION.**

Subdivision 1. **Initiation of action to revoke or suspend.** The commission may initiate action to consider revoking or suspending a permit on the commission's own motion or upon the request of any person who has made a prima facie showing by affidavit and documentation that a violation of this act or the permit has occurred.

Subd. 2. **Hearing.** If the commission initiates action to consider revoking or suspending a permit, the commission must provide the permittee with an opportunity for a contested case hearing conducted by an administrative law judge from the Office of Administrative Hearings.

Subd. 3. **Finding of violation.** If the commission finds that a violation of this act or the permit has occurred, the commission may revoke or suspend the permit, require the permittee to undertake corrective or ameliorative measures as a condition to avoid revocation or suspension, or require corrective measures and suspend the permit. When determining the appropriate sanction, the commission must consider whether:

(1) the violation results in any significant additional adverse environmental effects;

(2) the results of the violation can be corrected or ameliorated; and

(3) suspending or revoking a permit impairs the permittee's electrical power system reliability.

Sec. 14. **REVISOR INSTRUCTION.**

The revisor shall renumber each section of Minnesota Statutes in Column A with the number in Column B.

Column A	Column B
216E.06	216I.12
216E.07	216I.15
216E.08, subdivision 2	216I.16, subdivision 1
216E.08, subdivision 3	216I.16, subdivision 2
216E.09	216I.17
216E.10	216I.18
216F.084	216I.19
216E.11	216I.20
216E.12	216I.21
216E.03, subdivision 8	216I.22
216E.13	216I.23
216E.14	216I.24
216E.15	216I.25
216E.16	216I.26
216E.17	216I.27
216E.18, subdivision 2a	216I.28, subdivision 1
216E.18, subdivision 3	216I.28, subdivision 2

Sec. 15. **REPEALER.**

Subdivision 1. **Minnesota Statutes, chapter 216E, repeals.** (a) Minnesota Statutes 2022, sections 216E.001; 216E.01, subdivisions 1, 2, 3, 4, 5, 7, 8, 9, and 10; 216E.02; 216E.021; 216E.03, subdivisions 2, 3a, 3b, 4, and 9; 216E.04, subdivisions 1, 3, 4, 5, 6, 7, 8, and 9; 216E.05, subdivisions 1 and 3; 216E.08, subdivisions 1 and 4; and 216E.18, subdivisions 1 and 2, are repealed.

(b) Minnesota Statutes 2023 Supplement, sections 216E.01, subdivisions 3a, 6, and 9a; 216E.03, subdivisions 1, 3, 5, 6, 7, 10, and 11; 216E.04, subdivision 2; and 216E.05, subdivision 2, are repealed.

Subd. 2. **Minnesota Statutes, chapter 216F, repeals.** (a) Minnesota Statutes 2022, sections 216F.01; 216F.011; 216F.012; 216F.015; 216F.02; 216F.03; 216F.05; 216F.06; 216F.07; 216F.08; and 216F.081, are repealed.

(b) Minnesota Statutes 2023 Supplement, section 216F.04, is repealed.

Subd. 3. **Minnesota Rules, chapter 7854, repeals.** Minnesota Rules, parts 7854.0100; 7854.0200; 7854.0300; 7854.0400; 7854.0500; 7854.0600; 7854.0700; 7854.0800; 7854.0900; 7854.1000; 7854.1100; 7854.1200; 7854.1300; 7854.1400; and 7854.1500, are repealed.

Subd. 4. **Minnesota Rules, chapter 7850, repeals.** Minnesota Rules, parts 7850.1000; 7850.1100; 7850.1200; 7850.1300; 7850.1400; 7850.1500; 7850.1600; 7850.1700; 7850.1800; 7850.1900; 7850.2000; 7850.2100; 7850.2200; 7850.2300; 7850.2400; 7850.2500; 7850.2600; 7850.2700; 7850.2800; 7850.2900; 7850.3000; 7850.3100; 7850.3200; 7850.3300; 7850.3400; 7850.3500; 7850.3600; 7850.3700; 7850.3800; 7850.3900; 7850.4100; 7850.4200; 7850.4500; 7850.4600; 7850.4700; 7850.4800; 7850.4900; 7850.5000; 7850.5100; 7850.5200; 7850.5300; 7850.5400; 7850.5500; and 7850.5600, are repealed.

Sec. 16. **EFFECTIVE DATE.**

This article is effective July 1, 2025.

ARTICLE 44

CERTIFICATES OF NEED

Section 1. Minnesota Statutes 2022, section 216B.2421, subdivision 2, is amended to read:

Subd. 2. **Large energy facility.** "Large energy facility" means:

(1) any electric power generating plant or combination of plants at a single site with a combined capacity of 50,000 kilowatts or more and transmission lines directly associated with the plant that are necessary to interconnect the plant to the transmission system;

(2) any high-voltage transmission line with a capacity of ~~200~~ 300 kilovolts or more and greater than ~~1,500 feet~~ one mile in length in Minnesota;

(3) any high-voltage transmission line with a capacity of 100 kilovolts or more with more than ten miles of its length in Minnesota ~~or that crosses a state line~~;

(4) any pipeline greater than six inches in diameter and having more than 50 miles of its length in Minnesota used for the transportation of coal, crude petroleum or petroleum fuels or oil, or their derivatives;

(5) any pipeline for transporting natural or synthetic gas at pressures in excess of 200 pounds per square inch with more than 50 miles of its length in Minnesota;

(6) any facility designed for or capable of storing on a single site more than 100,000 gallons of liquefied natural gas or synthetic gas;

(7) any underground gas storage facility requiring a permit pursuant to section 103I.681;

(8) any nuclear fuel processing or nuclear waste storage or disposal facility; and

(9) any facility intended to convert any material into any other combustible fuel and having the capacity to process in excess of 75 tons of the material per hour.

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

Sec. 2. Minnesota Statutes 2022, section 216B.243, subdivision 3, is amended to read:

Subd. 3. **Showing required for construction.** No proposed large energy facility shall be certified for construction unless the applicant can show that demand for electricity cannot be met more cost effectively through energy conservation and load-management measures and unless the applicant has otherwise justified its need. In assessing need, the commission shall evaluate:

(1) the accuracy of the long-range energy demand forecasts on which the necessity for the facility is based;

(2) the effect of existing or possible energy conservation programs under sections 216C.05 to 216C.30 and this section or other federal or state legislation on long-term energy demand;

(3) the relationship of the proposed facility to overall state energy needs, as described in the most recent state energy policy and conservation report prepared under section 216C.18, or, in the case of a high-voltage transmission line, the relationship of the proposed line to regional energy needs, as presented in the transmission plan submitted under section 216B.2425;

(4) promotional activities that may have given rise to the demand for this facility;

(5) benefits of this facility, including its uses to protect or enhance environmental quality, and to increase reliability of energy supply in Minnesota and the region;

(6) possible alternatives for satisfying the energy demand or transmission needs including but not limited to potential for increased efficiency and upgrading of existing energy generation and transmission facilities, load-management programs, and distributed generation, except that the commission must not require evaluation of alternative end points for a high-voltage transmission line qualifying as a large energy facility unless the alternative end points are (i) consistent with end points identified in a federally registered planning authority transmission plan, or (ii) otherwise agreed to for further evaluation by the applicant;

(7) the policies, rules, and regulations of other state and federal agencies and local governments;

(8) any feasible combination of energy conservation improvements, required under section 216B.241, that can (i) replace part or all of the energy to be provided by the proposed facility, and (ii) compete with it economically;

(9) with respect to a high-voltage transmission line, the benefits of enhanced regional reliability, access, or deliverability to the extent these factors improve the robustness of the transmission system or lower costs for electric consumers in Minnesota;

(10) whether the applicant or applicants are in compliance with applicable provisions of sections 216B.1691 and 216B.2425, subdivision 7, and have filed or will file by a date certain an application for certificate of need under this section or for certification as a priority electric transmission project under section 216B.2425 for any transmission facilities or upgrades identified under section 216B.2425, subdivision 7;

(11) whether the applicant has made the demonstrations required under subdivision 3a; and

(12) if the applicant is proposing a nonrenewable generating plant, the applicant's assessment of the risk of environmental costs and regulation on that proposed facility over the expected useful life of the plant, including a proposed means of allocating costs associated with that risk.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all pending applications.

Sec. 3. Minnesota Statutes 2022, section 216B.243, subdivision 3a, is amended to read:

Subd. 3a. **Use of renewable resource.** The commission may not issue a certificate of need under this section for a large energy facility that generates electric power ~~by means of a nonrenewable energy source, or that transmits electric power generated~~ by means of a nonrenewable energy source, unless the applicant for the certificate has demonstrated to the commission's satisfaction that it has explored the possibility of generating power by means of renewable energy sources and has demonstrated that the alternative selected is less expensive ~~(~~, including environmental costs~~)~~, than power generated by a renewable energy source. For purposes of this subdivision, "renewable energy source" includes hydro, wind, solar, and geothermal energy and the use of trees or other vegetation as fuel.

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

Sec. 4. Minnesota Statutes 2022, section 216B.243, subdivision 4, is amended to read:

Subd. 4. **Application for certificate; hearing.** Any person proposing to construct a large energy facility shall apply for a certificate of need and for a site or route permit under chapter ~~216E~~ 216I prior to construction of the facility. The application shall be on forms and in a manner established by the commission. In reviewing each application the commission shall hold at least one public hearing pursuant to chapter 14. The public hearing shall be held at a location and hour reasonably calculated to be convenient for the public. An objective of the public hearing shall be to obtain public opinion on the necessity of granting a certificate of need and, if a joint hearing is held, a site or route permit. The commission shall designate a commission employee whose duty shall be to facilitate citizen participation in the hearing process. Unless the commission determines that a joint hearing on siting and need under this subdivision and ~~section 216E.03, subdivision 6~~ chapter 216I~~,~~ is not feasible or more efficient, or otherwise not in the public interest, a joint hearing under ~~those subdivisions shall~~ this subdivision and chapter 216I must be held.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 5. Minnesota Statutes 2023 Supplement, section 216B.243, subdivision 8, is amended to read:

Subd. 8. **Exemptions.** (a) This section does not apply to:

(1) cogeneration or small power production facilities as defined in the Federal Power Act, United States Code, title 16, section 796, paragraph (17), subparagraph (A), and paragraph (18), subparagraph (A), and having a combined capacity at a single site of less than 80,000 kilowatts; plants or facilities for the production of ethanol or fuel alcohol; or any case where the commission has determined after being advised by the attorney general that its application has been preempted by federal law;

(2) a high-voltage transmission line proposed primarily to distribute electricity to serve the demand of a single customer at a single location, unless the applicant opts to request that the commission determine need under this section or section 216B.2425;

(3) the upgrade to a higher voltage of an existing transmission line that serves the demand of a single customer that primarily uses existing rights-of-way, unless the applicant opts to request that the commission determine need under this section or section 216B.2425;

(4) a high-voltage transmission line of one mile or less required to connect a new or upgraded substation to an existing, new, or upgraded high-voltage transmission line;

(5) conversion of the fuel source of an existing electric generating plant to using natural gas;

(6) the modification of an existing electric generating plant to increase efficiency, as long as the capacity of the plant is not increased more than ten percent or more than 100 megawatts, whichever is greater;

(7) a large wind energy conversion system, as defined in section ~~216F.01, subdivision 2~~ 216I.02, subdivision 12, or a solar energy generating system, as defined in section ~~216E.01, subdivision 9a~~ 216I.02, subdivision 18, for which a site permit application is submitted by an independent power producer under chapter ~~216E or 216F~~ 216I; ~~or~~

(8) a large wind energy conversion system, as defined in section ~~216F.01, subdivision 2~~ 216I.02, subdivision 12, or a solar energy generating system ~~that is a large energy facility~~, as defined in section ~~216B.2421, subdivision 2~~ 216I.02, subdivision 18, engaging in a repowering project that:

(i) will not result in the system exceeding the nameplate capacity under its most recent interconnection agreement; or

(ii) will result in the system exceeding the nameplate capacity under its most recent interconnection agreement, provided that the Midcontinent Independent System Operator has provided a signed generator interconnection agreement that reflects the expected net power increase~~.~~;

(9) energy storage systems, as defined in section 216I.02, subdivision 7;

(10) transmission lines that directly interconnect large wind energy conversion systems, solar energy generating systems, or energy storage systems to the transmission system; or

(11) relocation of an existing high voltage transmission line to new right-of-way, provided that any new structures that are installed are not designed for and capable of operation at higher voltage.

(b) For the purpose of this subdivision, "repowering project" means:

(1) modifying a large wind energy conversion system or a solar energy generating system that is a large energy facility to increase its efficiency without increasing its nameplate capacity;

(2) replacing turbines in a large wind energy conversion system without increasing the nameplate capacity of the system; or

(3) increasing the nameplate capacity of a large wind energy conversion system.

EFFECTIVE DATE. (a) The amendment to paragraph (a), clause (7), is effective July 1, 2025.

(b) The amendments to paragraph (a), clauses (9), (10), and (11), are effective the day following final enactment, except that the reference to Minnesota Statutes, section 216I.02, subdivision 7, in paragraph (a), clause (9), is effective July 1, 2025. Prior to July 1, 2025, the definition of "energy storage system" in Minnesota Statutes, section 216E.01, subdivision 3a, applies.

Sec. 6. Minnesota Statutes 2022, section 216B.243, subdivision 9, is amended to read:

Subd. 9. **Renewable energy standard and carbon-free energy standard facilities.** This section does not apply to a wind energy conversion system or a solar electric generation facility that is intended to be used to meet the obligations of section 216B.1691, subdivision 2a or 2g; provided that, after notice and comment, the commission determines that the facility is a reasonable and prudent approach to meeting a utility's obligations under that section. When making this determination, the commission must consider:

(1) the size of the facility relative to a utility's total need for renewable resources;

(2) alternative approaches for supplying the renewable energy to be supplied by the proposed facility;

(3) the facility's ability to promote economic development, as required under section 216B.1691, subdivision 9;

(4) the facility's ability to maintain electric system reliability;

(5) impacts on ratepayers; and

(6) other criteria as the commission may determine are relevant.

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

Sec. 7. Minnesota Statutes 2022, section 216B.246, subdivision 3, is amended to read:

Subd. 3. **Commission procedure.** (a) If an electric transmission line has been approved for construction in a federally registered planning authority transmission plan, the incumbent electric transmission owner, or owners if there is more than one owner, shall give notice to the commission, in writing, within ~~90~~ 60 days of approval, regarding its intent to construct, own, and maintain the electric transmission line. If an incumbent electric transmission owner gives notice of intent to build the electric transmission line then, unless exempt from the requirements of section 216B.243, within ~~18~~ 12 months from the date of the notice described in this paragraph ~~or such longer time approved by the commission~~, the incumbent electric transmission owner shall file an application for a certificate of need under section 216B.243 or certification under section 216B.2425.

(b) If the incumbent electric transmission owner indicates that it does not intend to build the transmission line, such notice shall fully explain the basis for that decision. If the incumbent electric transmission owner, or owners, gives notice of intent not to build the electric transmission line, then the commission may determine whether the incumbent electric transmission owner or other entity will build the electric transmission line, taking into consideration issues such as cost, efficiency, reliability, and other factors identified in this chapter.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to any electric transmission line that has been approved for construction in a federally registered planning authority transmission plan on or after that date.

ARTICLE 45

CONFORMING CHANGES

Section 1. Minnesota Statutes 2023 Supplement, section 10.65, subdivision 2, is amended to read:

Subd. 2. **Definitions.** As used in this section, the following terms have the meanings given:

(1) "agency" means the Department of Administration; Department of Agriculture; Department of Children, Youth, and Families; Department of Commerce; Department of Corrections; Department of Education; Department of Employment and Economic Development; Department of Health; Office of Higher Education; Housing Finance Agency; Department of Human Rights; Department of Human Services; Department of Information Technology Services; Department of Iron Range Resources and Rehabilitation; Department of Labor and Industry; Minnesota Management and Budget; Bureau of Mediation Services; Department of Military Affairs; Metropolitan Council; Department of Natural Resources; Pollution Control Agency; Department of Public Safety; Department of Revenue; Department of Transportation; Department of Veterans Affairs; Gambling Control Board; Racing Commission; the Minnesota Lottery; the Animal Health Board; the Public Utilities Commission; and the Board of Water and Soil Resources;

(2) "consultation" means the direct and interactive involvement of the Minnesota Tribal governments in the development of policy on matters that have Tribal implications. Consultation is the proactive, affirmative process of identifying and seeking input from appropriate Tribal governments and considering their interest as a necessary and integral part of the decision-making process. This definition adds to statutorily mandated notification procedures. During a consultation, the burden is on the agency to show that it has made a good faith effort to elicit feedback. Consultation is a formal engagement between agency officials and the governing body or bodies of an individual Minnesota Tribal government that the agency or an individual Tribal government may initiate. Formal meetings or communication between top agency officials and the governing body of a Minnesota Tribal government is a necessary element of consultation;

(3) "matters that have Tribal implications" means rules, legislative proposals, policy statements, or other actions that have substantial direct effects on one or more Minnesota Tribal governments, or on the distribution of power and responsibilities between the state and Minnesota Tribal governments;

(4) "Minnesota Tribal governments" means the federally recognized Indian Tribes located in Minnesota including: Bois Forte Band; Fond Du Lac Band; Grand Portage Band; Leech Lake Band; Mille Lacs Band; White Earth Band; Red Lake Nation; Lower Sioux Indian Community; Prairie Island Indian Community; Shakopee Mdewakanton Sioux Community; and Upper Sioux Community; and

(5) "timely and meaningful" means done or occurring at a favorable or useful time that allows the result of consultation to be included in the agency's decision-making process for a matter that has Tribal implications.

EFFECTIVE DATE. This section is effective August 1, 2024.

Sec. 2. Minnesota Statutes 2022, section 116C.83, subdivision 6, is amended to read:

Subd. 6. **Environmental review and protection.** (a) The siting, construction, and operation of an independent spent-fuel storage installation located on the site of a Minnesota generation facility for dry cask storage of spent nuclear fuel generated solely by that facility is subject to all environmental review and protection provisions of this chapter and chapters 115, 115B, 116, 116B, 116D, and 216B, and rules associated with those chapters, except those statutes and rules that apply specifically to a radioactive waste management facility as defined in section 116C.71, subdivision 7.

(b) An environmental impact statement is required under chapter 116D for a proposal to construct and operate a new or expanded independent spent-fuel storage installation. The ~~commissioner of the Department of Commerce shall be~~ Public Utilities Commission is the responsible governmental unit for the environmental impact statement. Prior to finding the statement adequate, the ~~commissioner~~ commission must find that the applicant has demonstrated that the facility is designed to provide a reasonable expectation that the operation

of the facility will not result in groundwater contamination in excess of the standards established in section 116C.76, subdivision 1, clauses (1) to (3).

Sec. 3. Minnesota Statutes 2022, section 216A.037, subdivision 1, is amended to read:

Subdivision 1. **Ex parte communications prohibitions; rules.** (a) The commission shall adopt rules under chapter 14 prescribing permissible and impermissible ex parte communications. The ex parte rules may prohibit only ex parte communications, directly or indirectly, between a commissioner and a participant or party under the commission's rules of practice and procedure relating to:

(1) a material issue during a pending contested case proceeding;

(2) a material issue in a rulemaking proceeding after the beginning of commission deliberations;

(3) a material issue in a disputed formal petition; and

(4) any other communication impermissible by law.

(b) The commission may apply ex parte prohibitions, prospectively and after notice to affected parties, to other commission proceedings as the commission deems necessary.

(c) A contested case is pending from the time the commission refers the matter to the Office of Administrative Hearings until the commission has issued its final order, and the time to petition for reconsideration has expired or the commission has issued an order finally disposing an application for reconsideration, whichever is later.

(d) Commission staff and consultants that perform environmental review and other activities identified in chapters 216G and 216I are not parties, participants, or decision making personnel, as defined under Minnesota Rules, part 7845.7000.

Sec. 4. Minnesota Statutes 2022, section 216A.07, subdivision 3, is amended to read:

Subd. 3. **Intervention in commission proceeding.** (a) The commissioner may intervene as a party in all proceedings before the commission. When intervening in gas or electric hearings, the commissioner shall prepare and defend testimony designed to:

(1) encourage energy conservation improvements as defined in section 216B.241~~.~~;

(2) ensure that the greenhouse gas reduction goals are attained on a schedule that keeps pace with the reduction timetable in section 216H.02, subdivision 1;

(3) ensure that the renewable energy standards, solar energy goal, and carbon-free standards are achieved according to the schedules under section 216B.1691, subdivisions 2a, 2f, and 2g, respectively; and

(4) ensure compliance with state environmental policy, as stated in section 116D.02.

(b) The attorney general shall act as counsel in the proceedings.

Sec. 5. Minnesota Statutes 2023 Supplement, section 216E.06, is amended to read:

216E.06 EMERGENCY ~~PERMIT~~ PERMITS.

Subdivision 1. **Utility emergency action.** ~~(a)~~ Any utility whose ~~electric power~~ system requires the immediate construction of a large ~~electric power~~ energy infrastructure facility due to a major unforeseen

event may apply to the commission for an emergency permit. The application ~~shall~~ must provide notice in writing of the major unforeseen event and the need for immediate construction. The permit must be issued in a timely manner, no later than 195 days after the commission's acceptance of the application and upon a finding by the commission that (1) a demonstrable emergency exists, (2) the emergency requires immediate construction, and (3) adherence to the procedures and time schedules specified ~~in section 216E.03 would jeopardize~~ under this chapter jeopardizes the utility's electric power system or ~~would jeopardize~~ jeopardizes the utility's ability to meet the electric needs of ~~its~~ the utility's customers in an orderly and timely manner.

Subd. 2. **Utility emergency procedures.** ~~(b)~~ A public hearing to determine if an emergency exists must be held within 90 days of the application. The commission, after notice and hearing, ~~shall~~ must adopt rules specifying the criteria for emergency certification.

Sec. 6. Minnesota Statutes 2023 Supplement, section 216E.07, is amended to read:

216E.07 ANNUAL HEARING.

The commission ~~shall~~ must hold an annual public hearing at a time and place prescribed by rule in order to afford interested persons an opportunity to be heard regarding any matters relating to the siting and routing of large ~~electric power~~ energy infrastructure facilities. At the meeting, the commission ~~shall~~ must advise the public of the permits issued by the commission in the past year. The commission ~~shall~~ must provide at least ten days but no more than 45 days' notice of the annual meeting by mailing or serving electronically, as provided in section 216.17, a notice to those persons who have requested notice and by publication in the EQB Monitor and the commission's weekly calendar.

Sec. 7. Minnesota Statutes 2022, section 216E.08, subdivision 2, is amended to read:

Subd. 2. **~~Other~~ Public participation.** The commission ~~shall~~ must adopt broad spectrum citizen participation as a principal of operation. The form of public participation ~~shall~~ must not be limited to public meetings and hearings ~~and advisory task forces~~ and ~~shall~~ must be consistent with the commission's rules and guidelines ~~as provided for in~~ under section ~~216E.16~~ 216I.24.

Sec. 8. Minnesota Statutes 2023 Supplement, section 216E.10, subdivision 1, is amended to read:

Subdivision 1. **Site or route permit prevails over local provisions.** To assure the paramount and controlling effect of the provisions herein over other state agencies, regional, county, and local governments, and special purpose government districts, the issuance of a site permit or route permit and subsequent purchase and use of ~~such~~ the site or route locations for large ~~electric power~~ energy infrastructure facility purposes ~~shall be~~ is the sole site or route approval required to be obtained by the ~~utility~~ permittee. ~~Such~~ The permit ~~shall supersede~~ supersedes and ~~preempt~~ preempts all zoning, building, or land use rules, regulations, or ordinances promulgated by regional, county, local and special purpose government.

Sec. 9. Minnesota Statutes 2023 Supplement, section 216E.10, subdivision 2, is amended to read:

Subd. 2. **Other state permits.** Notwithstanding anything herein to the contrary, ~~utilities shall~~ a permittee must obtain state permits that may be required to construct and operate large ~~electric power~~ energy infrastructure facilities. A state agency in processing a ~~utility's~~ permittee's facility permit application ~~shall be~~ is bound to the decisions of the commission~~,~~ with respect to (1) the site or route designation, and ~~with respect to~~ (2) other matters for which authority has been granted to the commission by this chapter.

Sec. 10. Minnesota Statutes 2023 Supplement, section 216E.10, subdivision 3, is amended to read:

Subd. 3. **State agency participation.** (a) A state ~~agencies~~ agency authorized to issue permits required ~~for construction or operation of~~ to construct or operate a large ~~electric power facilities shall~~ energy infrastructure facility must participate during routing and siting at public hearings and all other activities of the commission on specific site or route designations and design considerations of the commission, and ~~shall~~ must clearly state whether the site or route being considered for designation or permit and other design matters under consideration for approval ~~will be in compliance~~ complies with state agency standards, rules, or policies.

(b) An applicant for a permit under this section or under chapter 216G ~~shall~~ must notify the commissioner of agriculture if the proposed project ~~will impact~~ impacts cultivated agricultural land~~, as that term is defined in section 216G.01, subdivision 4~~. The commissioner may participate and advise the commission as to whether to grant a permit for the project and the best options for mitigating adverse impacts to agricultural lands if the permit is granted. The Department of Agriculture ~~shall be~~ is the lead agency on the development of any agricultural mitigation plan required for the project.

(c) The Minnesota State Historic Preservation Office must participate in the commission's siting and routing activities described in this section. The commission's consideration and resolution of Minnesota State Historic Preservation Office's comments satisfies the requirements of section 138.665, when applicable.

Sec. 11. Minnesota Statutes 2022, section 216E.11, is amended to read:

216E.11 IMPROVEMENT OF SITES AND ROUTES.

~~Utilities that have acquired~~ A permittee that acquires a site or route in accordance with this chapter may proceed to construct or improve the site or route for the intended purposes at any time, subject to section ~~216E.10, subdivision 2~~ 216I.16, subdivision 2, provided that if the construction and improvement has not commenced within four years after a permit for the site or route has been issued, ~~then~~ the ~~utility~~ permittee must certify to the commission that the site or route continues to meet the conditions upon which the site or route permit was issued.

Sec. 12. Minnesota Statutes 2022, section 216E.13, is amended to read:

216E.13 FAILURE TO ACT.

If the commission fails to act within the times specified ~~in section 216E.03~~ under this chapter, the applicant or any affected person may seek an order of the district court requiring the commission to designate or refuse to designate a site or route.

Sec. 13. Minnesota Statutes 2022, section 216E.14, is amended to read:

216E.14 REVOCATION OR SUSPENSION.

A site or route permit may be revoked or suspended by the commission after adequate notice of the alleged grounds for revocation or suspension and a full and fair hearing in which the affected ~~utility~~ permittee has an opportunity to confront any witness and respond to any evidence against ~~it~~ the permittee and to present rebuttal or mitigating evidence upon a finding by the commission of:

(1) any false statement knowingly made in the application or in accompanying statements or studies required of the applicant, if a true statement would have warranted a change in the commission's findings;

(2) failure to comply with material conditions of the site certificate or construction permit, or failure to maintain health and safety standards; or

(3) any material violation of the provisions of this chapter, any rule promulgated pursuant thereto, or any order of the commission.

Sec. 14. Minnesota Statutes 2022, section 216E.15, is amended to read:

216E.15 JUDICIAL REVIEW.

Any applicant, party or person aggrieved by the issuance of a site or route permit, minor alteration, amendment, or emergency permit from the commission or a certification of continuing suitability filed by a ~~utility~~ permittee with the commission or by a final order in accordance with any rules promulgated by the commission, may appeal to the court of appeals in accordance with chapter 14. The appeal ~~shall~~ must be filed within 30 days after the ~~publication in the State Register of~~ date the notice of the ~~issuance of the permit by the commission or~~ commission's permit issuance is published in the EQB Monitor, certification is filed with the commission, or the ~~filing of~~ any final order is filed by the commission.

Sec. 15. Minnesota Statutes 2022, section 216E.16, is amended to read:

216E.16 RULES.

Subdivision 1. **Commission rules.** The commission, in order to give effect to the purposes of this chapter, may adopt rules consistent with this chapter, including promulgation of site and route designation criteria, the description of the information to be furnished by the utilities, establishment of minimum guidelines for public participation in the development, revision, and enforcement of any rule, plan, or program established by the commission, procedures for the revocation or suspension of a site or route permit, and the procedure and timeliness for proposing alternative routes and sites. ~~No~~ A rule adopted by the commission ~~shall~~ must not grant priority to state-owned wildlife management areas over agricultural lands in the designation of route avoidance areas. ~~The provisions of~~ Chapter 14 ~~shall apply~~ applies to the appeal of rules adopted by the commission to the same extent as it applies to review of rules adopted by any other agency of state government.

Subd. 2. **Office of Administrative Hearings rules.** The chief administrative law judge ~~shall~~ must adopt procedural rules for public hearings relating to the site and route permit process. The rules ~~shall~~ must attempt to maximize citizen participation in these processes consistent with the time limits for commission decision established ~~in sections 216E.03, subdivision 10, and 216E.04, subdivision 7~~ under this chapter.

Sec. 16. Minnesota Statutes 2022, section 216E.18, subdivision 2a, is amended to read:

Subd. 2a. **~~Route~~ Application fee; appropriation.** ~~Every~~ An applicant for a ~~transmission line~~ site or route permit ~~shall~~ must pay to the ~~commissioner of commerce~~ commission a fee to cover the necessary and reasonable costs incurred by the commission ~~in acting~~ to act on the permit application and ~~carrying~~ carry out the requirements of this chapter. The commission may adopt rules providing for ~~the~~ fee payment ~~of the fee~~. Section 16A.1283 does not apply to ~~the~~ establishment of ~~this~~ the fee under this subdivision. All money received ~~pursuant to~~ under this subdivision ~~shall~~ must be deposited in a special account. Money in the account is appropriated to the ~~commissioner of commerce~~ commission to pay expenses incurred ~~in processing~~ to process applications for site and route permits in accordance with this chapter and, in the event ~~the~~ expenses are less than the fee paid, to refund the excess fee paid to the applicant.

Sec. 17. **[216G.025] ROUTING PERMIT; ENVIRONMENTAL REVIEW; CARBON DIOXIDE PIPELINES.**

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

(b) "Carbon dioxide pipeline" means a pipeline located in Minnesota that transports carbon dioxide in a liquid, gaseous, or supercritical state.

(c) "Commission" means the Public Utilities Commission.

(d) "Supercritical" means a physical state in which a substance is more dense than a gas but less dense than a liquid.

Subd. 2. **Routing permit required.** (a) A person is prohibited from constructing or operating a carbon dioxide pipeline without a route permit issued by the commission under this chapter.

(b) A person seeking to construct or operate a carbon dioxide pipeline is prohibited from applying to the commission for a conditional exclusion or partial exemption from pipeline route selection procedures under Minnesota Rules, chapter 7852.

Subd. 3. **Carbon dioxide pipeline; environmental review.** Notwithstanding any other law or rule, an environmental impact statement must be prepared under Minnesota Rules, chapter 4410, prior to issuing a route permit under this section for a carbon dioxide pipeline. The commission is the governmental unit responsible for preparing an environmental impact statement under this subdivision.

Sec. 18. **TRANSFER OF DUTIES; ENVIRONMENTAL ANALYSIS OF LARGE ENERGY INFRASTRUCTURE FACILITIES.**

(a) The responsibility for administering the environmental analysis of large energy infrastructure facilities, as described in this act, is transferred from the Department of Commerce to the Public Utilities Commission on July 1, 2025.

(b) Minnesota Statutes, section 15.039, applies to the transfer of duties required under this section. Assessments are considered appropriations under Minnesota Statutes, section 15.039, subdivision 6, for the purposes of the transfer under this section.

Sec. 19. **ADMINISTRATIVE RULEMAKING.**

(a) The Public Utilities Commission must adopt rules, using the expedited process under Minnesota Statutes, section 14.389, that amend Minnesota Rules, chapters 7849 and 7850, to conform with the changes made in this act.

(b) The Environmental Quality Board must adopt rules, using the expedited process under Minnesota Statutes, section 14.389, that amend Minnesota Rules, chapter 4410, to conform with the changes made in this act.

(c) The Public Utilities Commission must amend Minnesota Rules, chapter 7850, to authorize applicants for site and route permits to begin submitting preconstruction compliance filings to commission staff for review immediately following the commission's vote to grant the applicant a site or route permit, but prior to issuing a written commission order.

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

Sec. 20. **APPROPRIATION; PUBLIC UTILITIES COMMISSION.**

$5,000 in fiscal year 2025 is appropriated from the general fund to the Public Utilities Commission for the administrative costs of rulemaking in this article. This is a onetime appropriation and is available until June 30, 2026.

Sec. 21. **APPROPRIATION; DEPARTMENT OF COMMERCE.**

$1,200,000 in fiscal year 2025 is appropriated from the general fund to the commissioner of commerce to facilitate timely actions in nonenvironmental review, routing and siting proceedings, and to intervene as a party in Public Utilities Commission permitting proceedings. The base in fiscal year 2026 and later is $2,400,000.

Sec. 22. **EFFECTIVE DATE.**

Sections 3 and 5 to 16 are effective July 1, 2025.

ARTICLE 46

DISABILITY SERVICES

Section 1. Minnesota Statutes 2023 Supplement, section 13.46, subdivision 2, as amended by Laws 2024, chapter 80, article 8, section 2, is amended to read:

Subd. 2. **General.** (a) Data on individuals collected, maintained, used, or disseminated by the welfare system are private data on individuals, and shall not be disclosed except:

(1) according to section 13.05;

(2) according to court order;

(3) according to a statute specifically authorizing access to the private data;

(4) to an agent of the welfare system and an investigator acting on behalf of a county, the state, or the federal government, including a law enforcement person or attorney in the investigation or prosecution of a criminal, civil, or administrative proceeding relating to the administration of a program;

(5) to personnel of the welfare system who require the data to verify an individual's identity; determine eligibility, amount of assistance, and the need to provide services to an individual or family across programs; coordinate services for an individual or family; evaluate the effectiveness of programs; assess parental contribution amounts; and investigate suspected fraud;

(6) to administer federal funds or programs;

(7) between personnel of the welfare system working in the same program;

(8) to the Department of Revenue to ~~assess parental contribution amounts for purposes of section 252.27, subdivision 2a,~~ administer and evaluate tax refund or tax credit programs and to identify individuals who may benefit from these programs, and prepare the databases for reports required under section 270C.13 and Laws 2008, chapter 366, article 17, section 6. The following information may be disclosed under this

paragraph: an individual's and their dependent's names, dates of birth, Social Security or individual taxpayer identification numbers, income, addresses, and other data as required, upon request by the Department of Revenue. Disclosures by the commissioner of revenue to the commissioner of human services for the purposes described in this clause are governed by section 270B.14, subdivision 1. Tax refund or tax credit programs include, but are not limited to, the dependent care credit under section 290.067, the Minnesota working family credit under section 290.0671, the property tax refund under section 290A.04, and the Minnesota education credit under section 290.0674;

(9) between the Department of Human Services; the Department of Employment and Economic Development; the Department of Children, Youth, and Families; and, when applicable, the Department of Education, for the following purposes:

(i) to monitor the eligibility of the data subject for unemployment benefits, for any employment or training program administered, supervised, or certified by that agency;

(ii) to administer any rehabilitation program or child care assistance program, whether alone or in conjunction with the welfare system;

(iii) to monitor and evaluate the Minnesota family investment program or the child care assistance program by exchanging data on recipients and former recipients of Supplemental Nutrition Assistance Program (SNAP) benefits, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, medical programs under chapter 256B or 256L; and

(iv) to analyze public assistance employment services and program utilization, cost, effectiveness, and outcomes as implemented under the authority established in Title II, Sections 201-204 of the Ticket to Work and Work Incentives Improvement Act of 1999. Health records governed by sections 144.291 to 144.298 and "protected health information" as defined in Code of Federal Regulations, title 45, section 160.103, and governed by Code of Federal Regulations, title 45, parts 160-164, including health care claims utilization information, must not be exchanged under this clause;

(10) to appropriate parties in connection with an emergency if knowledge of the information is necessary to protect the health or safety of the individual or other individuals or persons;

(11) data maintained by residential programs as defined in section 245A.02 may be disclosed to the protection and advocacy system established in this state according to Part C of Public Law 98-527 to protect the legal and human rights of persons with developmental disabilities or other related conditions who live in residential facilities for these persons if the protection and advocacy system receives a complaint by or on behalf of that person and the person does not have a legal guardian or the state or a designee of the state is the legal guardian of the person;

(12) to the county medical examiner or the county coroner for identifying or locating relatives or friends of a deceased person;

(13) data on a child support obligor who makes payments to the public agency may be disclosed to the Minnesota Office of Higher Education to the extent necessary to determine eligibility under section 136A.121, subdivision 2, clause (5);

(14) participant Social Security or individual taxpayer identification numbers and names collected by the telephone assistance program may be disclosed to the Department of Revenue to conduct an electronic data match with the property tax refund database to determine eligibility under section 237.70, subdivision 4a;

(15) the current address of a Minnesota family investment program participant may be disclosed to law enforcement officers who provide the name of the participant and notify the agency that:

(i) the participant:

(A) is a fugitive felon fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime that is a felony under the laws of the jurisdiction from which the individual is fleeing; or

(B) is violating a condition of probation or parole imposed under state or federal law;

(ii) the location or apprehension of the felon is within the law enforcement officer's official duties; and

(iii) the request is made in writing and in the proper exercise of those duties;

(16) the current address of a recipient of general assistance may be disclosed to probation officers and corrections agents who are supervising the recipient and to law enforcement officers who are investigating the recipient in connection with a felony level offense;

(17) information obtained from a SNAP applicant or recipient households may be disclosed to local, state, or federal law enforcement officials, upon their written request, for the purpose of investigating an alleged violation of the Food and Nutrition Act, according to Code of Federal Regulations, title 7, section 272.1(c);

(18) the address, Social Security or individual taxpayer identification number, and, if available, photograph of any member of a household receiving SNAP benefits shall be made available, on request, to a local, state, or federal law enforcement officer if the officer furnishes the agency with the name of the member and notifies the agency that:

(i) the member:

(A) is fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime that is a felony in the jurisdiction the member is fleeing;

(B) is violating a condition of probation or parole imposed under state or federal law; or

(C) has information that is necessary for the officer to conduct an official duty related to conduct described in subitem (A) or (B);

(ii) locating or apprehending the member is within the officer's official duties; and

(iii) the request is made in writing and in the proper exercise of the officer's official duty;

(19) the current address of a recipient of Minnesota family investment program, general assistance, or SNAP benefits may be disclosed to law enforcement officers who, in writing, provide the name of the recipient and notify the agency that the recipient is a person required to register under section 243.166, but is not residing at the address at which the recipient is registered under section 243.166;

(20) certain information regarding child support obligors who are in arrears may be made public according to section 518A.74;

(21) data on child support payments made by a child support obligor and data on the distribution of those payments excluding identifying information on obligees may be disclosed to all obligees to whom the

obligor owes support, and data on the enforcement actions undertaken by the public authority, the status of those actions, and data on the income of the obligor or obligee may be disclosed to the other party;

(22) data in the work reporting system may be disclosed under section 256.998, subdivision 7;

(23) to the Department of Education for the purpose of matching Department of Education student data with public assistance data to determine students eligible for free and reduced-price meals, meal supplements, and free milk according to United States Code, title 42, sections 1758, 1761, 1766, 1766a, 1772, and 1773; to allocate federal and state funds that are distributed based on income of the student's family; and to verify receipt of energy assistance for the telephone assistance plan;

(24) the current address and telephone number of program recipients and emergency contacts may be released to the commissioner of health or a community health board as defined in section 145A.02, subdivision 5, when the commissioner or community health board has reason to believe that a program recipient is a disease case, carrier, suspect case, or at risk of illness, and the data are necessary to locate the person;

(25) to other state agencies, statewide systems, and political subdivisions of this state, including the attorney general, and agencies of other states, interstate information networks, federal agencies, and other entities as required by federal regulation or law for the administration of the child support enforcement program;

(26) to personnel of public assistance programs as defined in section 256.741, for access to the child support system database for the purpose of administration, including monitoring and evaluation of those public assistance programs;

(27) to monitor and evaluate the Minnesota family investment program by exchanging data between the Departments of Human Services; Children, Youth, and Families; and Education, on recipients and former recipients of SNAP benefits, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, medical programs under chapter 256B or 256L, or a medical program formerly codified under chapter 256D;

(28) to evaluate child support program performance and to identify and prevent fraud in the child support program by exchanging data between the Department of Human Services; Department of Children, Youth, and Families; Department of Revenue under section 270B.14, subdivision 1, paragraphs (a) and (b), without regard to the limitation of use in paragraph (c); Department of Health; Department of Employment and Economic Development; and other state agencies as is reasonably necessary to perform these functions;

(29) counties and the Department of Children, Youth, and Families operating child care assistance programs under chapter 119B may disseminate data on program participants, applicants, and providers to the commissioner of education;

(30) child support data on the child, the parents, and relatives of the child may be disclosed to agencies administering programs under titles IV-B and IV-E of the Social Security Act, as authorized by federal law;

(31) to a health care provider governed by sections 144.291 to 144.298, to the extent necessary to coordinate services;

(32) to the chief administrative officer of a school to coordinate services for a student and family; data that may be disclosed under this clause are limited to name, date of birth, gender, and address;

(33) to county correctional agencies to the extent necessary to coordinate services and diversion programs; data that may be disclosed under this clause are limited to name, client demographics, program, case status, and county worker information; or

(34) between the Department of Human Services and the Metropolitan Council for the following purposes:

(i) to coordinate special transportation service provided under section 473.386 with services for people with disabilities and elderly individuals funded by or through the Department of Human Services; and

(ii) to provide for reimbursement of special transportation service provided under section 473.386.

The data that may be shared under this clause are limited to the individual's first, last, and middle names; date of birth; residential address; and program eligibility status with expiration date for the purposes of informing the other party of program eligibility.

(b) Information on persons who have been treated for substance use disorder may only be disclosed according to the requirements of Code of Federal Regulations, title 42, sections 2.1 to 2.67.

(c) Data provided to law enforcement agencies under paragraph (a), clause (15), (16), (17), or (18), or paragraph (b), are investigative data and are confidential or protected nonpublic while the investigation is active. The data are private after the investigation becomes inactive under section 13.82, subdivision 7, clause (a) or (b).

(d) Mental health data shall be treated as provided in subdivisions 7, 8, and 9, but are not subject to the access provisions of subdivision 10, paragraph (b).

For the purposes of this subdivision, a request will be deemed to be made in writing if made through a computer interface system.

Sec. 2. Minnesota Statutes 2022, section 245.821, subdivision 1, is amended to read:

Subdivision 1. **Notice required.** Notwithstanding any law to the contrary, no private or public facility for the treatment, housing, or counseling of more than five persons with mental illness, physical disability, developmental disability, ~~as defined in section 252.27, subdivision 1a,~~ substance use disorder, or another form of dependency, nor any correctional facility for more than five persons, shall be established without 30 days' written notice to the affected municipality or other political subdivision.

Sec. 3. Minnesota Statutes 2022, section 245.825, subdivision 1, is amended to read:

Subdivision 1. **Rules governing aversive and deprivation procedures.** The commissioner of human services shall by October, 1983, promulgate rules governing the use of aversive and deprivation procedures in all licensed facilities and licensed services serving persons with developmental disabilities~~, as defined in section 252.27, subdivision 1a~~. No provision of these rules shall encourage or require the use of aversive and deprivation procedures. The rules shall prohibit: (1) the application of certain aversive and deprivation procedures in facilities except as authorized and monitored by the commissioner; (2) the use of aversive and deprivation procedures that restrict the consumers' normal access to nutritious diet, drinking water, adequate ventilation, necessary medical care, ordinary hygiene facilities, normal sleeping conditions, and necessary clothing; and (3) the use of faradic shock without a court order. The rule shall further specify that consumers may not be denied ordinary access to legal counsel and next of kin. In addition, the rule may specify other prohibited practices and the specific conditions under which permitted practices are to be carried out. For

any persons receiving faradic shock, a plan to reduce and eliminate the use of faradic shock shall be in effect upon implementation of the procedure.

Sec. 4. Minnesota Statutes 2023 Supplement, section 245A.03, subdivision 7, as amended by Laws 2024, chapter 80, article 2, section 37, and Laws 2024, chapter 85, section 53, 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 family adult foster care home 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) a license for a person in a foster care setting that is not the primary residence of the license holder and where at least 80 percent of the residents are 55 years of age or older;

(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; ~~or~~

(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~~.~~; or

(5) new community residential setting licenses determined necessary by the commissioner for people affected by the closure of homes with a capacity of five or six beds currently licensed as supervised living facilities licensed under Minnesota Rules, chapter 4665, but not designated as intermediate care facilities. This exception is available until June 30, 2025.

(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.

(e) A resource need determination process, managed at the state level, using the available data 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 chapter 256S or section 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.

(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 August 1, 2024.

Sec. 5. Minnesota Statutes 2022, 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)~~ (h).

(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 six, 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 six, 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

(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, 2016.

(g) The commissioner shall not issue a new adult foster care license under paragraph (f) after December 31, 2020. The commissioner shall allow a facility with an adult foster care license issued under paragraph (f) before December 31, 2020, to continue with a capacity of five adults if the license holder continues to comply with the requirements in paragraph (f).

(h) The commissioner may issue an adult foster care or community residential setting license with a capacity of five or six adults to facilities meeting the criteria in section 245A.03, subdivision 7, paragraph (a), clause (5), and grant variances to paragraph (b) to allow the facility 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.

~~(h)~~ (i) Notwithstanding Minnesota Rules, part 9520.0500, adult foster care and community residential setting licenses with a capacity of up to six adults as allowed under this subdivision are not required to be licensed as an adult mental health residential program according to Minnesota Rules, parts 9520.0500 to 9520.0670.

EFFECTIVE DATE. This section is effective August 1, 2024.

Sec. 6. Minnesota Statutes 2022, section 246.511, as amended by Laws 2024, chapter 79, article 2, section 39, is amended to read:

246.511 RELATIVE RESPONSIBILITY.

Except for substance use disorder services paid for with money provided under chapter 254B, the executive board must not require under section 246.51 a client's relatives to pay more than the following: (1) for services provided in a community-based service, the noncovered cost of care as determined under the ability to pay determination; and (2) for services provided at a regional treatment center operated by state-operated services, 20 percent of the cost of care, unless the relatives reside outside the state. ~~The executive board must determine the responsibility of parents of children in state facilities to pay according to section 252.27, subdivision 2, or in rules adopted under chapter 254B if the cost of care is paid under chapter 254B.~~ The executive board may accept voluntary payments in excess of 20 percent. The executive

board may require full payment of the full per capita cost of care in state facilities for clients whose parent, parents, spouse, guardian, or conservator do not reside in Minnesota.

Sec. 7. Minnesota Statutes 2022, section 252.27, subdivision 2b, is amended to read:

Subd. 2b. ~~**Child's responsibility**~~ **Parental or guardian reimbursement to counties.** (a) Parental or guardian responsibility ~~of~~ for the ~~child for the~~ child's cost of care incurred by counties shall be up to the maximum amount of the total income and resources attributed to the child except for the clothing and personal needs allowance as provided in section 256B.35, subdivision 1. Reimbursement by the parents ~~and child~~ or guardians shall be made to the county making any payments for services.

(b) Notwithstanding paragraph (a), the county board may require payment of the full cost of caring for children whose parents or guardians do not reside in this state.

(c) To the extent that a child described in subdivision 1 is eligible for benefits under chapter 62A, 62C, 62D, 62E, or 64B, the county is not liable for the cost of services.

Sec. 8. Minnesota Statutes 2022, section 252.282, subdivision 1, is amended to read:

Subdivision 1. **Host county responsibility.** ~~(a) For purposes of this section, "local system needs planning" means the determination of need for ICF/DD services by program type, location, demographics, and size of licensed services for persons with developmental disabilities or related conditions.~~

~~(b)~~ (a) This section does not apply to semi-independent living services and residential-based habilitation services funded as home and community-based services.

~~(c)~~ (b) In collaboration with the commissioner and ICF/DD providers, counties shall complete a local system needs planning process for each ICF/DD facility. Counties shall evaluate the preferences and needs of persons with developmental disabilities to determine resource demands through a systematic assessment and planning process by May 15, 2000, and by July 1 every two years thereafter beginning in 2001.

~~(d)~~ (c) A local system needs planning process shall be undertaken more frequently when the needs or preferences of consumers change significantly to require reformation of the resources available to persons with developmental disabilities.

~~(e)~~ (d) A local system needs plan shall be amended anytime recommendations for modifications to existing ICF/DD services are made to the host county, including recommendations for:

(1) closure;

(2) relocation of services;

(3) downsizing; or

(4) modification of existing services for which a change in the framework of service delivery is advocated.

Sec. 9. Minnesota Statutes 2022, section 252.282, is amended by adding a subdivision to read:

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

(b) "Local system needs planning" means the determination of need for ICF/DD services by program type, location, demographics, and size of licensed services for persons with developmental disabilities or related conditions.

(c) "Related condition" has the meaning given in section 256B.02, subdivision 11.

Sec. 10. Minnesota Statutes 2023 Supplement, section 256.4764, subdivision 3, is amended to read:

Subd. 3. **Allowable uses of grant money.** (a) Grantees must use grant money to provide payments to eligible workers for the following purposes:

(1) retention, recruitment, and incentive payments;

(2) postsecondary loan and tuition payments;

(3) child care costs;

(4) transportation-related costs;

(5) personal care assistant background study costs; and

(6) other costs associated with retaining and recruiting workers, as approved by the commissioner.

(b) Eligible workers may receive cumulative payments up to $1,000 per calendar year from the workforce incentive grant account and all other state money intended for the same purpose. Workers are not eligible for payments under this section if they received payments under section 256.4766.

(c) The commissioner must develop a grant cycle distribution plan that allows for equitable distribution of money among eligible employers. The commissioner's determination of the grant awards and amounts is final and is not subject to appeal.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2023.

Sec. 11. Minnesota Statutes 2022, section 256B.02, subdivision 11, is amended to read:

Subd. 11. **Related condition.** "Related condition" means ~~that condition defined in section 252.27, subdivision 1a~~ a condition:

(1) that is found to be closely related to a developmental disability, including but not limited to cerebral palsy, epilepsy, autism, fetal alcohol spectrum disorder, and Prader-Willi syndrome; and

(2) that meets all of the following criteria:

(i) is severe and chronic;

(ii) results in impairment of general intellectual functioning or adaptive behavior similar to that of persons with developmental disabilities;

(iii) requires treatment or services similar to those required for persons with developmental disabilities;

(iv) is manifested before the person reaches 22 years of age;

(v) is likely to continue indefinitely;

(vi) results in substantial functional limitations in three or more of the following areas of major life activity:

(A) self-care;

(B) understanding and use of language;

(C) learning;

(D) mobility;

(E) self-direction; or

(F) capacity for independent living; and

(vii) is not attributable to mental illness as defined in section 245.462, subdivision 20, or an emotional disturbance as defined in section 245.4871, subdivision 15. For purposes of this item, notwithstanding section 245.462, subdivision 20, or 245.4871, subdivision 15, "mental illness" does not include autism or other pervasive developmental disorders.

Sec. 12. Minnesota Statutes 2022, section 256B.076, is amended by adding a subdivision to read:

Subd. 4. **Case management provided under contract.** If a county agency provides case management under contracts with other individuals or agencies and the county agency utilizes a competitive proposal process for the procurement of contracted case management services, the competitive proposal process must include evaluation criteria to ensure that the county maintains a culturally responsive program for case management services adequate to meet the needs of the population of the county. For the purposes of this section, "culturally responsive program" means a case management services program that:

(1) ensures effective, equitable, comprehensive, and respectful quality care services that are responsive to individuals within a specific population's values, beliefs, practices, health literacy, preferred language, and other communication needs; and

(2) is designed to address the unique needs of individuals who share a common language or racial, ethnic, or social background.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to procurement processes that commence on or after that date.

Sec. 13. Minnesota Statutes 2022, section 256B.0911, subdivision 12, is amended to read:

Subd. 12. **Exception to use of MnCHOICES assessment; contracted assessors.** ~~(a)~~ A lead agency that has not implemented MnCHOICES assessments and uses contracted assessors as of January 1, 2022, is not subject to the requirements of subdivisions 11, clauses (7) to (9); 13; 14, paragraphs (a) to (c); 16 to 21; 23; 24; and 29 to 31.

~~(b) This subdivision expires upon statewide implementation of MnCHOICES assessments. The commissioner shall notify the revisor of statutes when statewide implementation has occurred.~~

Sec. 14. Minnesota Statutes 2023 Supplement, section 256B.0911, subdivision 13, is amended to read:

Subd. 13. **MnCHOICES assessor qualifications, training, and certification.** (a) The commissioner shall develop and implement a curriculum and an assessor certification process.

(b) MnCHOICES certified assessors must:

(1) either have a bachelor's degree in social work, nursing with a public health nursing certificate, or other closely related field or be a registered nurse ~~with at least two years of home and community-based experience~~; and

(2) have received training and certification specific to assessment and consultation for long-term care services in the state.

(c) Certified assessors shall demonstrate best practices in assessment and support planning, including person-centered planning principles, and have a common set of skills that ensures consistency and equitable access to services statewide.

(d) Certified assessors must be recertified every three years.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 15. Minnesota Statutes 2022, section 256B.0911, subdivision 17, is amended to read:

Subd. 17. **MnCHOICES assessments.** (a) A person requesting long-term care consultation services must be visited by a long-term care consultation team within 20 ~~calendar~~ working days after the date on which an assessment was requested or recommended. Assessments must be conducted according to this subdivision and subdivisions 19 to 21, 23, 24, and 29 to 31.

(b) Lead agencies shall use certified assessors to conduct the assessment.

(c) For a person with complex health care needs, a public health or registered nurse from the team must be consulted.

(d) The lead agency must use the MnCHOICES assessment provided by the commissioner 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 person-centered assessment summary that meets the individual's needs and preferences.

(e) Except as provided in subdivision 24, an assessment must be conducted by a certified assessor in an in-person conversational interview with the person being assessed.

Sec. 16. Minnesota Statutes 2022, section 256B.0911, subdivision 20, is amended to read:

Subd. 20. **MnCHOICES assessments; duration of validity.** (a) An assessment that is completed as part of an eligibility determination for multiple programs for the alternative care, elderly waiver, developmental disabilities, community access for disability inclusion, community alternative care, and brain injury waiver programs under chapter 256S and sections 256B.0913, 256B.092, and 256B.49 is valid to establish service eligibility for no more than ~~60 calendar~~ 365 days after the date of the assessment.

(b) The effective eligibility start date for programs in paragraph (a) 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 (a) cannot be prior to the completion date of the most recent updated assessment.

~~(c) If an eligibility update is completed within 90 days of the previous assessment and documented in the department's Medicaid Management Information System (MMIS), the effective date of eligibility for programs included in paragraph (a) is the date of the previous in-person assessment when all other eligibility requirements are met.~~

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 17. Minnesota Statutes 2023 Supplement, section 256B.092, subdivision 1a, is amended to read:

Subd. 1a. **Case management services.** (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.

(b) Case management service activities provided to or arranged for a person include:

(1) development of the person-centered support plan under subdivision 1b;

(2) informing the individual or the individual's legal guardian or conservator, or parent if the person is a minor, of service options, including all service options available under the waiver plan;

(3) consulting with relevant medical experts or service providers;

(4) assisting the person in the identification of potential providers of chosen services, including:

(i) providers of services provided in a non-disability-specific setting;

(ii) employment service providers;

(iii) providers of services provided in settings that are not controlled by a provider; and

(iv) providers of financial management services;

(5) assisting the person to access services and assisting in appeals under section 256.045;

(6) coordination of services, if coordination is not provided by another service provider;

(7) evaluation and monitoring of the services identified in the support plan, which must incorporate at least one annual face-to-face visit by the case manager with each person; and

(8) reviewing support plans and providing the lead agency with recommendations for service authorization based upon the individual's needs identified in the support plan.

(c) Case management service activities that are provided to the person with a developmental disability shall be provided directly by county agencies or under contract. If a county agency contracts for case management services, the county agency must provide each recipient of home and community-based services who is receiving contracted case management services with the contact information the recipient may use to file a grievance with the county agency about the quality of the contracted services the recipient is receiving from a county-contracted case manager. If a county agency provides case management under contracts with other individuals or agencies and the county agency utilizes a competitive proposal process for the procurement of contracted case management services, the competitive proposal process must include evaluation criteria to ensure that the county maintains a culturally responsive program for case management services adequate to meet the needs of the population of the county. For the purposes of this section, "culturally responsive program" means a case management services program that: (1) ensures effective, equitable, comprehensive, and respectful quality care services that are responsive to individuals within a specific population's values,

beliefs, practices, health literacy, preferred language, and other communication needs; and (2) is designed to address the unique needs of individuals who share a common language or racial, ethnic, or social background.

(d) 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 a financial interest in the provision of any other services included in the recipient's 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 10.

~~(d)~~ (e) Case managers are responsible for service provisions listed in paragraphs (a) and (b). Case managers shall collaborate with consumers, families, legal representatives, and relevant medical experts and service providers in the development and annual review of the person-centered support plan and habilitation plan.

~~(e)~~ (f) 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.

~~(f)~~ (g) The Department of Human Services shall offer ongoing education in case management to case managers. Case managers shall receive no less than 20 hours of case management education and disability-related training each year. The education and training must include person-centered planning, informed choice, cultural competency, employment planning, community living planning, self-direction options, and use of technology supports. By August 1, 2024, all case managers must complete an employment support training course identified by the commissioner of human services. For case managers hired after August 1, 2024, this training must be completed within the first six months of providing case management services. For the purposes of this section, "person-centered planning" or "person-centered" has the meaning given in section 256B.0911, subdivision 10. Case managers must document completion of training in a system identified by the commissioner.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to procurement processes that commence on or after that date.

Sec. 18. Minnesota Statutes 2022, section 256B.0924, subdivision 3, is amended to read:

Subd. 3. **Eligibility.** Persons are eligible to receive targeted case management services under this section if the requirements in paragraphs (a) and (b) are met.

(a) The person must be assessed and determined by the local county agency to:

(1) be age 18 or older;

(2) be receiving medical assistance;

(3) have significant functional limitations; and

(4) be in need of service coordination to attain or maintain living in an integrated community setting.

(b) The person must be a vulnerable adult in need of adult protection as defined in section 626.5572, or is an adult with a developmental disability as defined in section 252A.02, subdivision 2, or a related condition as defined in section ~~252.27, subdivision 1a~~ 256B.02, subdivision 11, and is not receiving home and community-based waiver services, or is an adult who lacks a permanent residence and who has been without a permanent residence for at least one year or on at least four occasions in the last three years.

Sec. 19. Minnesota Statutes 2023 Supplement, section 256B.0949, subdivision 15, is amended to read:

Subd. 15. **EIDBI provider qualifications.** (a) A QSP must be employed by an agency and be:

(1) a licensed mental health professional who has at least 2,000 hours of supervised clinical experience or training in examining or treating people with ASD or a related condition or equivalent documented coursework at the graduate level by an accredited university in ASD diagnostics, ASD developmental and behavioral treatment strategies, and typical child development; or

(2) a developmental or behavioral pediatrician who has at least 2,000 hours of supervised clinical experience or training in examining or treating people with ASD or a related condition or equivalent documented coursework at the graduate level by an accredited university in the areas of ASD diagnostics, ASD developmental and behavioral treatment strategies, and typical child development.

(b) A level I treatment provider must be employed by an agency and:

(1) have at least 2,000 hours of supervised clinical experience or training in examining or treating people with ASD or a related condition or equivalent documented coursework at the graduate level by an accredited university in ASD diagnostics, ASD developmental and behavioral treatment strategies, and typical child development or an equivalent combination of documented coursework or hours of experience; and

(2) have or be at least one of the following:

(i) a master's degree in behavioral health or child development or related fields including, but not limited to, mental health, special education, social work, psychology, speech pathology, or occupational therapy from an accredited college or university;

(ii) a bachelor's degree in a behavioral health, child development, or related field including, but not limited to, mental health, special education, social work, psychology, speech pathology, or occupational therapy, from an accredited college or university, and advanced certification in a treatment modality recognized by the department;

(iii) a board-certified behavior analyst as defined by the Behavior Analyst Certification Board or a qualified behavior analyst as defined by the Qualified Applied Behavior Analysis Credentialing Board; or

(iv) a board-certified assistant behavior analyst with 4,000 hours of supervised clinical experience that meets all registration, supervision, and continuing education requirements of the certification.

(c) A level II treatment provider must be employed by an agency and must be:

(1) a person who has a bachelor's degree from an accredited college or university in a behavioral or child development science or related field including, but not limited to, mental health, special education, social work, psychology, speech pathology, or occupational therapy; and meets at least one of the following:

(i) has at least 1,000 hours of supervised clinical experience or training in examining or treating people with ASD or a related condition or equivalent documented coursework at the graduate level by an accredited university in ASD diagnostics, ASD developmental and behavioral treatment strategies, and typical child development or a combination of coursework or hours of experience;

(ii) has certification as a board-certified assistant behavior analyst from the Behavior Analyst Certification Board or a qualified autism service practitioner from the Qualified Applied Behavior Analysis Credentialing Board;

(iii) is a registered behavior technician as defined by the Behavior Analyst Certification Board or an applied behavior analysis technician as defined by the Qualified Applied Behavior Analysis Credentialing Board; or

(iv) is certified in one of the other treatment modalities recognized by the department; or

(2) a person who has:

(i) an associate's degree in a behavioral or child development science or related field including, but not limited to, mental health, special education, social work, psychology, speech pathology, or occupational therapy from an accredited college or university; and

(ii) at least 2,000 hours of supervised clinical experience in delivering treatment to people with ASD or a related condition. Hours worked as a mental health behavioral aide or level III treatment provider may be included in the required hours of experience; or

(3) a person who has at least 4,000 hours of supervised clinical experience in delivering treatment to people with ASD or a related condition. Hours worked as a mental health behavioral aide or level III treatment provider may be included in the required hours of experience; or

(4) a person who is a graduate student in a behavioral science, child development science, or related field and is receiving clinical supervision by a QSP affiliated with an agency to meet the clinical training requirements for experience and training with people with ASD or a related condition; or

(5) a person who is at least 18 years of age and who:

(i) is fluent in a non-English language or is an individual certified by a Tribal Nation;

(ii) completed the level III EIDBI training requirements; and

(iii) receives observation and direction from a QSP or level I treatment provider at least once a week until the person meets 1,000 hours of supervised clinical experience.

(d) A level III treatment provider must be employed by an agency, have completed the level III training requirement, be at least 18 years of age, and have at least one of the following:

(1) a high school diploma or commissioner of education-selected high school equivalency certification;

(2) fluency in a non-English language or Tribal Nation certification;

(3) one year of experience as a primary personal care assistant, community health worker, waiver service provider, or special education assistant to a person with ASD or a related condition within the previous five years; or

(4) completion of all required EIDBI training within six months of employment.

Sec. 20. Minnesota Statutes 2023 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:

(1) finalizing the person-centered written support plan within the timelines established by the commissioner and section 256B.0911, subdivision 29;

(2) informing the recipient or the recipient's legal guardian or conservator of service options, including all service options available under the waiver plans;

(3) assisting the recipient in the identification of potential service providers of chosen services, including:

(i) available options for case management service and providers;

(ii) providers of services provided in a non-disability-specific setting;

(iii) employment service providers;

(iv) providers of services provided in settings that are not community residential settings; and

(v) providers of financial management services;

(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 person-centered support plan;

(2) ongoing assessment and monitoring of the person's needs and adequacy of the approved person-centered support plan; and

(3) adjustments to the person-centered 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. If a county agency provides case management under contracts with other individuals or agencies and the county agency utilizes a competitive proposal process for the procurement of contracted case management services, the competitive proposal process must include evaluation criteria to ensure that the county maintains a culturally responsive program for case management services adequate to meet the needs of the population of the county. For the purposes of this section, "culturally responsive program" means a case management services program that: (1) ensures effective, equitable, comprehensive, and respectful quality care services that are responsive to individuals within a specific population's values, beliefs,

practices, health literacy, preferred language, and other communication needs; and (2) is designed to address the unique needs of individuals who share a common language or racial, ethnic, or social background.

(d) 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 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 10.

~~(d)~~ (e) 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.

~~(e)~~ (f) The Department of Human Services shall offer ongoing education in case management to case managers. Case managers shall receive no less than 20 hours of case management education and disability-related training each year. The education and training must include person-centered planning, informed choice, cultural competency, employment planning, community living planning, self-direction options, and use of technology supports. By August 1, 2024, all case managers must complete an employment support training course identified by the commissioner of human services. For case managers hired after August 1, 2024, this training must be completed within the first six months of providing case management services. For the purposes of this section, "person-centered planning" or "person-centered" has the meaning given in section 256B.0911, subdivision 10. Case managers shall document completion of training in a system identified by the commissioner.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to procurement processes that commence on or after that date.

Sec. 21. Minnesota Statutes 2022, section 256B.49, subdivision 16, is amended to read:

Subd. 16. **Services and supports.** (a) Services and supports included in the home and community-based waivers for persons with disabilities must meet the requirements set out in United States Code, title 42, section 1396n. The services and supports, which are offered as alternatives to institutional care, must promote consumer choice, community inclusion, self-sufficiency, and self-determination.

(b) The commissioner must simplify and improve access to home and community-based ~~waivered~~ waiver services, to the extent possible, through the establishment of a common service menu that is available to eligible recipients regardless of age, disability type, or waiver program.

(c) Consumer-directed community supports must be offered as an option to all persons eligible for services under subdivision 11.

(d) Services and supports must be arranged and provided consistent with individualized written plans of care for eligible waiver recipients.

~~(e) A transitional supports allowance must be available to all persons under a home and community-based waiver who are moving from a licensed setting to a community setting. "Transitional supports allowance" means a onetime payment of up to $3,000, to cover the costs, not covered by other sources, associated with moving from a licensed setting to a community setting. Covered costs include:~~

~~(1) lease or rent deposits;~~

~~(2) security deposits;~~

~~(3) utilities setup costs, including telephone;~~

~~(4) essential furnishings and supplies; and~~

~~(5) personal supports and transports needed to locate and transition to community settings.~~

~~(f)~~ (e) The state of Minnesota and county agencies that administer home and community-based ~~waivered~~ waiver services for persons with disabilities must not be liable for damages, injuries, or liabilities sustained through the purchase of supports by the individual, the individual's family, legal representative, or the authorized representative with funds received through consumer-directed community supports under this section. Liabilities include but are not limited to workers' compensation liability, the Federal Insurance Contributions Act (FICA), or the Federal Unemployment Tax Act (FUTA).

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 22. Minnesota Statutes 2022, section 256B.4911, is amended by adding a subdivision to read:

Subd. 7. **Budget procedures.** When a lead agency authorizes or reauthorizes consumer-directed community supports services for a home and community-based services waiver participant, the lead agency must provide to the waiver participant and the waiver participant's legal representative the following information in an accessible format and in a manner that meets the participant's needs:

(1) an explanation of how the participant's consumer-directed community supports services budget was calculated, including a detailed explanation of the variables used in the budget formula;

(2) a copy of the formula used to calculate the participant's consumer-directed community supports services budget; and

(3) information about the participant's right to appeal the consumer-directed community supports services budget in accordance with sections 256.045 and 256.0451.

Sec. 23. Minnesota Statutes 2022, section 256B.4911, is amended by adding a subdivision to read:

Subd. 8. **Consumer-directed community supports policy.** Policies governing the consumer-directed community supports program must be created solely by the commissioner. Lead agencies must not create or implement any policies that are in addition to or inconsistent with policies created by the commissioner or federal or state laws. Any handbooks, procedures, or other guidance documents maintained by a lead agency do not have the force or effect of law, and must not be given deference if introduced in a state fair hearing conducted under sections 256.045 and 256.0451.

Sec. 24. Minnesota Statutes 2022, section 256B.4912, subdivision 1, is amended to read:

Subdivision 1. **Provider qualifications.** (a) For the home and community-based waivers providing services to seniors and individuals with disabilities under chapter 256S and sections 256B.0913, 256B.092, and 256B.49, the commissioner shall establish:

(1) agreements with enrolled waiver service providers to ensure providers meet Minnesota health care program requirements;

(2) regular reviews of provider qualifications, and including requests of proof of documentation; and

(3) processes to gather the necessary information to determine provider qualifications.

(b) A provider shall not require or coerce any service recipient to change waiver programs or move to a different location, consistent with the informed choice and independent living policies under section 256B.4905, subdivisions 1a, 2a, 3a, 7, and 8.

~~(b)~~ (c) Beginning July 1, 2012, staff that provide direct contact, as defined in section 245C.02, subdivision 11, for services specified in the federally approved waiver plans must meet the requirements of chapter 245C prior to providing waiver services and as part of ongoing enrollment. Upon federal approval, this requirement must also apply to consumer-directed community supports.

~~(c)~~ (d) Beginning January 1, 2014, service owners and managerial officials overseeing the management or policies of services that provide direct contact as specified in the federally approved waiver plans must meet the requirements of chapter 245C prior to reenrollment or revalidation or, for new providers, prior to initial enrollment if they have not already done so as a part of service licensure requirements.

Sec. 25. Minnesota Statutes 2023 Supplement, section 256B.766, is amended to read:

256B.766 REIMBURSEMENT FOR BASIC CARE SERVICES.

(a) Effective for services provided on or after July 1, 2009, total payments for basic care services, shall be reduced by three percent, except that for the period July 1, 2009, through June 30, 2011, total payments shall be reduced by 4.5 percent for the medical assistance and general assistance medical care programs, prior to third-party liability and spenddown calculation. Effective July 1, 2010, the commissioner shall classify physical therapy services, occupational therapy services, and speech-language pathology and related services as basic care services. The reduction in this paragraph shall apply to physical therapy services, occupational therapy services, and speech-language pathology and related services provided on or after July 1, 2010.

(b) Payments made to managed care plans and county-based purchasing plans shall be reduced for services provided on or after October 1, 2009, to reflect the reduction effective July 1, 2009, and payments made to the plans shall be reduced effective October 1, 2010, to reflect the reduction effective July 1, 2010.

(c) Effective for services provided on or after September 1, 2011, through June 30, 2013, total payments for outpatient hospital facility fees shall be reduced by five percent from the rates in effect on August 31, 2011.

(d) Effective for services provided on or after September 1, 2011, through June 30, 2013, total payments for ambulatory surgery centers facility fees, medical supplies and durable medical equipment not subject to a volume purchase contract, prosthetics and orthotics, renal dialysis services, laboratory services, public health nursing services, physical therapy services, occupational therapy services, speech therapy services,

eyeglasses not subject to a volume purchase contract, hearing aids not subject to a volume purchase contract, and anesthesia services shall be reduced by three percent from the rates in effect on August 31, 2011.

(e) Effective for services provided on or after September 1, 2014, payments for ambulatory surgery centers facility fees, hospice services, renal dialysis services, laboratory services, public health nursing services, eyeglasses not subject to a volume purchase contract, and hearing aids not subject to a volume purchase contract shall be increased by three percent and payments for outpatient hospital facility fees shall be increased by three percent. Payments made to managed care plans and county-based purchasing plans shall not be adjusted to reflect payments under this paragraph.

(f) Payments for medical supplies and durable medical equipment not subject to a volume purchase contract, and prosthetics and orthotics, provided on or after July 1, 2014, through June 30, 2015, shall be decreased by .33 percent. Payments for medical supplies and durable medical equipment not subject to a volume purchase contract, and prosthetics and orthotics, provided on or after July 1, 2015, shall be increased by three percent from the rates as determined under paragraphs (i) and (j).

(g) Effective for services provided on or after July 1, 2015, payments for outpatient hospital facility fees, medical supplies and durable medical equipment not subject to a volume purchase contract, prosthetics, and orthotics to a hospital meeting the criteria specified in section 62Q.19, subdivision 1, paragraph (a), clause (4), shall be increased by 90 percent from the rates in effect on June 30, 2015. Payments made to managed care plans and county-based purchasing plans shall not be adjusted to reflect payments under this paragraph.

(h) This section does not apply to physician and professional services, inpatient hospital services, family planning services, mental health services, dental services, prescription drugs, medical transportation, federally qualified health centers, rural health centers, Indian health services, and Medicare cost-sharing.

(i) Effective for services provided on or after July 1, 2015, the following categories of medical supplies and durable medical equipment shall be individually priced items: customized and other specialized tracheostomy tubes and supplies, electric patient lifts, and durable medical equipment repair and service. This paragraph does not apply to medical supplies and durable medical equipment subject to a volume purchase contract, products subject to the preferred diabetic testing supply program, and items provided to dually eligible recipients when Medicare is the primary payer for the item. The commissioner shall not apply any medical assistance rate reductions to durable medical equipment as a result of Medicare competitive bidding.

(j) Effective for services provided on or after July 1, 2015, medical assistance payment rates for durable medical equipment, prosthetics, orthotics, or supplies shall be increased as follows:

(1) payment rates for durable medical equipment, prosthetics, orthotics, or supplies that were subject to the Medicare competitive bid that took effect in January of 2009 shall be increased by 9.5 percent; and

(2) payment rates for durable medical equipment, prosthetics, orthotics, or supplies on the medical assistance fee schedule, whether or not subject to the Medicare competitive bid that took effect in January of 2009, shall be increased by 2.94 percent, with this increase being applied after calculation of any increased payment rate under clause (1).

This paragraph does not apply to medical supplies and durable medical equipment subject to a volume purchase contract, products subject to the preferred diabetic testing supply program, items provided to dually eligible recipients when Medicare is the primary payer for the item, and individually priced items identified

in paragraph (i). Payments made to managed care plans and county-based purchasing plans shall not be adjusted to reflect the rate increases in this paragraph.

(k) Effective for nonpressure support ventilators provided on or after January 1, 2016, the rate shall be the lower of the submitted charge or the Medicare fee schedule rate. Effective for pressure support ventilators provided on or after January 1, 2016, the rate shall be the lower of the submitted charge or 47 percent above the Medicare fee schedule rate. For payments made in accordance with this paragraph, if, and to the extent that, the commissioner identifies that the state has received federal financial participation for ventilators in excess of the amount allowed effective January 1, 2018, under United States Code, title 42, section 1396b(i)(27), the state shall repay the excess amount to the Centers for Medicare and Medicaid Services with state funds and maintain the full payment rate under this paragraph.

(l) Payment rates for durable medical equipment, prosthetics, orthotics or supplies, that are subject to the upper payment limit in accordance with section 1903(i)(27) of the Social Security Act, shall be paid the Medicare rate. Rate increases provided in this chapter shall not be applied to the items listed in this paragraph.

(m) For dates of service on or after July 1, 2023, through June 30, ~~2024~~ 2025, enteral nutrition and supplies must be paid according to this paragraph. If sufficient data exists for a product or supply, payment must be based upon the 50th percentile of the usual and customary charges per product code submitted to the commissioner, using only charges submitted per unit. Increases in rates resulting from the 50th percentile payment method must not exceed 150 percent of the previous fiscal year's rate per code and product combination. Data are sufficient if: (1) the commissioner has at least 100 paid claim lines by at least ten different providers for a given product or supply; or (2) in the absence of the data in clause (1), the commissioner has at least 20 claim lines by at least five different providers for a product or supply that does not meet the requirements of clause (1). If sufficient data are not available to calculate the 50th percentile for enteral products or supplies, the payment rate must be the payment rate in effect on June 30, 2023.

(n) For dates of service on or after July 1, ~~2024~~ 2025, enteral nutrition and supplies must be paid according to this paragraph and updated annually each January 1. If sufficient data exists for a product or supply, payment must be based upon the 50th percentile of the usual and customary charges per product code submitted to the commissioner for the previous calendar year, using only charges submitted per unit. Increases in rates resulting from the 50th percentile payment method must not exceed 150 percent of the previous year's rate per code and product combination. Data are sufficient if: (1) the commissioner has at least 100 paid claim lines by at least ten different providers for a given product or supply; or (2) in the absence of the data in clause (1), the commissioner has at least 20 claim lines by at least five different providers for a product or supply that does not meet the requirements of clause (1). If sufficient data are not available to calculate the 50th percentile for enteral products or supplies, the payment must be the manufacturer's suggested retail price of that product or supply minus 20 percent. If the manufacturer's suggested retail price is not available, payment must be the actual acquisition cost of that product or supply plus 20 percent.

Sec. 26. Minnesota Statutes 2022, section 256B.77, subdivision 7a, is amended to read:

Subd. 7a. **Eligible individuals.** (a) Persons are eligible for the demonstration project as provided in this subdivision.

(b) "Eligible individuals" means those persons living in the demonstration site who are eligible for medical assistance and are disabled based on a disability determination under section 256B.055, subdivisions 7 and 12, or who are eligible for medical assistance and have been diagnosed as having:

(1) serious and persistent mental illness as defined in section 245.462, subdivision 20;

(2) severe emotional disturbance as defined in section 245.4871, subdivision 6; or

(3) developmental disability, or being a person with a developmental disability as defined in section 252A.02, or a related condition as defined in section ~~252.27, subdivision 1a~~ 256B.02, subdivision 11.

Other individuals may be included at the option of the county authority based on agreement with the commissioner.

(c) Eligible individuals include individuals in excluded time status, as defined in chapter 256G. Enrollees in excluded time at the time of enrollment shall remain in excluded time status as long as they live in the demonstration site and shall be eligible for 90 days after placement outside the demonstration site if they move to excluded time status in a county within Minnesota other than their county of financial responsibility.

(d) A person who is a sexual psychopathic personality as defined in section 253D.02, subdivision 15, or a sexually dangerous person as defined in section 253D.02, subdivision 16, is excluded from enrollment in the demonstration project.

Sec. 27. Minnesota Statutes 2022, section 256S.07, subdivision 1, is amended to read:

Subdivision 1. **Elderly waiver case management provided by counties and tribes.** (a) For participants not enrolled in a managed care organization, the county of residence or tribe must provide or arrange to provide elderly waiver case management activities under section 256S.09, subdivisions 2 and 3.

(b) If a county agency provides case management under contracts with other individuals or agencies and the county agency utilizes a competitive proposal process for the procurement of contracted case management services, the competitive proposal process must include evaluation criteria to ensure that the county maintains a culturally responsive program for case management services adequate to meet the needs of the population of the county. For the purposes of this section, "culturally responsive program" means a case management services program that:

(1) ensures effective, equitable, comprehensive, and respectful quality care services that are responsive to individuals within a specific population's values, beliefs, practices, health literacy, preferred language, and other communication needs; and

(2) is designed to address the unique needs of individuals who share a common language or racial, ethnic, or social background.

EFFECTIVE DATE. This section is effective August 1, 2024, and applies to procurement processes that commence on or after that date.

Sec. 28. Minnesota Statutes 2023 Supplement, section 270B.14, subdivision 1, is amended to read:

Subdivision 1. **Disclosure to commissioner of human services.** (a) On the request of the commissioner of human services, the commissioner shall disclose return information regarding taxes imposed by chapter 290, and claims for refunds under chapter 290A, to the extent provided in paragraph (b) and for the purposes set forth in paragraph (c).

(b) Data that may be disclosed are limited to data relating to the identity, whereabouts, employment, income, and property of a person owing or alleged to be owing an obligation of child support.

(c) The commissioner of human services may request data only for the purposes of carrying out the child support enforcement program and to assist in the location of parents who have, or appear to have, deserted their children. Data received may be used only as set forth in section 256.978.

(d) The commissioner shall provide the records and information necessary to administer the supplemental housing allowance to the commissioner of human services.

(e) At the request of the commissioner of human services, the commissioner of revenue shall electronically match the Social Security or individual taxpayer identification numbers and names of participants in the telephone assistance plan operated under sections 237.69 to 237.71, with those of property tax refund filers under chapter 290A or renter's credit filers under section 290.0693, and determine whether each participant's household income is within the eligibility standards for the telephone assistance plan.

(f) The commissioner may provide records and information collected under sections 295.50 to 295.59 to the commissioner of human services for purposes of the Medicaid Voluntary Contribution and Provider-Specific Tax Amendments of 1991, Public Law 102-234. Upon the written agreement by the United States Department of Health and Human Services to maintain the confidentiality of the data, the commissioner may provide records and information collected under sections 295.50 to 295.59 to the Centers for Medicare and Medicaid Services section of the United States Department of Health and Human Services for purposes of meeting federal reporting requirements.

(g) The commissioner may provide records and information to the commissioner of human services as necessary to administer the early refund of refundable tax credits.

(h) The commissioner may disclose information to the commissioner of human services as necessary for income verification for eligibility and premium payment under the MinnesotaCare program, under section 256L.05, subdivision 2, as well as the medical assistance program under chapter 256B.

(i) The commissioner may disclose information to the commissioner of human services necessary to verify whether applicants or recipients for the Minnesota family investment program, general assistance, the Supplemental Nutrition Assistance Program (SNAP), Minnesota supplemental aid program, and child care assistance have claimed refundable tax credits under chapter 290 and the property tax refund under chapter 290A, and the amounts of the credits.

~~(j) The commissioner may disclose information to the commissioner of human services necessary to verify income for purposes of calculating parental contribution amounts under section 252.27, subdivision 2a.~~

~~(k)~~ (j) At the request of the commissioner of human services and when authorized in writing by the taxpayer, the commissioner of revenue may match the business legal name or individual legal name, and the Minnesota tax identification number, federal Employer Identification Number, or Social Security number of the applicant under section 245A.04, subdivision 1; 245I.20; or 245H.03; or license or certification holder. The commissioner of revenue may share the matching with the commissioner of human services. The matching may only be used by the commissioner of human services to determine eligibility for provider grant programs and to facilitate the regulatory oversight of license and certification holders as it relates to ownership and public funds program integrity. This paragraph applies only if the commissioner of human services and the commissioner of revenue enter into an interagency agreement for the purposes of this paragraph.

Sec. 29. Minnesota Statutes 2022, section 447.42, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** Notwithstanding any provision of Minnesota Statutes to the contrary, any city, county, town, or nonprofit corporation approved by the commissioner of human services, or any combination of them may establish and operate a community residential facility for persons with developmental disabilities or related conditions, as defined in section ~~252.27, subdivision 1a~~ 256B.02, subdivision 11.

Sec. 30. Laws 2021, First Special Session chapter 7, article 13, section 68, is amended to read:

Sec. 68. **DIRECTION TO THE COMMISSIONER OF HUMAN SERVICES; DIRECT CARE SERVICES DURING SHORT-TERM ACUTE HOSPITAL VISITS.**

The commissioner of human services, in consultation with stakeholders, shall develop a new covered state plan service under Minnesota Statutes, chapter 256B, or develop modifications to existing covered state plan services~~, that permits receipt of direct care services in an acute care hospital in a manner consistent with the requirements of~~ for people eligible for home care services as identified in Minnesota Statutes, section 256B.0651, and community first services and supports as identified in Minnesota Statutes, section 256B.85, for the purposes of support during acute care hospital stays, as authorized under United States Code, title 42, section 1396a(h). By ~~August 31, 2022~~ January 1, 2025, the commissioner must provide to the chairs and ranking minority members of the house of representatives and senate committees ~~and divisions~~ with jurisdiction over direct care services any draft legislation as may be necessary to implement the new or modified covered state plan service.

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

Sec. 31. Laws 2023, chapter 61, article 1, section 60, subdivision 1, is amended to read:

Subdivision 1. **Definition.** "New American" means an individual born abroad and the individual's children~~, irrespective of immigration status~~.

Sec. 32. Laws 2023, chapter 61, article 1, section 60, subdivision 2, is amended to read:

Subd. 2. **Grant program established.** The commissioner of human services shall establish a new American legal, social services, and long-term care workforce grant program for organizations that serve and support new Americans:

(1) in seeking or maintaining legal or citizenship status ~~to legally obtain or retain~~ and obtaining or retaining legal authorization for employment in the United States in any field or industry; or

(2) to provide specialized services and supports to new Americans to enter the long-term care workforce.

Sec. 33. **ASSISTIVE TECHNOLOGY LEAD AGENCY PARTNERSHIPS.**

(a) Lead agencies may establish partnerships with enrolled medical assistance providers of home and community-based services under Minnesota Statutes, section 256B.0913, 256B.092, 256B.093, or 256B.49, or Minnesota Statutes, chapter 256S, to evaluate the benefits of informed choice in accessing the following existing assistive technology home and community-based waiver services:

(1) assistive technology;

(2) specialized equipment and supplies;

(3) environmental accessibility adaptations; and

(4) 24-hour emergency assistance.

(b) Lead agencies may identify eligible individuals who desire to participate in the partnership authorized by this section using existing home and community-based waiver criteria under Minnesota Statutes, chapters 256B and 256S.

(c) Lead agencies must ensure individuals who choose to participate have informed choice in accessing the services and must adhere to conflict-free case management requirements.

(d) Lead agencies may identify efficiencies for service authorizations, provide evidence-based cost data and quality analysis to the commissioner, and collect feedback on the use of technology systems from home and community-based waiver services recipients, family caregivers, and any other interested community partners.

Sec. 34. **DIRECTION TO COMMISSIONER; CONSUMER-DIRECTED COMMUNITY SUPPORTS.**

By December 31, 2024, the commissioner of human services shall seek any necessary changes to home and community-based services waiver plans regarding consumer-directed community supports in order to:

(1) clarify that allowable goods and services for a consumer-directed community supports participant do not need to be for the sole benefit of the participant, and that goods and services may benefit others if there is also a direct benefit to the participant based on the participant's assessed needs;

(2) clarify that goods or services that support the participant's assessed needs for community integration and inclusion are allowable under the consumer-directed community supports program;

(3) clarify that the rate authorized for services approved under the consumer-directed community supports personal assistance category may exceed the reasonable range of similar services in the participant's community if the participant has an assessed need for an enhanced rate; and

(4) clarify that a participant's spouse or a parent of a minor participant, as defined in the waiver plans, may be paid for consumer-directed community support services at a rate that exceeds that which would otherwise be paid to a provider of a similar service or that exceeds what is allowed by the commissioner for the payment of personal care assistance services if the participant has an assessed need for an enhanced rate.

Sec. 35. **REIMBURSEMENT FOR COMMUNITY-FIRST SERVICES AND SUPPORTS WORKERS REPORT.**

(a) The commissioner of human services must explore options to permit reimbursement of community-first services and supports workers under Minnesota Statutes, sections 256B.85 and 256B.851, to provide:

(1) up to eight hours of overtime per week per worker beyond the current maximum number of reimbursable hours per month;

(2) asleep overnight and awake overnight staffing in the same manner as direct support professionals under the brain injury waiver, community alternative care waiver, community access for disability inclusion waiver, and developmental disabilities waiver; and

(3) services in shifts of up to 80 consecutive hours when otherwise compliant with federal and state labor laws.

(b) The commissioner must report recommendations to the chairs and ranking minority members of the legislative committees with jurisdiction over human services policy and finance by February 1, 2025.

Sec. 36. **DISABILITY HOME AND COMMUNITY-BASED SERVICES REIMBURSEMENT IN ACUTE CARE HOSPITAL STAYS.**

(a) The commissioner of human services must seek approval to amend Minnesota's federally approved disability waiver plans under Minnesota Statutes, sections 256B.092 and 256B.49, to reimburse for delivery of unit-based services under Minnesota Statutes, section 256B.4914, in acute care hospital settings, as authorized under United States Code, title 42, section 1396a(h).

(b) Reimbursed services must:

(1) be identified in an individual's person-centered support plan as required under Minnesota Statutes, section 256B.0911;

(2) be provided to meet the needs of the person that are not met through the provision of hospital services;

(3) not substitute services that the hospital is obligated to provide as required under state and federal law; and

(4) be designed to ensure smooth transitions between acute care settings and home and community-based settings and to preserve the person's functional abilities.

EFFECTIVE DATE. Paragraph (b) is effective January 1, 2025, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 37. **ELECTRONIC VISIT VERIFICATION IMPLEMENTATION GRANT.**

Subdivision 1. **Establishment.** The commissioner of human services must establish a onetime grant program to assist home care service providers with a portion of the costs of implementation of electronic visit verification.

Subd. 2. **Eligible grant recipients.** Eligible grant recipients must:

(1) be providers of home care services licensed under Minnesota Statutes, chapter 144A;

(2) have an average daily census of at least 30 individuals; and

(3) have an average daily census of medical assistance and MinnesotaCare enrollees of 20 percent or higher in the 12 months prior to application.

Subd. 3. **Allowable uses.** Allowable uses of grant money include:

(1) administrative implementation of an electronic visit verification system, including but not limited to staff costs for loading patient information into the portal, programming, and training staff;

(2) electronic visit verification operations and maintenance, including but not limited to staff costs for addressing system flaws related to geographical location and clocking in and out;

(3) purchase and monthly fees for an upgraded electronic visit verification system;

(4) purchase of or reimbursement for cell phones and electronic tablets to be used by staff and the monthly fee for the phone service; and

(5) other activities approved by the commissioner.

Subd. 4. **Application for and distribution of grant money.** In order to receive a grant under this section, providers must apply to the commissioner by November 1, 2024. Grants must be distributed no later than February 1, 2025. Grant amounts awarded to each approved applicant must be determined by the total number of approved grantees and each approved applicant's medical assistance and MinnesotaCare average daily census.

Subd. 5. **Expiration.** This section expires June 30, 2026.

Sec. 38. **EMERGENCY RELIEF GRANTS FOR RURAL EARLY INTENSIVE DEVELOPMENTAL AND BEHAVIORAL INTERVENTION PROVIDERS.**

Subdivision 1. **Establishment and purpose.** (a) The commissioner of human services shall award grants to financially distressed organizations that provide early intensive developmental and behavioral intervention services to rural communities. For the purposes of this section, "rural communities" means communities outside the metropolitan counties listed in Minnesota Statutes, section 473.121, subdivision 4, and outside the cities of Duluth, Mankato, Moorhead, Rochester, and St. Cloud.

(b) The commissioner shall conduct community engagement, provide technical assistance, and work with the commissioners of management and budget and administration to mitigate barriers in accessing grant money.

(c) The commissioner shall limit expenditures under this section to the amount appropriated for this purpose.

Subd. 2. **Eligibility.** (a) To be an eligible applicant for a grant under this section, a provider of early intensive developmental and behavioral intervention services must submit to the commissioner of human services a grant application in the form and according to the timelines established by the commissioner.

(b) In a grant application, an applicant must demonstrate that:

(1) the total net income of the provider of early intensive developmental and behavioral intervention services is not generating sufficient revenue to cover the provider's operating expenses;

(2) the provider is at risk of closure or ceasing to provide early intensive developmental and behavioral intervention services; and

(3) additional emergency operating revenue is necessary to preserve access to early intensive developmental and behavioral intervention services within the rural community the provider serves.

(c) In a grant application, the applicant must make a request based on the information submitted under paragraph (b) for the minimal funding amount sufficient to preserve access to early intensive developmental and behavioral intervention services within the rural community the provider serves.

Subd. 3. **Approving grants.** The commissioner must evaluate all grant applications on a competitive basis and award grants to successful applicants within available appropriations for this purpose. The commissioner's decisions are final and not subject to appeal.

Sec. 39. **LEGISLATIVE TASK FORCE ON GUARDIANSHIP.**

Subdivision 1. **Membership.** (a) The Legislative Task Force on Guardianship consists of the following members:

(1) one member of the house of representatives, appointed by the speaker of the house of representatives;

(2) one member of the house of representatives, appointed by the minority leader of the house of representatives;

(3) one member of the senate, appointed by the senate majority leader;

(4) one member of the senate, appointed by the senate minority leader;

(5) one judge who has experience working on guardianship cases, appointed by the chief justice of the supreme court;

(6) two individuals presently or formerly under guardianship or emergency guardianship, appointed by the Minnesota Council on Disability;

(7) one private, professional guardian, appointed by the Minnesota Council on Disability;

(8) one private, nonprofessional guardian, appointed by the Minnesota Council on Disability;

(9) one representative of the Department of Human Services with knowledge of public guardianship issues, appointed by the commissioner of human services;

(10) one member appointed by the Minnesota Council on Disability;

(11) two members of two different disability advocacy organizations, appointed by the Minnesota Council on Disability;

(12) one member of a professional or advocacy group representing the interests of the guardian who has experience working in the judicial system on guardianship cases, appointed by the Minnesota Council on Disability;

(13) one member of a professional or advocacy group representing the interests of persons subject to guardianship who has experience working in the judicial system on guardianship cases, appointed by the Minnesota Council on Disability;

(14) two members of two different advocacy groups representing the interests of older Minnesotans who are or may find themselves subject to guardianship, appointed by the Minnesota Council on Disability;

(15) one employee acting as the Disability Systems Planner in the Center for Health Equity at the Minnesota Department of Health, appointed by the commissioner of health;

(16) one member appointed by the Minnesota Indian Affairs Council;

(17) one member from the Commission of the Deaf, Deafblind, and Hard-of-Hearing, appointed by the executive director of the commission;

(18) one member of the Council on Developmental Disabilities, appointed by the executive director of the council;

(19) one employee from the Office of Ombudsman for Mental Health and Developmental Disabilities, appointed by the ombudsman;

(20) one employee from the Office of Ombudsman for Long Term Care, appointed by the ombudsman;

(21) one member appointed by the Minnesota Association of County Social Services Administrators (MACSSA);

(22) one employee from the Olmstead Implementation Office, appointed by the director of the office; and

(23) one member representing an organization dedicated to supported decision-making alternatives to guardianship, appointed by the Minnesota Council on Disability.

(b) Appointees to the task force must be named by each appointing authority by June 30, 2025. Appointments made by an agency or commissioner may also be made by a designee.

(c) The member from the Minnesota Council on Disability serves as chair of the task force. The chair must designate a member to serve as secretary.

Subd. 2. **Meetings; administrative support.** The first meeting of the task force must be convened by the chair no later than September 1, 2025, if an appropriation is made by that date for the task force. The task force must meet at least quarterly. Meetings are subject to Minnesota Statutes, chapter 13D. The task force may meet by telephone or interactive technology consistent with Minnesota Statutes, section 13D.015. The Minnesota Council on Disability shall provide meeting space and administrative and research support to the task force.

Subd. 3. **Duties.** (a) The task force must make recommendations to address concerns and gaps related to guardianships and less restrictive alternatives to guardianships in Minnesota, including but not limited to:

(1) developing efforts to sustain and increase the number of qualified guardians;

(2) increasing compensation for in forma pauperis (IFP) guardians by studying current funding streams to develop approaches to ensure that the funding streams are consistent across the state and sufficient to serve the needs of persons subject to guardianship;

(3) securing ongoing funding for guardianships and less restrictive alternatives;

(4) establishing guardian certification or licensure;

(5) identifying standards of practice for guardians and options for providing education to guardians on standards and less restrictive alternatives;

(6) securing ongoing funding for the guardian and conservator administrative complaint process;

(7) identifying and understanding alternatives to guardianship whenever possible to meet the needs of patients and the challenges of providers in the delivery of health care, behavioral health care, and residential and home-based care services;

(8) expanding supported decision-making alternatives to guardianships and conservatorships;

(9) reducing the removal of civil rights when appointing a guardian, including by ensuring guardianship is only used as a last resort; and

(10) identifying ways to preserve and to maximize the civil rights of the person, including due process considerations.

(b) The task force must seek input from the public, the judiciary, people subject to guardianship, guardians, advocacy groups, and attorneys. The task force must hold hearings to gather information to fulfill the purpose of the task force.

Subd. 4. **Compensation; expenses.** Members of the task force may receive compensation and expense reimbursement as provided in Minnesota Statutes, section 15.059, subdivision 3.

Subd. 5. **Report; expiration.** The task force shall submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over guardianship issues no later than January 15, 2027. The report must describe any concerns about the current guardianship system identified by the task force and recommend policy options to address those concerns and to promote less restrictive alternatives to guardianship. The report must include draft legislation to implement recommended policy.

Subd. 6. **Expiration.** The task force expires upon submission of its report, or January 16, 2027, whichever is earlier.

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

Sec. 40. **TRANSITIONAL SUPPORTS ALLOWANCE INCREASE.**

Upon federal approval, the commissioner of human services must increase to $5,000 the transitional supports allowance under Minnesota's federally approved home and community-based service waiver plans authorized under Minnesota Statutes, sections 256B.092 and 256B.49.

EFFECTIVE DATE. This section is effective January 1, 2025, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 41. **TRIBAL VULNERABLE ADULT AND DEVELOPMENTAL DISABILITY TARGETED CASE MANAGEMENT MEDICAL ASSISTANCE BENEFIT.**

(a) The commissioner of human services must engage with Minnesota's federally-recognized Tribal Nations and urban American Indian providers and leaders to design and recommend a Tribal-specific vulnerable adult and developmental disability medical assistance targeted case management benefit to meet community needs and reduce disparities experienced by Tribal members and urban American Indian populations. The commissioner must honor and uphold Tribal sovereignty as part of this engagement, ensuring Tribal Nations are equitably and authentically included in planning and policy discussions.

(b) By January 1, 2025, the commissioner must report recommendations to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services finance and policy. Recommendations must include a description of engagement with Tribal Nations, Tribal perspectives shared throughout the engagement process, service design, and reimbursement methodology.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 42. **ELECTRONIC VISIT VERIFICATION SIMPLIFICATION FOR LIVE-IN CAREGIVERS.**

The commissioner must explore options to simplify documentation requirements for direct support professionals who live in the same house as the person they support and are reimbursed for services subject

to electronic visit verification requirements under Minnesota Statutes, section 256B.073. The commissioner may evaluate information technology barriers and opportunities, attestation options, worker identification options, and program integrity considerations. The commissioner must report recommendations to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance by February 1, 2025, with short- and long-term policy changes that will simplify documentation requirements and minimize burdens on providers and recipients.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 43. **LICENSE TRANSITION SUPPORT FOR SMALL DISABILITY WAIVER PROVIDERS.**

Subdivision 1. **Onetime transition support.** The commissioner of human services must distribute onetime payments to medical assistance disability waiver customized living and community residential providers to assist with the transition from small, customized living settings to licensed community residential services under Minnesota Statutes, chapter 245D and section 256B.49.

Subd. 2. **Definitions.** For purposes of this section, "eligible provider" means an enrolled provider that received approval from the commissioner of human services for a corporate foster care moratorium exception under Minnesota Statutes, section 245A.03, subdivision 7, related to transitioning between customized living services and community residential services. This approval must have been received between July 1, 2022, and December 31, 2023.

Subd. 3. **Allowable uses of payments.** Allowable uses of payments include costs incurred by a community residential service provider or customed living provider directly related to the provider's transition from providing medical assistance customized living or 24-hour customized living and technical assistance to adapt business models and meet policy and regulatory guidance.

Subd. 4. **Payment request and requirements.** License holders of eligible settings must apply for payments using an application process determined by the commissioner of human services. Payments are onetime amounts of $15,000 per eligible setting. To be considered for a payment, eligible settings must submit a payment application no later than March 1, 2025. The commissioner may approve payment applications on a rolling basis. Payments must be distributed without compliance to time-consuming procedures and formalities prescribed in law, including the following statutes and related policies: Minnesota Statutes, sections 16A.15, subdivision 3; 16B.97; and 16B.98, subdivisions 5, 7, and 8, the express audit clause requirement. The commissioner's determination of the payment amount determined under this section is final and is not subject to appeal. This subdivision does not apply to recoupment by the commissioner under subdivision 7.

Subd. 5. **Attestation.** As a condition of obtaining payments under this section, an eligible provider must attest, on the payment application form, to the following:

(1) the provider's intent to provide services through December 31, 2027; and

(2) the provider's intent to use the payment for allowable uses under subdivision 3.

Subd. 6. **Agreement.** As a condition of obtaining a payment under this section, an eligible provider must agree to the following on the payment application form:

(1) to cooperate with the commissioner of human services to deliver services according to the requirements in this section;

(2) to maintain documentation sufficient to demonstrate the costs required to transition to a new setting as described under subdivision 3; and

(3) to acknowledge that payments may be subject to a recoupment under this section if a state audit performed under this section determines that the provider used payments for purposes not authorized under this section.

Subd. 7. **Recoupment.** (a) The commissioner of human services may perform an audit under this section up to six years after the payments are distributed to ensure the funds are utilized solely for the purposes stated in subdivision 3.

(b) If the commissioner determines that a provider used the allocated payment for purposes not authorized under this section, the commissioner must treat any amount used for a purpose not authorized under this section as an overpayment. The commissioner must recover any overpayment.

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

Sec. 44. **DISABILITY SERVICES PERSON-CENTERED ENGAGEMENT AND NAVIGATION STUDY.**

(a) The commissioner of human services must issue a request for proposals for the design and administration of a study of a person's experience in accessing and navigating medical assistance state plan and home and community-based waiver services and state funded disability services to improve people's experiences in accessing and navigating the system.

(b) The person-centered disability services engagement and navigation study must engage with people and families who use services, lead agencies, and providers to assess:

(1) access to the full range of disability services programs in metropolitan, suburban, and rural counties with a focus on non-English-speaking communities and by various populations, including but not limited to Black people, Indigenous people, people of color, and communities with vision, hearing, physical, neurocognitive, or intellectual developmental disabilities;

(2) how people and families experience and navigate the system, including their customer service experiences and barriers to person-centered and culturally responsive navigation support and resources; and

(3) opportunities to improve state, lead agency, and provider capacity to improve the experiences of people accessing and navigating the system.

(c) To be eligible to respond to the request for proposals, an entity must demonstrate that it has engaged successfully with people who use disability services and their families.

(d) The commissioner must report the results of the study and provide specific recommendations and administrative strategy or policy modifications to improve system accessibility, efficiency, and person-centered systemic design to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services finance and policy by January 15, 2026.

Sec. 45. **PERSONAL CARE ASSISTANCE COMPENSATION FOR SERVICES PROVIDED BY A PARENT OR SPOUSE.**

(a) Notwithstanding Minnesota Statutes, section 256B.0659, subdivision 3, paragraph (a), clause (1); subdivision 11, paragraph (c); and subdivision 19, paragraph (b), clause (3), beginning October 1, 2024, a

parent, stepparent, or legal guardian of a minor who is a personal care assistance recipient or the spouse of a personal care assistance recipient may provide and be paid for providing personal care assistance services under medical assistance.

(b) This section expires upon full implementation of community first services and supports under Minnesota Statutes, section 256B.85. The commissioner of human services shall notify the revisor of statutes when this section expires.

EFFECTIVE DATE. This section is effective for services rendered on or after October 1, 2024.

Sec. 46. **OWN HOME SERVICES PROVIDER CAPACITY-BUILDING GRANTS.**

Subdivision 1. **Establishment.** The commissioner of human services shall establish a onetime grant program to incentivize providers to support individuals to move out of congregate living settings and into an individual's own home as described in Minnesota Statutes, section 256B.492, subdivision 3.

Subd. 2. **Eligible grant recipients.** Eligible grant recipients are providers of home and community-based services under Minnesota Statutes, chapter 245D.

Subd. 3. **Grant application.** In order to receive a grant under this section, providers must apply to the commissioner on the forms and according to the timelines established by the commissioner.

Subd. 4. **Allowable uses of grant money.** Allowable uses of grant money include:

(1) enhancing resources and staffing to support people and families in understanding housing options;

(2) housing expenses related to moving an individual into their own home, if the person is not eligible for other available housing services;

(3) moving expenses that are not covered by other housing services for which the individual is eligible;

(4) implementing and testing innovative approaches to better support people with disabilities and their families in living in their own homes;

(5) financial incentives for providers that have successfully moved an individual out of congregate living and into their own home; and

(6) other activities approved by the commissioner.

Subd. 5. **Expiration.** This section expires June 30, 2026.

Sec. 47. **DIRECTION TO COMMISSIONER; PEDIATRIC HOSPITAL-TO-HOME TRANSITION PILOT PROGRAM.**

(a) The commissioner of human services must award a single competitive grant to a home care nursing provider to develop and implement, in coordination with the commissioner of health, Fairview Masonic Children's Hospital, Gillette Children's Specialty Healthcare, and Children's Minnesota of St. Paul and Minneapolis, a pilot program to expedite and facilitate pediatric hospital-to-home discharges for patients receiving services in this state under medical assistance, including under the community alternative care waiver, community access for disability inclusion waiver, and developmental disabilities waiver.

(b) Grant money awarded under this section must be used only to support the administrative, training, and auxiliary services necessary to reduce:

(1) delayed discharge days due to unavailability of home care nursing staffing to accommodate complex pediatric patients;

(2) avoidable rehospitalization days for pediatric patients;

(3) unnecessary emergency department utilization by pediatric patients following discharge;

(4) long-term nursing needs for pediatric patients; and

(5) the number of school days missed by pediatric patients.

(c) Grant money must not be used to supplant payment rates for services covered under Minnesota Statutes, chapter 256B.

(d) No later than December 15, 2026, the commissioner must prepare a report summarizing the impact of the pilot program that includes but is not limited to: (1) the number of delayed discharge days eliminated; (2) the number of rehospitalization days eliminated; (3) the number of unnecessary emergency department admissions eliminated; (4) the number of missed school days eliminated; and (5) an estimate of the return on investment of the pilot program.

(e) The commissioner must submit the report under paragraph (d) to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services finance and policy.

Sec. 48. **REPEALER.**

(a) Minnesota Statutes 2022, section 252.27, subdivisions 1a, 2, 3, 4a, 5, and 6, are repealed.

(b) Minnesota Statutes 2022, section 256B.0916, subdivision 10, is repealed.

(c) Minnesota Statutes 2023 Supplement, section 252.27, subdivision 2a, is repealed.

(d) Laws 2024, chapter 79, article 4, section 1, subdivision 3, is repealed.

EFFECTIVE DATE. Paragraph (b) is effective January 1, 2025.

ARTICLE 47

AGING SERVICES

Section 1. **[144G.195] FACILITY RELOCATION.**

Subdivision 1. **New license not required.** (a) Beginning March 15, 2025, an assisted living facility with a licensed resident capacity of five residents or fewer may operate under the licensee's current license if the facility is relocated with the approval of the commissioner of health during the period the current license is valid.

(b) A licensee is not required to apply for a new license solely because the licensee receives approval to relocate a facility. The licensee's license for the relocated facility remains valid until the expiration date specified on the existing license. The commissioner of health must apply the licensing and survey cycle previously established for the facility's prior location to the facility's new location.

(c) A licensee must notify the commissioner of health, on a form developed by the commissioner, of the licensee's intent to relocate the licensee's facility and submit a nonrefundable relocation fee of $3,905.

The commissioner must deposit all relocation fees in the state treasury to be credited to the state government special revenue fund.

(d) The licensee must obtain plan review approval for the building to which the licensee intends to relocate the facility and a certificate of occupancy from the commissioner of labor and industry or the commissioner of labor and industry's delegated authority for the building. Upon issuance of a certificate of occupancy, the commissioner of health must review and inspect the building to which the licensee intends to relocate the facility and approve or deny the license relocation within 30 calendar days.

(e) A licensee may only relocate a facility within the geographic boundaries of the municipality in which the facility is currently located or within the geographic boundaries of a contiguous municipality.

(f) A licensee may only relocate one time in any three-year period, except that the commissioner may approve an additional relocation within a three-year period upon a licensee's demonstration of an extenuating circumstance, including but not limited to the criteria outlined in section 256B.49, subdivision 28a, paragraph (c).

(g) A licensee that receives approval from the commissioner to relocate a facility must provide each resident with a new assisted living contract and comply with the coordinated move requirements under section 144G.55.

(h) A licensee denied approval by the commissioner of health to relocate a facility may continue to operate the facility in its current location, follow the requirements in section 144G.57 and close the facility, or notify the commissioner of health of the licensee's intent to relocate the facility to an alternative new location. If the licensee notifies the commissioner of the licensee's intent to relocate the facility to an alternative new location, paragraph (c) applies, including the timelines for approving or denying the license relocation for the alternative new location.

Subd. 2. **Limited exemption from the customized living setting moratorium and age limitations.** (a) A licensee that receives approval from the commissioner of health under subdivision 1 to relocate a facility that is also enrolled with the Department of Human Services as a customized living setting to deliver 24-hour customized living services or customized living services to participants through the brain injury and community access for disability inclusion home and community-based services waiver plans and under section 256B.49 must inform the commissioner of human services of the licensee's intent to relocate.

(b) If the licensee at the time of the intended relocation is providing customized living or 24-hour customized living services under the brain injury and community access for disability inclusion home and community-based services waiver plans and section 256B.49 to at least one individual, and the licensee intends to continue serving that individual in the new location, the licensee must inform the commissioner of human services of the licensee's intention to do so and meet the requirements specified under section 256B.49, subdivision 28a.

EFFECTIVE DATE. This section is effective January 1, 2025, except subdivision 2 is effective January 1, 2025, or 90 days after federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 2. Minnesota Statutes 2022, section 144G.41, subdivision 1, is amended to read:

Subdivision 1. **Minimum requirements.** All assisted living facilities shall:

(1) distribute to residents the assisted living bill of rights;

(2) provide services in a manner that complies with the Nurse Practice Act in sections 148.171 to 148.285;

(3) utilize a person-centered planning and service delivery process;

(4) have and maintain a system for delegation of health care activities to unlicensed personnel by a registered nurse, including supervision and evaluation of the delegated activities as required by the Nurse Practice Act in sections 148.171 to 148.285;

(5) provide a means for residents to request assistance for health and safety needs 24 hours per day, seven days per week;

(6) allow residents the ability to furnish and decorate the resident's unit within the terms of the assisted living contract;

(7) permit residents access to food at any time;

(8) allow residents to choose the resident's visitors and times of visits;

(9) allow the resident the right to choose a roommate if sharing a unit;

(10) notify the resident of the resident's right to have and use a lockable door to the resident's unit. The licensee shall provide the locks on the unit. Only a staff member with a specific need to enter the unit shall have keys, and advance notice must be given to the resident before entrance, when possible. An assisted living facility must not lock a resident in the resident's unit;

(11) develop and implement a staffing plan for determining its staffing level that:

(i) includes an evaluation, to be conducted at least twice a year, of the appropriateness of staffing levels in the facility;

(ii) ensures sufficient staffing at all times to meet the scheduled and reasonably foreseeable unscheduled needs of each resident as required by the residents' assessments and service plans on a 24-hour per day basis; and

(iii) ensures that the facility can respond promptly and effectively to individual resident emergencies and to emergency, life safety, and disaster situations affecting staff or residents in the facility;

(12) ensure that one or more persons are available 24 hours per day, seven days per week, who are responsible for responding to the requests of residents for assistance with health or safety needs. Such persons must be:

(i) awake;

(ii) located in the same building, in an attached building, or on a contiguous campus with the facility in order to respond within a reasonable amount of time;

(iii) capable of communicating with residents;

(iv) capable of providing or summoning the appropriate assistance; and

(v) capable of following directions; and

~~(13) offer to provide or make available at least the following services to residents:~~

~~(i) at least three nutritious meals daily with snacks available seven days per week, according to the recommended dietary allowances in the United States Department of Agriculture (USDA) guidelines, including seasonal fresh fruit and fresh vegetables. The following apply:~~

~~(A) menus must be prepared at least one week in advance, and made available to all residents. The facility must encourage residents' involvement in menu planning. Meal substitutions must be of similar nutritional value if a resident refuses a food that is served. Residents must be informed in advance of menu changes;~~

~~(B) food must be prepared and served according to the Minnesota Food Code, Minnesota Rules, chapter 4626; and~~

~~(C) the facility cannot require a resident to include and pay for meals in their contract;~~

~~(ii) weekly housekeeping;~~

~~(iii) weekly laundry service;~~

~~(iv) upon the request of the resident, provide direct or reasonable assistance with arranging for transportation to medical and social services appointments, shopping, and other recreation, and provide the name of or other identifying information about the persons responsible for providing this assistance;~~

~~(v) upon the request of the resident, provide reasonable assistance with accessing community resources and social services available in the community, and provide the name of or other identifying information about persons responsible for providing this assistance;~~

~~(vi) provide culturally sensitive programs; and~~

~~(vii) have a daily program of social and recreational activities that are based upon individual and group interests, physical, mental, and psychosocial needs, and that creates opportunities for active participation in the community at large; and~~

~~(14)~~ (13) provide staff access to an on-call registered nurse 24 hours per day, seven days per week.

Sec. 3. Minnesota Statutes 2022, section 144G.41, is amended by adding a subdivision to read:

Subd. 1a. **Minimum requirements; required food services.** (a) All assisted living facilities must offer to provide or make available at least three nutritious meals daily with snacks available seven days per week, according to the recommended dietary allowances in the United States Department of Agriculture (USDA) guidelines, including seasonal fresh fruit and fresh vegetables. The menus must be prepared at least one week in advance, and made available to all residents. The facility must encourage residents' involvement in menu planning. Meal substitutions must be of similar nutritional value if a resident refuses a food that is served. Residents must be informed in advance of menu changes. The facility must not require a resident to include and pay for meals in the resident's contract. Except as provided in paragraph (b), food must be prepared and served according to the Minnesota Food Code, Minnesota Rules, chapter 4626.

(b) For an assisted living facility with a licensed capacity of ten or fewer residents:

(1) notwithstanding Minnesota Rules, part 4626.0033, item A, the facility may share a certified food protection manager (CFPM) with one other facility located within a 60-mile radius and under common management provided the CFPM is present at each facility frequently enough to effectively administer, manage, and supervise each facility's food service operation;

(2) notwithstanding Minnesota Rules, part 4626.0545, item A, kick plates that are not removable or cannot be rotated open are allowed unless the facility has been issued repeated correction orders for violations of Minnesota Rules, part 4626.1565 or 4626.1570;

(3) notwithstanding Minnesota Rules, part 4626.0685, item A, the facility is not required to provide integral drainboards, utensil racks, or tables large enough to accommodate soiled and clean items that may accumulate during hours of operation provided soiled items do not contaminate clean items, surfaces, or food, and clean equipment and dishes are air dried in a manner that prevents contamination before storage;

(4) notwithstanding Minnesota Rules, part 4626.1070, item A, the facility is not required to install a dedicated handwashing sink in its existing kitchen provided it designates one well of a two-compartment sink for use only as a handwashing sink;

(5) notwithstanding Minnesota Rules, parts 4626.1325, 4626.1335, and 4626.1360, item A, existing floor, wall, and ceiling finishes are allowed provided the facility keeps them clean and in good condition;

(6) notwithstanding Minnesota Rules, part 4626.1375, shielded or shatter-resistant lightbulbs are not required, but if a light bulb breaks, the facility must discard all exposed food and fully clean all equipment, dishes, and surfaces to remove any glass particles; and

(7) notwithstanding Minnesota Rules, part 4626.1390, toilet rooms are not required to be provided with a self-closing door.

Sec. 4. Minnesota Statutes 2022, section 144G.41, is amended by adding a subdivision to read:

Subd. 1b. **Minimum requirements; other required services.** All assisted living facilities must offer to provide or make available the following services to residents:

(1) weekly housekeeping;

(2) weekly laundry service;

(3) upon the request of the resident, provide direct or reasonable assistance with arranging for transportation to medical and social services appointments, shopping, and other recreation, and provide the name of or other identifying information about the persons responsible for providing this assistance;

(4) upon the request of the resident, provide reasonable assistance with accessing community resources and social services available in the community, and provide the name of or other identifying information about persons responsible for providing this assistance;

(5) provide culturally sensitive programs; and

(6) have a daily program of social and recreational activities that are based upon individual and group interests, physical, mental, and psychosocial needs, and that creates opportunities for active participation in the community at large.

Sec. 5. Minnesota Statutes 2022, section 144G.63, subdivision 1, is amended to read:

Subdivision 1. **Orientation of staff and supervisors.** (a) All staff providing and supervising direct services must complete an orientation to assisted living facility licensing requirements and regulations before providing assisted living services to residents. The orientation may be incorporated into the training required

under subdivision 5. The orientation need only be completed once for each staff person and is not transferable to another facility, except as provided in paragraph (b).

(b) A staff person is not required to repeat the orientation required under subdivision 2 if the staff person transfers from one licensed assisted living facility to another facility operated by the same licensee or by a licensee affiliated with the same corporate organization as the licensee of the first facility, or to another facility managed by the same entity managing the first facility. The facility to which the staff person transfers must document that the staff person completed the orientation at the prior facility. The facility to which the staff person transfers must nonetheless provide the transferred staff person with supplemental orientation specific to the facility and document that the supplemental orientation was provided. The supplemental orientation must include the types of assisted living services the staff person will be providing, the facility's category of licensure, and the facility's emergency procedures. A staff person cannot transfer to an assisted living facility with dementia care without satisfying the additional training requirements under section 144G.83.

Sec. 6. Minnesota Statutes 2022, section 144G.63, subdivision 4, is amended to read:

Subd. 4. **Training required relating to dementia, mental illness, and de-escalation.** All direct care staff and supervisors providing direct services must demonstrate an understanding of the training specified in section 144G.64.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 7. Minnesota Statutes 2022, section 144G.64, is amended to read:

144G.64 TRAINING IN DEMENTIA ~~CARE~~, MENTAL ILLNESS, AND DE-ESCALATION REQUIRED.

(a) All assisted living facilities must meet the following dementia care, mental illness, and de-escalation training requirements:

(1) supervisors of direct-care staff must have at least eight hours of initial training on dementia topics specified under paragraph (b), clauses (1) to (5), and two hours of initial training on mental illness and de-escalation topics specified under paragraph (b), clauses (6) to (8), within 120 working hours of the employment start date~~, and~~. Supervisors must have at least two hours of training on topics related to dementia ~~care~~ and one hour of training on topics related to mental illness and de-escalation for each 12 months of employment thereafter;

(2) direct-care employees must have completed at least eight hours of initial training on dementia topics specified under paragraph (b), clauses (1) to (5), and two hours of initial training on mental illness and de-escalation topics specified under paragraph (b), clauses (6) to (8), within 160 working hours of the employment start date. Until this initial training is complete, an employee must not provide direct care unless there is another employee on site who has completed the initial eight hours of training on topics related to dementia ~~care~~ and the initial two hours of training on topics related to mental illness and de-escalation and who can act as a resource and assist if issues arise. A trainer of the requirements under paragraph (b) or a supervisor meeting the requirements in clause (1) must be available for consultation with the new employee until the training requirement is complete. Direct-care employees must have at least two hours of training on topics related to dementia and one hour of training on topics related to mental illness and de-escalation for each 12 months of employment thereafter;

(3) for assisted living facilities with dementia care, direct-care employees must have completed at least eight hours of initial training on topics specified under paragraph (b) within 80 working hours of the employment start date. Until this initial training is complete, an employee must not provide direct care unless there is another employee on site who has completed the initial eight hours of training on topics related to dementia ~~care~~ and two hours of training on topics related to mental illness and de-escalation and who can act as a resource and assist if issues arise. A trainer of the requirements under paragraph (b) or a supervisor meeting the requirements in clause (1) must be available for consultation with the new employee until the training requirement is complete. Direct-care employees must have at least two hours of training on topics related to dementia and one hour of training on topics related to mental illness and de-escalation for each 12 months of employment thereafter;

(4) staff who do not provide direct care, including maintenance, housekeeping, and food service staff, must have at least four hours of initial training on topics specified under paragraph (b), clauses (1) to (5), and two hours of initial training on mental illness and de-escalation topics specified under paragraph (b), clauses (6) to (8), within 160 working hours of the employment start date, and must have at least two hours of training on topics related to dementia ~~care~~ and one hour of training on topics related to mental illness and de-escalation for each 12 months of employment thereafter; and

(5) new employees may satisfy the initial training requirements by producing written proof of previously completed required training within the past 18 months.

(b) Areas of required dementia, mental illness, and de-escalation training include:

(1) an explanation of Alzheimer's disease and other dementias;

(2) assistance with activities of daily living;

(3) problem solving with challenging behaviors;

(4) communication skills; ~~and~~

(5) person-centered planning and service delivery~~.~~;

(6) recognizing symptoms of common mental illness diagnoses, including but not limited to mood disorders, anxiety disorders, trauma- and stressor-related disorders, personality and psychotic disorders, substance use disorder, and substance misuse;

(7) de-escalation techniques and communication; and

(8) crisis resolution and suicide prevention, including procedures for contacting county crisis response teams and 988 suicide and crisis lifelines.

(c) The facility shall provide to consumers in written or electronic form a description of the training program, the categories of employees trained, the frequency of training, and the basic topics covered.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 8. Minnesota Statutes 2022, section 256.9755, subdivision 2, is amended to read:

Subd. 2. **Authority.** The Minnesota Board on Aging shall allocate ~~to area agencies on aging~~ the state funds ~~which~~ that are received under this section for the caregiver support program ~~in a manner consistent with federal requirements~~. The board shall give priority to those areas where there is a high need of respite services as evidenced by the data provided by the board.

Sec. 9. Minnesota Statutes 2022, section 256.9755, subdivision 3, is amended to read:

Subd. 3. **Caregiver support services.** Funds allocated under this section ~~to an area agency on aging~~ for caregiver support services must be used ~~in a manner consistent with the National Family Caregiver Support Program~~ to reach family caregivers of persons with ALS~~, except that~~ and such funds may be used to provide services benefiting people under the age of 60 and their caregivers. The funds must be used to provide social, community-based services and activities that provide social interaction for participants. The funds may also be used to provide respite care.

Sec. 10. Minnesota Statutes 2023 Supplement, section 256.9756, subdivision 1, is amended to read:

Subdivision 1. **Caregiver respite services grant program established.** The Minnesota Board on Aging must establish a caregiver respite services grant program to increase the availability of respite services for family caregivers of people with dementia ~~and older adults~~ and to provide information, education, and training to respite caregivers and volunteers regarding caring for people with dementia. From the money made available for this purpose, the board must award grants on a competitive basis to respite service providers, giving priority to areas of the state where there is a high need of respite services.

Sec. 11. Minnesota Statutes 2023 Supplement, section 256.9756, subdivision 2, is amended to read:

Subd. 2. **Eligible uses.** Grant recipients awarded grant money under this section must use a portion of the grant award as determined by the board to provide free or subsidized respite services for family caregivers of people with dementia ~~and older adults~~.

Sec. 12. Minnesota Statutes 2023 Supplement, section 256B.0913, subdivision 5, as amended by Laws 2024, chapter 85, section 68, is amended to read:

Subd. 5. **Services covered under alternative care.** (a) Alternative care funding may be used for payment of costs of:

(1) adult day services and adult day services bath;

(2) home care;

(3) homemaker services;

(4) personal care;

(5) case management and conversion case management;

(6) respite care;

(7) specialized supplies and equipment;

(8) home-delivered meals;

(9) nonmedical transportation;

(10) nursing services;

(11) chore services;

(12) companion services;

(13) nutrition services;

(14) family caregiver training and education;

(15) coaching and counseling;

(16) telehome care to provide services in their own homes in conjunction with in-home visits;

(17) consumer-directed community supports;

(18) environmental accessibility and adaptations; ~~and~~

(19) transitional services; and

~~(19)~~ (20) discretionary services, for which lead agencies may make payment from their alternative care program allocation for services not otherwise defined in this section or section 256B.0625, following approval by the commissioner.

(b) Total annual payments for discretionary services for all clients served by a lead agency must not exceed 25 percent of that lead agency's annual alternative care program base allocation, except that when alternative care services receive federal financial participation under the 1115 waiver demonstration, funding shall be allocated in accordance with subdivision 17.

EFFECTIVE DATE. This section is effective January 1, 2025, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 13. Minnesota Statutes 2022, section 256B.0913, subdivision 5a, is amended to read:

Subd. 5a. **Services; service definitions; service standards.** (a) Unless specified in statute, the services, service definitions, and standards for alternative care services shall be the same as the services, service definitions, and standards specified in the federally approved elderly waiver plan, except alternative care does not cover ~~transitional support services,~~ assisted living services, adult foster care services, and residential care and benefits defined under section 256B.0625 that meet primary and acute health care needs.

(b) The lead agency must ensure that the funds are not used to supplant or supplement services available through other public assistance or services programs, including supplementation of client co-pays, deductibles, premiums, or other cost-sharing arrangements for health-related benefits and services or entitlement programs and services that are available to the person, but in which they have elected not to enroll. The lead agency must ensure that the benefit department recovery system in the Medicaid Management Information System (MMIS) has the necessary information on any other health insurance or third-party insurance policy to which the client may have access. Supplies and equipment may be purchased from a vendor not certified to participate in the Medicaid program if the cost for the item is less than that of a Medicaid vendor.

(c) Personal care services must meet the service standards defined in the federally approved elderly waiver plan, except that a lead agency may authorize services to be provided by a client's relative who meets the relative hardship waiver requirements or a relative who meets the criteria and is also the responsible party under an individual service plan that ensures the client's health and safety and supervision of the personal care services by a qualified professional as defined in section 256B.0625, subdivision 19c. Relative hardship is established by the lead agency when the client's care causes a relative caregiver to do any of the following: resign from a paying job, reduce work hours resulting in lost wages, obtain a leave of absence

resulting in lost wages, incur substantial client-related expenses, provide services to address authorized, unstaffed direct care time, or meet special needs of the client unmet in the formal service plan.

(d) Alternative care covers sign language interpreter services and spoken language interpreter services for recipients eligible for alternative care when the services are necessary to help deaf and hard-of-hearing recipients or recipients with limited English proficiency obtain covered services. Coverage for face-to-face spoken language interpreter services shall be provided only if the spoken language interpreter used by the enrolled health care provider is listed in the registry or roster established under section 144.058.

EFFECTIVE DATE. This section is effective January 1, 2025, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 14. Minnesota Statutes 2022, section 256B.434, is amended by adding a subdivision to read:

Subd. 4k. **Property rate increase for certain nursing facilities.** (a) A rate increase under this subdivision ends upon the effective date of the transition of the facility's property rate to a property payment rate under section 256R.26, subdivision 8, or May 31, 2026, whichever is earlier.

(b) The commissioner shall increase the property rate of a nursing facility located in the city of St. Paul at 1415 Almond Avenue in Ramsey County by $10.65 on January 1, 2025.

(c) The commissioner shall increase the property rate of a nursing facility located in the city of Duluth at 3111 Church Place in St. Louis County by $20.81 on January 1, 2025.

(d) The commissioner shall increase the property rate of a nursing facility located in the city of Chatfield at 1102 Liberty Street SE in Fillmore County by $21.35 on January 1, 2025.

(e) Effective January 1, 2025, through June 30, 2025, the commissioner shall increase the property rate of a nursing facility located in the city of Fergus Falls at 1131 South Mabelle Avenue in Ottertail County by $38.56.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 15. Minnesota Statutes 2022, section 256B.49, is amended by adding a subdivision to read:

Subd. 28a. **Transfer of customized living enrollment dates.** (a) For the purposes of this subdivision, "operational" has the meaning given in subdivision 28.

(b) This paragraph applies only to customized living settings enrolled and operational on or before June 30, 2021, and customized living settings that have previously transferred their customized living enrollment date under this paragraph. A provider that receives approval from the commissioner of health under section 144G.195, subdivision 1, to relocate a licensed assisted living facility that was enrolled prior to January 11, 2021, to deliver medical assistance 24-hour customized living services, or customized living services as defined by the brain injury and community access for disability inclusion federally approved home and community-based services waiver plans, may continue to operate the customized living setting under the original setting's customized living enrollment date if all of the requirements under this subdivision are met.

(c) A transfer of enrollment date is allowed under this subdivision only if the facility relocation is due to:

(1) a provider that rents the original setting being unable to continue to rent the original setting because of eviction, nonrenewal of its lease by the property owner, or sale of the property by the owner;

(2) a provider that rents the original setting being unable to make the necessary updates or improvements to the original setting to comply with the physical plant and other requirements under state or federal law, including but not limited to chapter 144G;

(3) a provider's monthly rent increasing more than three percent in a 12-month period;

(4) the original setting being destroyed or damaged by fire, lightning, flood, wind, ground shifts, or other such hazards, including environmental hazards, to such an extent that the original setting cannot be repaired and the safety of residents would be jeopardized by continuing to reside in the original setting; or

(5) a provider or an entity that directly or indirectly through one or more intermediaries is controlled by, is under common control with, or controls the entity enrolled to provide customized living services at the current setting purchases a new setting and the commissioner of health approves the relocation of the provider's assisted living facility license to the newly purchased setting.

(d) When a relocation is necessitated by a qualifying situation under paragraph (c), clauses (1) to (5), the provider must submit a notification to the commissioner of human services, the ombudsman of long-term care, the ombudsperson of mental health and developmental disabilities, relevant lead agencies, each resident's case manager, and either each person receiving services at the setting or the person's legal representative. The notification must be made at least 30 days prior to the relocation date and on forms and in the manner prescribed by the commissioner of human services.

(e) A provider proposing to transfer a customized living setting enrollment date to a new setting must submit, with the provider's notification to the commissioner of human services under paragraph (d), the following information:

(1) the addresses of the vacating location and of the proposed new location;

(2) the anticipated date of the move to the new location;

(3) contacts for the lead agency and each resident's waiver case manager;

(4) documentation that the Department of Health has received an application to relocate pursuant to section 144G.195, subdivision 1, for the new location; and

(5) documentation that the customized living provider's assisted living facility license is not conditional.

(f) The commissioner of human services has 30 days to approve or deny requests to transfer the original setting's customized living enrollment date to the new setting.

(g) The commissioner of human services must deny requests to transfer a customized living enrollment date to a new setting if:

(1) the new setting approved by the commissioner of health under section 144G.195, subdivision 1, is adjoined to or on the same property as an institution as defined in Code of Federal Regulations, title 42, section 441.301(c), or one or more licensed assisted living facilities;

(2) the requesting provider fails to notify the commissioner of human services of the proposed relocation within the time frames required under this subdivision;

(3) the requesting provider's assisted living facility license is conditional; or

(4) the requesting provider is changing ownership at the same time as the proposed relocation.

(h) The setting to which the original customized living enrollment date is transferred must:

(1) comply with setting requirements in the brain injury and community access for disability inclusion federally approved home and community-based services waiver plans and under this section as the requirements existed on the customized living enrollment date of the original setting;

(2) have a resident capacity less than or equal to the resident capacity of the original setting;

(3) not require or coerce any resident of the original setting to move to the new setting, consistent with informed choice and independent living policies under section 256B.4905, subdivisions 1a, 2a, 3a, and 8; and

(4) provide each resident with a new assisted living contract and comply with the coordinated move requirements under section 144G.55.

EFFECTIVE DATE. This section is effective January 1, 2025, or 90 days after federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 16. Minnesota Statutes 2023 Supplement, section 256R.55, is amended to read:

256R.55 ~~FINANCIALLY DISTRESSED NURSING FACILITY~~ LONG-TERM SERVICES AND SUPPORTS LOAN PROGRAM.

Subdivision 1. **~~Financially distressed nursing facility loans~~ Long-term services and supports loan program.** The commissioner of human services shall establish a competitive ~~financially distressed nursing facility~~ loan program to provide operating loans to eligible ~~nursing~~ long-term services and supports providers and facilities. The commissioner shall initiate the application process for the loan described in this section at least once annually if money is available. A second application process may be initiated each year at the discretion of the commissioner.

Subd. 2. **Eligibility.** To be an eligible applicant for a loan under this section, a ~~nursing facility~~ provider must submit to the commissioner of human services a loan application in the form and according to the timelines established by the commissioner. In its loan application, a loan applicant must demonstrate ~~that~~ the following:

(1) for nursing facilities with a medical assistance provider agreement that are licensed as a nursing home or boarding care home according to section 256R.02, subdivision 33:

~~(1)~~ (i) the total net income of the nursing facility is not generating sufficient revenue to cover the nursing facility's operating expenses;

~~(2)~~ (ii) the nursing facility is at risk of closure; and

~~(3)~~ (iii) additional operating revenue is necessary to either preserve access to nursing facility services within the community or support people with complex, high-acuity support needs~~.~~; and

(2) for other long-term services and supports providers:

(i) demonstration that the provider is enrolled in a Minnesota health care program and provides one or more of the following services in a Minnesota health care program:

(A) home and community-based services under chapter 245D;

(B) personal care assistance services under section 256B.0659;

(C) community first services and supports under section 256B.85;

(D) early intensive developmental and behavioral intervention services under section 256B.0949;

(E) home care services as defined under section 256B.0651, subdivision 1, paragraph (d); or

(F) customized living services as defined in section 256S.02; and

(ii) additional operating revenue is necessary to preserve access to services within the community, expand services to people within the community, expand services to new communities, or support people with complex, high-acuity support needs.

Subd. 2a. **Allowable uses of loan money.** (a) A loan awarded to a nursing facility under subdivision 2, clause (1), must only be used to cover the facility's short-term operating expenses. Nursing facilities receiving loans must not use the loan proceeds to pay related organizations as defined in section 256R.02, subdivision 43.

(b) A loan awarded to a long-term services and supports provider under subdivision 2, clause (2), must only be used to cover expenses related to achieving outcomes identified in subdivision 2, clause (2), item (ii).

Subd. 3. **Approving loans.** The commissioner must evaluate all loan applications on a competitive basis and award loans to successful applicants within available appropriations for this purpose. The commissioner's decisions are final and not subject to appeal.

Subd. 4. **Disbursement schedule.** Successful loan applicants under this section may receive loan disbursements as a lump sum~~,~~ or on an agreed upon disbursement schedule~~, or as a time-limited line of credit~~. The commissioner shall approve disbursements to successful loan applicants through a memorandum of understanding. Memoranda of understanding must specify the amount and schedule of loan disbursements.

Subd. 5. **Loan administration.** The commissioner may contract with an independent third party to administer the loan program under this section.

Subd. 6. **Loan payments.** The commissioner shall negotiate the terms of the loan repayment, including the start of the repayment plan, the due date of the repayment, and the frequency of the repayment installments. Repayment installments must not begin until at least 18 months after the first disbursement date. The memoranda of understanding must specify the amount and schedule of loan payments. The repayment term must not exceed 72 months. If any loan payment to the commissioner is not paid within the time specified by the memoranda of understanding, the late payment must be assessed a penalty rate of 0.01 percent of the original loan amount each month the payment is past due. For nursing facilities, this late fee is not an allowable cost on the department's cost report. The commissioner shall have the power to abate penalties when discrepancies occur resulting from but not limited to circumstances of error and mail delivery.

Subd. 7. **Loan repayment.** (a) If a borrower is more than 60 calendar days delinquent in the timely payment of a contractual payment under this section, the provisions in paragraphs (b) to (e) apply.

(b) The commissioner may withhold some or all of the amount of the delinquent loan payment, together with any penalties due and owing on those amounts, from any money the department owes to the borrower. The commissioner may, at the commissioner's discretion, also withhold future contractual payments from

any money the commissioner owes the provider as those contractual payments become due and owing. The commissioner may continue this withholding until the commissioner determines there is no longer any need to do so.

(c) The commissioner shall give prior notice of the commissioner's intention to withhold by mail, facsimile, or email at least ten business days before the date of the first payment period for which the withholding begins. The notice must be deemed received as of the date of mailing or receipt of the facsimile or electronic notice. The notice must:

(1) state the amount of the delinquent contractual payment;

(2) state the amount of the withholding per payment period;

(3) state the date on which the withholding is to begin;

(4) state whether the commissioner intends to withhold future installments of the provider's contractual payments; and

(5) state other contents as the commissioner deems appropriate.

(d) The commissioner, or the commissioner's designee, may enter into written settlement agreements with a provider to resolve disputes and other matters involving unpaid loan contractual payments or future loan contractual payments.

(e) Notwithstanding any law to the contrary, all unpaid loans, plus any accrued penalties, are overpayments for the purposes of section 256B.0641, subdivision 1. The current owner of a nursing home ~~or,~~ boarding care home, or long-term services and supports provider is liable for the overpayment amount owed by a former owner for any facility sold, transferred, or reorganized.

Subd. 8. **Audit.** Loan money allocated under this section is subject to audit to determine whether the money was spent as authorized under this section.

Subd. 8a. **Special revenue account.** A long-term services and supports loan account is created in the special revenue fund in the state treasury. Money appropriated for the purposes of this section must be transferred to the long-term services and supports loan account. All payments received under subdivision 6, along with fees, penalties, and interest, must be deposited into the special revenue account and are appropriated to the commissioner for the purposes of this section.

Subd. 9. **Carryforward.** Notwithstanding section 16A.28, subdivision 3, ~~any appropriation~~ money in the long-term services and supports loan account for the purposes under this section carries forward and does not lapse ~~until the close of the fiscal year in which this section expires~~.

~~Subd. 10. **Expiration.** This section expires June 30, 2029.~~

EFFECTIVE DATE. This section is effective July 1, 2024, except that subdivision 8a is effective retroactively from July 1, 2023.

Sec. 17. **[256S.191] ELDERLY WAIVER BUDGET AND RATE EXCEPTIONS; HIGH-NEED PARTICIPANTS.**

Subdivision 1. **Eligibility for budget and rate exceptions.** A participant is eligible to request an elderly waiver budget and rate exception when:

(1) hospitalization of the participant is no longer medically necessary but the participant has not been discharged to the community due to lack of community care options;

(2) the participant requires a support plan that exceeds elderly waiver budgets and rates due to the participant's specific assessed needs; and

(3) the participant meets all eligibility criteria for the elderly waiver.

Subd. 2. **Requests for budget and rate exceptions.** (a) A participant eligible under subdivision 1 may request, in a format prescribed by the commissioner, an elderly waiver budget and rate exception when requesting an eligibility determination for elderly waiver services. The participant may request an exception to the elderly waiver case mix caps, the customized living service rate limits, service rates, or any combination of the three.

(b) The participant must document in the request that the participant's needs cannot be met within the existing case mix caps, customized living service rate limits, or service rates and how an exception to any of the three will meet the participant's needs.

(c) The participant must include in the request the basis for the underlying costs used to determine the overall cost of the proposed service plan.

(d) The commissioner must respond to all exception requests, whether the request is granted, denied, or granted as modified. The commissioner must include in the response the basis for the action and provide notification of the right to appeal.

(e) Participants granted exceptions under this section must apply annually in a format prescribed by the commissioner to continue or modify the exception.

(f) A participant no longer qualifies for an exception when the participant's needs can be met within standard elderly waiver budgets and rates.

EFFECTIVE DATE. This section is effective January 1, 2026, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 18. Minnesota Statutes 2022, section 256S.205, subdivision 2, is amended to read:

Subd. 2. **Rate adjustment application.** (a) Effective through September 30, 2023, a facility may apply to the commissioner for designation as a disproportionate share facility. Applications must be submitted annually between September 1 and September 30. The applying facility must apply in a manner determined by the commissioner. The applying facility must document each of the following on the application:

(1) the number of customized living residents in the facility on September 1 of the application year, broken out by specific waiver program; and

(2) the total number of people residing in the facility on September 1 of the application year.

(b) Effective October 1, 2023, the commissioner must not process any new applications for disproportionate share facilities after the September 1 through September 30, 2023, application period.

(c) A facility that receives rate floor payments in rate year 2024 may submit an application under this subdivision to maintain its designation as a disproportionate share facility for rate year 2025.

Sec. 19. Minnesota Statutes 2022, section 256S.205, subdivision 3, is amended to read:

Subd. 3. **Rate adjustment eligibility criteria.** (a) Effective through September 30, 2023, only facilities satisfying all of the following conditions on September 1 of the application year are eligible for designation as a disproportionate share facility:

(1) at least 83.5 percent of the residents of the facility are customized living residents; and

(2) at least 70 percent of the customized living residents are elderly waiver participants.

(b) A facility determined eligible for the disproportionate share rate adjustment in application year 2023 and receiving payments in rate year 2024 is eligible to receive payments in rate year 2025 only if the commissioner determines that the facility continues to meet the eligibility requirements under this subdivision as determined by the application process under subdivision 2, paragraph (c).

Sec. 20. Minnesota Statutes 2022, section 256S.205, subdivision 5, is amended to read:

Subd. 5. **Rate adjustment; rate floor.** (a) Effective through December 31, 2025, notwithstanding the 24-hour customized living monthly service rate limits under section 256S.202, subdivision 2, and the component service rates established under section 256S.201, subdivision 4, the commissioner must establish a rate floor equal to ~~$119~~ $141 per resident per day for 24-hour customized living services provided to an elderly waiver participant in a designated disproportionate share facility.

(b) The commissioner must apply the rate floor to the services described in paragraph (a) provided during the rate year.

~~(c) The commissioner must adjust the rate floor by the same amount and at the same time as any adjustment to the 24-hour customized living monthly service rate limits under section 256S.202, subdivision 2.~~

~~(d) The commissioner shall not implement the rate floor under this section if the customized living rates established under sections 256S.21 to 256S.215 will be implemented at 100 percent on January 1 of the year following an application year.~~

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 21. Minnesota Statutes 2022, section 256S.205, is amended by adding a subdivision to read:

Subd. 7. **Expiration.** This section expires January 1, 2026.

Sec. 22. **DIRECTION TO COMMISSIONER; HOME AND COMMUNITY-BASED SERVICES SYSTEM REFORM ANALYSIS.**

(a) The commissioner of human services must study Minnesota's existing home and community-based services system for older adults and evaluate options to meet the needs of older adults with high support needs that cannot be addressed by services or individual participant budgets available under the elderly waiver. The commissioner must propose reforms to the home and community-based services system to meet the following goals:

(1) address the needs of older adults with high support needs, including older adults with high support needs currently residing in the community;

(2) develop provider capacity to meet the needs of older adults with high support needs; and

(3) ensure access to a full range of services and supports necessary to address the needs of older adults with high support needs.

(b) The commissioner must submit a report with recommendations to meet the goals in paragraph (a) to the chairs and ranking minority members of the legislative committees with jurisdiction over human services finance and policy by December 31, 2025.

Sec. 23. **REVISOR INSTRUCTION.**

The revisor of statutes shall renumber Minnesota Statutes, section 256R.55, as Minnesota Statutes, section 256.4792, and correct all cross-references.

ARTICLE 48

SUBSTANCE USE DISORDER SERVICES

Section 1. Minnesota Statutes 2022, section 151.065, subdivision 7, is amended to read:

Subd. 7. **Deposit of fees.** (a) The license fees collected under this section, with the exception of the fees identified in paragraphs (b) and (c), shall be deposited in the state government special revenue fund.

(b) $5,000 of each fee collected under subdivision 1, clauses (6) to (9), and (11) to (15), and subdivision 3, clauses (4) to (7), and (9) to (13), and $55,000 of each fee collected under subdivision 1, clause (16), and subdivision 3, clause (14), shall be deposited in the opiate epidemic response fund established in section 256.043.

~~(c) If the fees collected under subdivision 1, clause (16), or subdivision 3, clause (14), are reduced under section 256.043, $5,000 of the reduced fee shall be deposited in the opiate epidemic response fund in section 256.043.~~

Sec. 2. Minnesota Statutes 2023 Supplement, section 245.91, subdivision 4, is amended to read:

Subd. 4. **Facility or program.** "Facility" or "program" means a nonresidential or residential program as defined in section 245A.02, subdivisions 10 and 14, and any agency, facility, or program that provides services or treatment for mental illness, developmental disability, substance use disorder, or emotional disturbance that is required to be licensed, certified, or registered by the commissioner of human services, health, or education; a sober home as defined in section 254B.01, subdivision 11; peer recovery support services provided by a recovery community organization as defined in section 254B.01, subdivision 8; and an acute care inpatient facility that provides services or treatment for mental illness, developmental disability, substance use disorder, or emotional disturbance.

Sec. 3. Minnesota Statutes 2023 Supplement, section 245G.07, subdivision 2, is amended to read:

Subd. 2. **Additional treatment service.** A license holder may provide or arrange the following additional treatment service as a part of the client's individual treatment plan:

(1) relationship counseling provided by a qualified professional to help the client identify the impact of the client's substance use disorder on others and to help the client and persons in the client's support structure identify and change behaviors that contribute to the client's substance use disorder;

(2) therapeutic recreation to allow the client to participate in recreational activities without the use of mood-altering chemicals and to plan and select leisure activities that do not involve the inappropriate use of chemicals;

(3) stress management and physical well-being to help the client reach and maintain an appropriate level of health, physical fitness, and well-being;

(4) living skills development to help the client learn basic skills necessary for independent living;

(5) employment or educational services to help the client become financially independent;

(6) socialization skills development to help the client live and interact with others in a positive and productive manner;

(7) room, board, and supervision at the treatment site to provide the client with a safe and appropriate environment to gain and practice new skills; and

(8) peer recovery support services must be provided by ~~an individual in~~ a recovery peer qualified according to section 245I.04, subdivision 18. Peer recovery support services ~~include education; advocacy; mentoring through self-disclosure of personal recovery experiences; attending recovery and other support groups with a client; accompanying the client to appointments that support recovery; assistance accessing resources to obtain housing, employment, education, and advocacy services; and nonclinical recovery support to assist the transition from treatment into the recovery community~~ must be provided according to sections 254B.05, subdivision 5, and 254B.052.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 4. Minnesota Statutes 2023 Supplement, section 245I.04, subdivision 19, is amended to read:

Subd. 19. **Recovery peer scope of practice.** (a) A recovery peer, under the supervision of ~~an~~ a licensed alcohol and drug counselor or mental health professional who meets the qualifications under subdivision 2, must:

(1) provide individualized peer support and individual recovery planning to each client;

(2) promote a client's recovery goals, self-sufficiency, self-advocacy, and development of natural supports; and

(3) support a client's maintenance of skills that the client has learned from other services.

(b) A licensed alcohol and drug counselor or mental health professional providing supervision to a recovery peer must meet with the recovery peer face-to-face, either remotely or in person, at least once per month in order to provide adequate supervision to the recovery peer. Supervision must include reviewing individual recovery plans, as defined in section 254B.01, subdivision 4e, and reviewing documentation of peer recovery support services provided for clients and may include client updates, discussion of ethical considerations, and any other questions or issues relevant to peer recovery support services.

Sec. 5. Minnesota Statutes 2022, section 254B.01, is amended by adding a subdivision to read:

Subd. 4e. **Individual recovery plan.** "Individual recovery plan" means a person-centered outline of supports that an eligible vendor of peer recovery support services under section 254B.05, subdivision 1, must develop to respond to an individual's peer recovery support services needs and goals.

Sec. 6. Minnesota Statutes 2022, section 254B.01, is amended by adding a subdivision to read:

Subd. 8a. **Recovery peer.** "Recovery peer" means a person who is qualified according to section 245I.04, subdivision 18, to provide peer recovery support services within the scope of practice provided under section 245I.04, subdivision 19.

Sec. 7. Minnesota Statutes 2023 Supplement, section 254B.05, subdivision 1, is amended to read:

Subdivision 1. **Licensure or certification required.** (a) Programs licensed by the commissioner are eligible vendors. Hospitals may apply for and receive licenses to be eligible vendors, notwithstanding the provisions of section 245A.03. American Indian programs that provide substance use disorder treatment, extended care, transitional residence, or outpatient treatment services, and are licensed by tribal government are eligible vendors.

(b) A licensed professional in private practice as defined in section 245G.01, subdivision 17, who meets the requirements of section 245G.11, subdivisions 1 and 4, is an eligible vendor of a comprehensive assessment and assessment summary provided according to section 245G.05, and treatment services provided according to sections 245G.06 and 245G.07, subdivision 1, paragraphs (a), clauses (1) to (5), and (b); and subdivision 2, clauses (1) to (6).

(c) A county is an eligible vendor for a comprehensive assessment and assessment summary when provided by an individual who meets the staffing credentials of section 245G.11, subdivisions 1 and 5, and completed according to the requirements of section 245G.05. A county is an eligible vendor of care coordination services when provided by an individual who meets the staffing credentials of section 245G.11, subdivisions 1 and 7, and provided according to the requirements of section 245G.07, subdivision 1, paragraph (a), clause (5). A county is an eligible vendor of peer recovery services when the services are provided by an individual who meets the requirements of section 245G.11, subdivision 8.

(d) A recovery community organization that meets the requirements of clauses (1) to ~~(10)~~ (12) and meets ~~membership~~ certification or accreditation requirements of ~~the Association of Recovery Community Organizations~~ the Alliance for Recovery Centered Organizations, the Council on Accreditation of Peer Recovery Support Services, or a Minnesota statewide recovery ~~community~~ organization identified by the commissioner is an eligible vendor of peer recovery support services. A Minnesota statewide recovery organization identified by the commissioner must update recovery community organization applicants for certification or accreditation on the status of the application within 45 days of receipt. If the approved statewide recovery organization denies an application, it must provide a written explanation for the denial to the recovery community organization. Eligible vendors under this paragraph must:

(1) be nonprofit organizations under section 501(c)(3) of the Internal Revenue Code, be free from conflicting self-interests, and be autonomous in decision-making, program development, peer recovery support services provided, and advocacy efforts for the purpose of supporting the recovery community organization's mission;

(2) be led and governed by individuals in the recovery community, with more than 50 percent of the board of directors or advisory board members self-identifying as people in personal recovery from substance use disorders;

(3) ~~primarily focus on recovery from substance use disorders, with missions and visions that support this primary focus~~ have a mission statement and conduct corresponding activities indicating that the organization's primary purpose is to support recovery from substance use disorder;

(4) ~~be grassroots and reflective of and engaged with the community served~~ demonstrate ongoing community engagement with the identified primary region and population served by the organization, including individuals in recovery and their families, friends, and recovery allies;

(5) be accountable to the recovery community through documented priority-setting and participatory decision-making processes that promote the ~~involvement and~~ engagement of, and consultation with, people in recovery and their families, friends, and recovery allies;

(6) provide nonclinical peer recovery support services, including but not limited to recovery support groups, recovery coaching, telephone recovery support, skill-building ~~groups~~, and harm-reduction activities, and provide recovery public education and advocacy;

(7) have written policies that allow for and support opportunities for all paths toward recovery and refrain from excluding anyone based on their chosen recovery path, which may include but is not limited to harm reduction paths, faith-based paths, and nonfaith-based paths;

(8) ~~be purposeful in meeting the diverse~~ maintain organizational practices to meet the needs of Black, Indigenous, and people of color communities, ~~including~~ LGBTQ+ communities, and other underrepresented or marginalized communities. Organizational practices may include board and staff ~~development activities, organizational practices~~ training, service offerings, advocacy efforts, and culturally informed outreach and ~~service plans~~ services;

(9) ~~be stewards of~~ use recovery-friendly language in all media and written materials that is supportive of and promotes recovery across diverse geographical and cultural contexts and reduces stigma; ~~and~~

(10) establish and maintain ~~an employee and volunteer~~ a publicly available recovery community organization code of ethics and ~~easily accessible~~ grievance policy and procedures ~~posted in physical spaces, on websites, or on program policies or forms.~~;

(11) provide an orientation for recovery peers that includes an overview of the consumer advocacy services provided by the Ombudsman for Mental Health and Developmental Disabilities and other relevant advocacy services; and

(12) provide notice to peer recovery support services participants that includes the following statement: "If you have a complaint about the provider or the person providing your peer recovery support services, you may contact the Minnesota Alliance of Recovery Community Organizations. You may also contact the Office of Ombudsman for Mental Health and Developmental Disabilities." The statement must also include:

(i) the telephone number, website address, email address, and mailing address of the Minnesota Alliance of Recovery Community Organizations and the Office of Ombudsman for Mental Health and Developmental Disabilities;

(ii) the recovery community organization's name, address, email, telephone number, and name or title of the person at the recovery community organization to whom problems or complaints may be directed; and

(iii) a statement that the recovery community organization will not retaliate against a peer recovery support services participant because of a complaint.

(e) A recovery community ~~organizations~~ organization approved by the commissioner before June 30, 2023, ~~shall retain their designation as recovery community organizations~~ must have begun the application process as required by an approved certifying or accrediting entity and have begun the process to meet the

requirements under paragraph (d) by September 1, 2024, in order to be considered as an eligible vendor of peer recovery support services.

(f) A recovery community organization that is aggrieved by an accreditation, certification, or membership determination and believes it meets the requirements under paragraph (d) may appeal the determination under section 256.045, subdivision 3, paragraph (a), clause (15), for reconsideration as an eligible vendor. If the human services judge determines that the recovery community organization meets the requirements under paragraph (d), the recovery community organization is an eligible vendor of peer recovery support services.

(g) Detoxification programs licensed under Minnesota Rules, parts 9530.6510 to 9530.6590, are not eligible vendors. Programs that are not licensed as a residential or nonresidential substance use disorder treatment or withdrawal management program by the commissioner or by tribal government or do not meet the requirements of subdivisions 1a and 1b are not eligible vendors.

(h) Hospitals, federally qualified health centers, and rural health clinics are eligible vendors of a comprehensive assessment when the comprehensive assessment is completed according to section 245G.05 and by an individual who meets the criteria of an alcohol and drug counselor according to section 245G.11, subdivision 5. The alcohol and drug counselor must be individually enrolled with the commissioner and reported on the claim as the individual who provided the service.

(i) Any complaints about a recovery community organization or peer recovery support services may be made to and reviewed or investigated by the ombudsperson for behavioral health and developmental disabilities under sections 245.91 and 245.94.

EFFECTIVE DATE. This section is effective the day following final enactment, except the amendments adding paragraph (d), clauses (11) and (12), and paragraph (i) are effective July 1, 2025.

Sec. 8. Minnesota Statutes 2023 Supplement, section 254B.05, subdivision 5, as amended by Laws 2024, chapter 85, section 59, is amended to read:

Subd. 5. **Rate requirements.** (a) The commissioner shall establish rates for substance use disorder services and service enhancements funded under this chapter.

(b) Eligible substance use disorder treatment services include:

(1) those licensed, as applicable, according to chapter 245G or applicable Tribal license and provided according to the following ASAM levels of care:

(i) ASAM level 0.5 early intervention services provided according to section 254B.19, subdivision 1, clause (1);

(ii) ASAM level 1.0 outpatient services provided according to section 254B.19, subdivision 1, clause (2);

(iii) ASAM level 2.1 intensive outpatient services provided according to section 254B.19, subdivision 1, clause (3);

(iv) ASAM level 2.5 partial hospitalization services provided according to section 254B.19, subdivision 1, clause (4);

(v) ASAM level 3.1 clinically managed low-intensity residential services provided according to section 254B.19, subdivision 1, clause (5);

(vi) ASAM level 3.3 clinically managed population-specific high-intensity residential services provided according to section 254B.19, subdivision 1, clause (6); and

(vii) ASAM level 3.5 clinically managed high-intensity residential services provided according to section 254B.19, subdivision 1, clause (7);

(2) comprehensive assessments provided according to sections 245.4863, paragraph (a), and 245G.05;

(3) treatment coordination services provided according to section 245G.07, subdivision 1, paragraph (a), clause (5);

(4) peer recovery support services provided according to section 245G.07, subdivision 2, clause (8);

(5) withdrawal management services provided according to chapter 245F;

(6) hospital-based treatment services that are licensed according to sections 245G.01 to 245G.17 or applicable tribal license and licensed as a hospital under sections 144.50 to 144.56;

(7) adolescent treatment programs that are licensed as outpatient treatment programs according to sections 245G.01 to 245G.18 or as residential treatment programs according to Minnesota Rules, parts 2960.0010 to 2960.0220, and 2960.0430 to 2960.0490, or applicable tribal license;

(8) ASAM 3.5 clinically managed high-intensity residential services that are licensed according to sections 245G.01 to 245G.17 and 245G.21 or applicable tribal license, which provide ASAM level of care 3.5 according to section 254B.19, subdivision 1, clause (7), and are provided by a state-operated vendor or to clients who have been civilly committed to the commissioner, present the most complex and difficult care needs, and are a potential threat to the community; and

(9) room and board facilities that meet the requirements of subdivision 1a.

(c) The commissioner shall establish higher rates for programs that meet the requirements of paragraph (b) and one of the following additional requirements:

(1) programs that serve parents with their children if the program:

(i) provides on-site child care during the hours of treatment activity that:

(A) is licensed under chapter 245A as a child care center under Minnesota Rules, chapter 9503; or

(B) is licensed under chapter 245A and sections 245G.01 to 245G.19; or

(ii) arranges for off-site child care during hours of treatment activity at a facility that is licensed under chapter 245A as:

(A) a child care center under Minnesota Rules, chapter 9503; or

(B) a family child care home under Minnesota Rules, chapter 9502;

(2) culturally specific or culturally responsive programs as defined in section 254B.01, subdivision 4a;

(3) disability responsive programs as defined in section 254B.01, subdivision 4b;

(4) programs that offer medical services delivered by appropriately credentialed health care staff in an amount equal to two hours per client per week if the medical needs of the client and the nature and provision of any medical services provided are documented in the client file; or

(5) programs that offer services to individuals with co-occurring mental health and substance use disorder problems if:

(i) the program meets the co-occurring requirements in section 245G.20;

(ii) 25 percent of the counseling staff are licensed mental health professionals under section 245I.04, subdivision 2, or are students or licensing candidates under the supervision of a licensed alcohol and drug counselor supervisor and mental health professional under section 245I.04, subdivision 2, except that no more than 50 percent of the mental health staff may be students or licensing candidates with time documented to be directly related to provisions of co-occurring services;

(iii) clients scoring positive on a standardized mental health screen receive a mental health diagnostic assessment within ten days of admission;

(iv) the program has standards for multidisciplinary case review that include a monthly review for each client that, at a minimum, includes a licensed mental health professional and licensed alcohol and drug counselor, and their involvement in the review is documented;

(v) family education is offered that addresses mental health and substance use disorder and the interaction between the two; and

(vi) co-occurring counseling staff shall receive eight hours of co-occurring disorder training annually.

(d) In order to be eligible for a higher rate under paragraph (c), clause (1), a program that provides arrangements for off-site child care must maintain current documentation at the substance use disorder facility of the child care provider's current licensure to provide child care services.

(e) Adolescent residential programs that meet the requirements of Minnesota Rules, parts 2960.0430 to 2960.0490 and 2960.0580 to 2960.0690, are exempt from the requirements in paragraph (c), clause (5), items (i) to (iv).

(f) ~~Subject to federal approval,~~ Substance use disorder services that are otherwise covered as direct face-to-face services may be provided via telehealth as defined in section 256B.0625, subdivision 3b. The use of telehealth to deliver services must be medically appropriate to the condition and needs of the person being served. Reimbursement shall be at the same rates and under the same conditions that would otherwise apply to direct face-to-face services.

(g) For the purpose of reimbursement under this section, substance use disorder treatment services provided in a group setting without a group participant maximum or maximum client to staff ratio under chapter 245G shall not exceed a client to staff ratio of 48 to one. At least one of the attending staff must meet the qualifications as established under this chapter for the type of treatment service provided. A recovery peer may not be included as part of the staff ratio.

(h) Payment for outpatient substance use disorder services that are licensed according to sections 245G.01 to 245G.17 is limited to six hours per day or 30 hours per week unless prior authorization of a greater number of hours is obtained from the commissioner.

(i) Payment for substance use disorder services under this section must start from the day of service initiation, when the comprehensive assessment is completed within the required timelines.

(j) Eligible vendors of peer recovery support services must:

(1) submit to a review by the commissioner of up to ten percent of all medical assistance and behavioral health fund claims to determine the medical necessity of peer recovery support services for entities billing for peer recovery support services individually and not receiving a daily rate; and

(2) limit an individual client to 14 hours per week for peer recovery support services from an individual provider of peer recovery support services.

(k) Peer recovery support services not provided in accordance with section 254B.052 are subject to monetary recovery under section 256B.064 as money improperly paid.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 9. **[254B.052] PEER RECOVERY SUPPORT SERVICES REQUIREMENTS.**

Subdivision 1. **Peer recovery support services; service requirements.** (a) Peer recovery support services are face-to-face interactions between a recovery peer and a client, on a one-on-one basis, in which specific goals identified in an individual recovery plan, treatment plan, or stabilization plan are discussed and addressed. Peer recovery support services are provided to promote a client's recovery goals, self-sufficiency, self-advocacy, and development of natural supports and to support maintenance of a client's recovery.

(b) Peer recovery support services must be provided according to an individual recovery plan if provided by a recovery community organization or county, a treatment plan if provided in a substance use disorder treatment program under chapter 245G, or a stabilization plan if provided by a withdrawal management program under chapter 245F.

(c) A client receiving peer recovery support services must participate in the services voluntarily. Any program that incorporates peer recovery support services must provide written notice to the client that peer recovery support services will be provided.

(d) Peer recovery support services may not be provided to a client residing with or employed by a recovery peer from whom they receive services.

Subd. 2. **Individual recovery plan.** (a) The individual recovery plan must be developed with the client and must be completed within the first three sessions with a recovery peer.

(b) The recovery peer must document how each session ties into the client's individual recovery plan. The individual recovery plan must be updated as needed. The individual recovery plan must include:

(1) the client's name;

(2) the recovery peer's name;

(3) the name of the recovery peer's supervisor;

(4) the client's recovery goals;

(5) the client's resources and assets to support recovery;

(6) activities that may support meeting identified goals; and

(7) the planned frequency of peer recovery support services sessions between the recovery peer and the client.

Subd. 3. **Eligible vendor documentation requirements.** An eligible vendor of peer recovery support services under section 254B.05, subdivision 1, must keep a secure file for each individual receiving medical assistance peer recovery support services. The file must include, at a minimum:

(1) the client's comprehensive assessment under section 245G.05 that led to the client's referral for peer recovery support services;

(2) the client's individual recovery plan; and

(3) documentation of each billed peer recovery support services interaction between the client and the recovery peer, including the date, start and end time with a.m. and p.m. designations, the client's response, and the name of the recovery peer who provided the service.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 10. Minnesota Statutes 2023 Supplement, section 254B.19, subdivision 1, is amended to read:

Subdivision 1. **Level of care requirements.** (a) For each client assigned an ASAM level of care, eligible vendors must implement the standards set by the ASAM for the respective level of care. Additionally, vendors must meet the following requirements:

(1) For ASAM level 0.5 early intervention targeting individuals who are at risk of developing a substance-related problem but may not have a diagnosed substance use disorder, early intervention services may include individual or group counseling, treatment coordination, peer recovery support, screening brief intervention, and referral to treatment provided according to section 254A.03, subdivision 3, paragraph (c).

(2) For ASAM level 1.0 outpatient clients, adults must receive up to eight hours per week of skilled treatment services and adolescents must receive up to five hours per week. Services must be licensed according to section 245G.20 and meet requirements under section 256B.0759. Peer recovery and treatment coordination may be provided beyond the hourly skilled treatment service hours allowable per week.

(3) For ASAM level 2.1 intensive outpatient clients, adults must receive nine to 19 hours per week of skilled treatment services and adolescents must receive six or more hours per week. Vendors must be licensed according to section 245G.20 and must meet requirements under section 256B.0759. Peer recovery services and treatment coordination may be provided beyond the hourly skilled treatment service hours allowable per week. If clinically indicated on the client's treatment plan, this service may be provided in conjunction with room and board according to section 254B.05, subdivision 1a.

(4) For ASAM level 2.5 partial hospitalization clients, adults must receive 20 hours or more of skilled treatment services. Services must be licensed according to section 245G.20 and must meet requirements under section 256B.0759. Level 2.5 is for clients who need daily monitoring in a structured setting, as directed by the individual treatment plan and in accordance with the limitations in section 254B.05, subdivision 5, paragraph (h). If clinically indicated on the client's treatment plan, this service may be provided in conjunction with room and board according to section 254B.05, subdivision 1a.

(5) For ASAM level 3.1 clinically managed low-intensity residential clients, programs must provide at least 5 hours of skilled treatment services per week according to each client's specific treatment schedule, as directed by the individual treatment plan. Programs must be licensed according to section 245G.20 and must meet requirements under section 256B.0759.

(6) For ASAM level 3.3 clinically managed population-specific high-intensity residential clients, programs must be licensed according to section 245G.20 and must meet requirements under section 256B.0759.

Programs must have 24-hour staffing coverage. Programs must be enrolled as a disability responsive program as described in section 254B.01, subdivision 4b, and must specialize in serving persons with a traumatic brain injury or a cognitive impairment so significant, and the resulting level of impairment so great, that outpatient or other levels of residential care would not be feasible or effective. Programs must provide, at a minimum, daily skilled treatment services seven days a week according to each client's specific treatment schedule, as directed by the individual treatment plan.

(7) For ASAM level 3.5 clinically managed high-intensity residential clients, services must be licensed according to section 245G.20 and must meet requirements under section 256B.0759. Programs must have 24-hour staffing coverage and provide, at a minimum, daily skilled treatment services seven days a week according to each client's specific treatment schedule, as directed by the individual treatment plan.

(8) For ASAM level withdrawal management 3.2 clinically managed clients, withdrawal management must be provided according to chapter 245F.

(9) For ASAM level withdrawal management 3.7 medically monitored clients, withdrawal management must be provided according to chapter 245F.

(b) Notwithstanding the minimum daily skilled treatment service requirements under paragraph (a), clauses (6) and (7), ASAM level 3.3 and 3.5 vendors must provide each client at least 30 hours of treatment services per week for the period between January 1, 2024, through June 30, 2024.

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

Sec. 11. Minnesota Statutes 2023 Supplement, section 256.043, subdivision 3, is amended to read:

Subd. 3. **Appropriations from registration and license fee account.** (a) The appropriations in paragraphs (b) to (n) shall be made from the registration and license fee account on a fiscal year basis in the order specified.

(b) The appropriations specified in Laws 2019, chapter 63, article 3, section 1, paragraphs (b), (f), (g), and (h), as amended by Laws 2020, chapter 115, article 3, section 35, shall be made accordingly.

(c) $100,000 is appropriated to the commissioner of human services for grants for opiate antagonist distribution. Grantees may utilize funds for opioid overdose prevention, community asset mapping, education, and opiate antagonist distribution.

(d) $2,000,000 is appropriated to the commissioner of human services for grants to Tribal nations and five urban Indian communities for traditional healing practices for American Indians and to increase the capacity of culturally specific providers in the behavioral health workforce.

(e) $400,000 is appropriated to the commissioner of human services for competitive grants for opioid-focused Project ECHO programs.

(f) $277,000 in fiscal year 2024 and $321,000 each year thereafter is appropriated to the commissioner of human services to administer the funding distribution and reporting requirements in paragraph (o).

(g) $3,000,000 in fiscal year 2025 and $3,000,000 each year thereafter is appropriated to the commissioner of human services for safe recovery sites start-up and capacity building grants under section 254B.18.

(h) $395,000 in fiscal year 2024 and $415,000 each year thereafter is appropriated to the commissioner of human services for the opioid overdose surge alert system under section 245.891.

(i) $300,000 is appropriated to the commissioner of management and budget for evaluation activities under section 256.042, subdivision 1, paragraph (c).

(j) $261,000 is appropriated to the commissioner of human services for the provision of administrative services to the Opiate Epidemic Response Advisory Council and for the administration of the grants awarded under paragraph (n).

(k) $126,000 is appropriated to the Board of Pharmacy for the collection of the registration fees under section 151.066.

(l) $672,000 is appropriated to the commissioner of public safety for the Bureau of Criminal Apprehension. Of this amount, $384,000 is for drug scientists and lab supplies and $288,000 is for special agent positions focused on drug interdiction and drug trafficking.

(m) After the appropriations in paragraphs (b) to (l) are made, 50 percent of the remaining amount is appropriated to the commissioner of human services for distribution to county social service agencies and Tribal social service agency initiative projects authorized under section 256.01, subdivision 14b, to provide prevention and child protection services to children and families who are affected by addiction. The commissioner shall distribute this money proportionally to county social service agencies and Tribal social service agency initiative projects through a formula based on intake data from the previous three calendar years related to substance use and out-of-home placement episodes where parental drug abuse is ~~the primary~~ a reason for the out-of-home placement ~~using data from the previous calendar year~~. County social service agencies and Tribal social service agency initiative projects receiving funds from the opiate epidemic response fund must annually report to the commissioner on how the funds were used to provide prevention and child protection services, including measurable outcomes, as determined by the commissioner. County social service agencies and Tribal social service agency initiative projects must not use funds received under this paragraph to supplant current state or local funding received for child protection services for children and families who are affected by addiction.

(n) After the appropriations in paragraphs (b) to (m) are made, the remaining amount in the account is appropriated to the commissioner of human services to award grants as specified by the Opiate Epidemic Response Advisory Council in accordance with section 256.042, unless otherwise appropriated by the legislature.

(o) Beginning in fiscal year 2022 and each year thereafter, funds for county social service agencies and Tribal social service agency initiative projects under paragraph (m) and grant funds specified by the Opiate Epidemic Response Advisory Council under paragraph (n) may be distributed on a calendar year basis.

(p) Notwithstanding section 16A.28, subdivision 3, funds appropriated in paragraphs (c), (d), (e), (g), (m), and (n) are available for three years after the funds are appropriated.

Sec. 12. **[256B.0761] REENTRY DEMONSTRATION WAIVER.**

Subdivision 1. **Establishment.** The commissioner must submit a waiver application to the Centers for Medicare and Medicaid Services to implement a medical assistance demonstration project to provide health care and coordination services that bridge to community-based services for individuals confined in state, local, or Tribal correctional facilities, or facilities located outside of the seven-county metropolitan area that have an inmate census with a significant proportion of Tribal members or American Indians, prior to community reentry. The demonstration must be designed to:

(1) increase continuity of coverage;

(2) improve access to health care services, including mental health services, physical health services, and substance use disorder treatment services;

(3) enhance coordination between Medicaid systems, health and human services systems, correctional systems, and community-based providers;

(4) reduce overdoses and deaths following release;

(5) decrease disparities in overdoses and deaths following release; and

(6) maximize health and overall community reentry outcomes.

Subd. 2. **Eligible individuals.** Notwithstanding section 256B.055, subdivision 14, individuals are eligible to receive services under this demonstration if they are eligible under section 256B.055, subdivision 3a, 6, 7, 7a, 9, 15, 16, or 17, as determined by the commissioner in collaboration with correctional facilities, local governments, and Tribal governments.

Subd. 3. **Eligible correctional facilities.** (a) The commissioner's waiver application is limited to:

(1) three state correctional facilities to be determined by the commissioner of corrections, one of which must be the Minnesota Correctional Facility-Shakopee;

(2) two facilities for delinquent children and youth licensed under section 241.021, subdivision 2, identified in coordination with the Minnesota Juvenile Detention Association and the Minnesota Sheriffs' Association;

(3) four correctional facilities for adults licensed under section 241.021, subdivision 1, identified in coordination with the Minnesota Sheriffs' Association and the Association of Minnesota Counties; and

(4) one correctional facility owned and managed by a Tribal government or a facility located outside of the seven-county metropolitan area that has an inmate census with a significant proportion of Tribal members or American Indians.

(b) Additional facilities may be added to the waiver contingent on legislative authorization and appropriations.

Subd. 4. **Services and duration.** (a) Services must be provided 90 days prior to an individual's release date or, if an individual's confinement is less than 90 days, during the time period between a medical assistance eligibility determination and the release to the community.

(b) Facilities must offer the following services using either community-based or corrections-based providers:

(1) case management activities to address physical and behavioral health needs, including a comprehensive assessment of individual needs, development of a person-centered care plan, referrals and other activities to address assessed needs, and monitoring and follow-up activities;

(2) drug coverage in accordance with section 256B.0625, subdivision 13, including up to a 30-day supply of drugs upon release;

(3) substance use disorder comprehensive assessments according section 254B.05, subdivision 5, paragraph (b), clause (2);

(4) treatment coordination services according to section 254B.05, subdivision 5, paragraph (b), clause (3);

(5) peer recovery support services according to sections 245I.04, subdivisions 18 and 19, and 254B.05, subdivision 5, paragraph (b), clause (4);

(6) substance use disorder individual and group counseling provided according to sections 245G.07, subdivision 1, paragraph (a), clause (1), and 254B.05;

(7) mental health diagnostic assessments as required under section 245I.10;

(8) group and individual psychotherapy as required under section 256B.0671;

(9) peer specialist services as required under sections 245I.04 and 256B.0615;

(10) family planning and obstetrics and gynecology services; and

(11) physical health well-being and screenings and care for adults and youth.

(c) Services outlined in this subdivision must only be authorized when an individual demonstrates medical necessity or other eligibility as required under this chapter or applicable state and federal laws.

Subd. 5. **Provider requirements and standards.** (a) Service providers must adhere to applicable licensing and provider standards as required by federal guidance.

(b) Service providers must be enrolled to provide services under Minnesota health care programs.

(c) Services must be provided by eligible providers employed by the correctional facility or by eligible community providers under contract with the correctional facility.

(d) The commissioner must determine whether each facility is ready to participate in this demonstration based on a facility-submitted assessment of the facility's readiness to implement:

(1) prerelease medical assistance application and enrollment processes for inmates not enrolled in medical assistance coverage;

(2) the provision or facilitation of all required prerelease services for a period of up to 90 days prior to release;

(3) coordination among county and Tribal human services agencies and all other entities with a role in furnishing health care and supports to address health related social needs;

(4) appropriate reentry planning, prerelease care management, and assistance with care transitions to the community;

(5) operational approaches to implementing certain Medicaid and CHIP requirements including applications, suspensions, notices, fair hearings, and reasonable promptness for coverage of services;

(6) a data exchange process to support care coordination and transition activities; and

(7) reporting of all requested data to the commissioner of human services to support program monitoring, evaluation, oversight, and all financial data to meet reinvestment requirements.

(e) Participating facilities must detail reinvestment plans for all new federal Medicaid money expended for reentry services that were previously the responsibility of each facility and provide detailed financial reports to the commissioner.

Subd. 6. **Payment rates.** (a) Payment rates for services under this section that are approved under Minnesota's state plan agreement with the Centers for Medicare and Medicaid Services are equal to current and applicable state law and federal requirements.

(b) Case management payment rates are equal to rates authorized by the commissioner for relocation targeted case management under section 256B.0621, subdivision 10.

(c) Claims for covered drugs purchased through discount purchasing programs, such as the Federal Supply Schedule of the United States General Services Administration or the MMCAP Infuse program, must be no more than the actual acquisition cost plus the professional dispensing fee in section 256B.0625, subdivision 13e. Drugs administered to members must be billed on a professional claim in accordance with section 256B.0625, subdivision 13e, paragraph (e), and submitted with the actual acquisition cost for the drug on the claim line. Pharmacy claims must be submitted with the actual acquisition cost as the ingredient cost field and the dispensing fee in section 256B.0625, subdivision 13e, as the dispensing fee field on the claim with the basis of cost indicator of 08. Providers may establish written protocols for establishing or calculating the facility's actual acquisition drug cost based on a monthly, quarterly, or other average of the facility's actual acquisition drug cost through the discount purchasing program. A written protocol must not include an inflation, markup, spread, or margin to be added to the provider's actual purchase price after subtracting all discounts.

Subd. 7. **Reentry services working group.** (a) The commissioner of human services, in collaboration with the commissioner of corrections, must convene a reentry services working group to consider ways to improve the demonstration under this section and related policies for justice-involved individuals.

(b) The working group must be composed of balanced representation, including:

(1) people with lived experience; and

(2) representatives from:

(i) community health care providers;

(ii) the Minnesota Sheriffs' Association;

(iii) the Minnesota Association for County Social Service Administrators;

(iv) the Association of Minnesota Counties;

(v) the Minnesota Juvenile Detention Association;

(vi) the Office of Addiction and Recovery;

(vii) NAMI Minnesota;

(viii) the Minnesota Association of Resources for Recovery and Chemical Health;

(ix) Tribal Nations; and

(x) the Minnesota Alliance of Recovery Community Organizations.

(c) The working group must:

(1) advise on the waiver application, implementation, monitoring, evaluation, and reinvestment plans;

(2) recommend strategies to improve processes that ensure notifications of the individual's release date, current location, postrelease location, and other relevant information are provided to state, county, and Tribal eligibility systems and managed care organizations;

(3) consider the value of expanding, replicating, or adapting the components of the demonstration authorized under this section to additional populations;

(4) consider information technology and other implementation needs for participating correctional facilities; and

(5) recommend ideas to fund expanded reentry services.

EFFECTIVE DATE. This section is effective January 1, 2026, or upon federal approval, whichever is later, except subdivision 7 is effective July 1, 2024. The commissioner of human services must notify the revisor of statutes when federal approval is obtained.

Sec. 13. Minnesota Statutes 2022, section 256B.69, subdivision 4, is amended to read:

Subd. 4. **Limitation of choice.** (a) The commissioner shall develop criteria to determine when limitation of choice may be implemented in the experimental counties. The criteria shall ensure that all eligible individuals in the county have continuing access to the full range of medical assistance services as specified in subdivision 6.

(b) The commissioner shall exempt the following persons from participation in the project, in addition to those who do not meet the criteria for limitation of choice:

(1) persons eligible for medical assistance according to section 256B.055, subdivision 1;

(2) persons eligible for medical assistance due to blindness or disability as determined by the Social Security Administration or the state medical review team, unless:

(i) they are 65 years of age or older; or

(ii) they reside in Itasca County or they reside in a county in which the commissioner conducts a pilot project under a waiver granted pursuant to section 1115 of the Social Security Act;

(3) recipients who currently have private coverage through a health maintenance organization;

(4) recipients who are eligible for medical assistance by spending down excess income for medical expenses other than the nursing facility per diem expense;

(5) recipients who receive benefits under the Refugee Assistance Program, established under United States Code, title 8, section 1522(e);

(6) children who are both determined to be severely emotionally disturbed and receiving case management services according to section 256B.0625, subdivision 20, except children who are eligible for and who decline enrollment in an approved preferred integrated network under section 245.4682;

(7) adults who are both determined to be seriously and persistently mentally ill and received case management services according to section 256B.0625, subdivision 20;

(8) persons eligible for medical assistance according to section 256B.057, subdivision 10;

(9) persons with access to cost-effective employer-sponsored private health insurance or persons enrolled in a non-Medicare individual health plan determined to be cost-effective according to section 256B.0625, subdivision 15; ~~and~~

(10) persons who are absent from the state for more than 30 consecutive days but still deemed a resident of Minnesota, identified in accordance with section 256B.056, subdivision 1, paragraph (b)~~.~~; and

(11) persons who are enrolled in the reentry demonstration waiver under section 256B.0761.

Children under age 21 who are in foster placement may enroll in the project on an elective basis. Individuals excluded under clauses (1), (6), and (7) may choose to enroll on an elective basis. The commissioner may enroll recipients in the prepaid medical assistance program for seniors who are (1) age 65 and over, and (2) eligible for medical assistance by spending down excess income.

(c) The commissioner may allow persons with a one-month spenddown who are otherwise eligible to enroll to voluntarily enroll or remain enrolled, if they elect to prepay their monthly spenddown to the state.

(d) The commissioner may require those individuals to enroll in the prepaid medical assistance program who otherwise would have been excluded under paragraph (b), clauses (1), (3), and (8), and under Minnesota Rules, part 9500.1452, subpart 2, items H, K, and L.

(e) Before limitation of choice is implemented, eligible individuals shall be notified and after notification, shall be allowed to choose only among demonstration providers. The commissioner may assign an individual with private coverage through a health maintenance organization, to the same health maintenance organization for medical assistance coverage, if the health maintenance organization is under contract for medical assistance in the individual's county of residence. After initially choosing a provider, the recipient is allowed to change that choice only at specified times as allowed by the commissioner. If a demonstration provider ends participation in the project for any reason, a recipient enrolled with that provider must select a new provider but may change providers without cause once more within the first 60 days after enrollment with the second provider.

(f) An infant born to a woman who is eligible for and receiving medical assistance and who is enrolled in the prepaid medical assistance program shall be retroactively enrolled to the month of birth in the same managed care plan as the mother once the child is enrolled in medical assistance unless the child is determined to be excluded from enrollment in a prepaid plan under this section.

EFFECTIVE DATE. This section is effective January 1, 2026, or upon federal approval, whichever is later. The commissioner of human services must notify the revisor of statutes when federal approval is obtained.

Sec. 14. Minnesota Statutes 2022, section 604A.04, subdivision 3, is amended to read:

Subd. 3. **Health care professionals; release from liability.** (a) A licensed health care professional who is permitted by law to prescribe an opiate antagonist, if acting in good faith, may directly or by standing order prescribe, dispense, distribute, or administer an opiate antagonist to a person without being subject to civil liability or criminal prosecution for the act. This immunity applies even when the opiate antagonist is eventually administered in either or both of the following instances: (1) by someone other than the person to whom it is prescribed; or (2) to someone other than the person to whom it is prescribed.

(b) A local unit of government, if acting in good faith, may distribute and administer an opiate antagonist that is obtained pursuant to paragraph (a) without being subject to civil liability or criminal prosecution for the act.

Sec. 15. **DIRECTION TO OMBUDSMAN FOR MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES.**

By September 30, 2025, the ombudsman for mental health and developmental disabilities must provide a report to the governor and the chairs and ranking minority members of the legislative committees with jurisdiction over human services that contains summary information on complaints received regarding peer recovery support services provided by a recovery community organization as defined in Minnesota Statutes, section 254B.01, and any recommendations to the legislature to improve the quality of peer recovery support services, recovery peer worker misclassification, and peer recovery support services billing codes and procedures.

Sec. 16. **PEER RECOVERY SUPPORT SERVICES AND RECOVERY COMMUNITY ORGANIZATION WORKING GROUP.**

Subdivision 1. **Establishment; duties.** The commissioner of human services must convene a working group to develop recommendations on:

(1) peer recovery support services billing rates and practices, including a billing model for providing services to groups of up to four clients and groups larger than four clients at one time;

(2) acceptable activities to bill for peer recovery services, including group activities and transportation related to individual recovery plans;

(3) ways to address authorization for additional service hours and a review of the amount of peer recovery support services clients may need;

(4) improving recovery peer supervision and reimbursement for the costs of providing recovery peer supervision for provider organizations;

(5) certification or other regulation of recovery community organizations and recovery peers; and

(6) policy and statutory changes to improve access to peer recovery support services and increase oversight of provider organizations.

Subd. 2. **Membership; meetings.** (a) Members of the working group must include but not be limited to:

(1) a representative of the Minnesota Alliance of Recovery Community Organizations;

(2) a representative of the Minnesota Association of Resources for Recovery and Chemical Health;

(3) representatives from at least three recovery community organizations who are eligible vendors of peer recovery support services under Minnesota Statutes, section 254B.05, subdivision 1;

(4) at least two currently practicing recovery peers qualified under Minnesota Statutes, section 245I.04, subdivision 18;

(5) at least two individuals currently providing supervision for recovery peers according to Minnesota Statutes, section 245I.04, subdivision 19;

(6) the commissioner of human services or a designee;

(7) a representative of county social services agencies; and

(8) a representative of a Tribal social services agency.

(b) Members of the working group may include a representative of the Alliance for Recovery Centered Organizations and a representative of the Council on Accreditation of Peer Recovery Support Services.

(c) The commissioner of human services must make appointments to the working group by October 1, 2024, and convene the first meeting of the working group by December 1, 2024.

(d) The commissioner of human services must provide administrative support and meeting space for the working group. The working group may conduct meetings remotely.

Subd. 3. **Report.** The commissioner must complete and submit a report on the recommendations in this section to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance on or before August 1, 2025.

Subd. 4. **Expiration.** The working group expires upon submission of the report to the legislature under subdivision 3.

Sec. 17. **CAPACITY BUILDING AND IMPLEMENTATION GRANTS FOR THE MEDICAL ASSISTANCE REENTRY DEMONSTRATION.**

The commissioner of human services must establish capacity-building grants for eligible local correctional facilities as they prepare to implement reentry demonstration services under Minnesota Statutes, section 256B.0761. Allowable expenditures under this grant include:

(1) developing, in coordination with incarcerated individuals and community members with lived experience, processes and protocols listed under Minnesota Statutes, section 256B.0761, subdivision 5, paragraph (d);

(2) establishing or modifying information technology systems to support implementation of the reentry demonstration waiver;

(3) personnel costs; and

(4) other expenses as determined by the commissioner.

Sec. 18. **1115 WAIVER FOR MEDICAL ASSISTANCE REENTRY DEMONSTRATION.**

The commissioner of human services must submit an application to the United States Secretary of Health and Human Services to implement a medical assistance reentry demonstration that covers services for incarcerated individuals as described under Minnesota Statutes, section 256B.0761. Coverage of prerelease services is contingent on federal approval of the demonstration and the required implementation and reinvestment plans.

Sec. 19. **RESIDENTIAL SUBSTANCE USE DISORDER RATE INCREASE.**

The commissioner of human services must increase rates for residential substance use disorder services as authorized under Minnesota Statutes, section 254B.05, subdivision 5, paragraph (a), by three percent for the 1115 demonstration base rates in effect as of January 1, 2024.

EFFECTIVE DATE. This section is effective January 1, 2025, or upon federal approval, whichever is later. The commissioner of human services must notify the revisor of statutes when federal approval is obtained.

Sec. 20. **REPEALER.**

Minnesota Statutes 2022, section 256.043, subdivision 4, is repealed.

EFFECTIVE DATE. This section is effective July 1, 2024.

ARTICLE 49

PRIORITY ADMISSIONS AND CIVIL COMMITMENT

Section 1. Minnesota Statutes 2022, section 245I.23, subdivision 19a, is amended to read:

Subd. 19a. **Additional requirements for locked program facility.** (a) A license holder that prohibits clients from leaving the facility by locking exit doors or other permissible methods must meet the additional requirements of this subdivision.

(b) The license holder must meet all applicable building and fire codes to operate a building with locked exit doors. The license holder must have the appropriate license from the Department of Health, as determined by the Department of Health, for operating a program with locked exit doors.

~~(c) The license holder's policies and procedures must clearly describe the types of court orders that authorize the license holder to prohibit clients from leaving the facility.~~

~~(d)~~ (c) For each client present in the facility under a court order, the license holder must maintain documentation of the court order for treatment authorizing the license holder to prohibit the client from leaving the facility.

~~(e)~~ (d) Upon a client's admission to a locked program facility, the license holder must document in the client file that the client was informed:

(1) that the client has the right to leave the facility according to the client's rights under section 144.651, subdivision 21, ~~if the client is not subject to a court order authorizing the license holder to prohibit the client from leaving the facility; or~~ and that leaving the facility against medical advice may result in legal consequences; and

(2) that the client ~~cannot~~ may not be able to leave the facility ~~due to a court order authorizing the license holder to prohibit the client from leaving the facility~~ as required under chapter 253B.

~~(f)~~ (e) If ~~the license holder prohibits~~ a client ~~from leaving the facility~~ is prohibited from leaving the facility under chapter 253B, the client's treatment plan must reflect this restriction.

Sec. 2. Minnesota Statutes 2022, section 246.129, as amended by Laws 2024, chapter 79, article 1, section 9, is amended to read:

246.129 LEGISLATIVE APPROVAL REQUIRED.

If the closure of a state-operated facility is proposed, and the executive board and respective bargaining units fail to arrive at a mutually agreed upon solution to transfer affected state employees to other state jobs,

the closure of the facility requires legislative approval. ~~This does not apply to state-operated enterprise services.~~

Sec. 3. Minnesota Statutes 2023 Supplement, section 246.54, subdivision 1a, is amended to read:

Subd. 1a. **Anoka-Metro Regional Treatment Center.** (a) A county's payment of the cost of care provided at Anoka-Metro Regional Treatment Center shall be according to the following schedule:

(1) zero percent for the first 30 days;

(2) 20 percent for days 31 and over if the stay is determined to be clinically appropriate for the client; and

(3) 100 percent for each day during the stay, including the day of admission, when the facility determines that it is clinically appropriate for the client to be discharged.

(b) If payments received by the state under sections 246.50 to 246.53 exceed 80 percent of the cost of care for days over 31 for clients who meet the criteria in paragraph (a), clause (2), the county shall be responsible for paying the state only the remaining amount. The county shall not be entitled to reimbursement from the client, the client's estate, or from the client's relatives, except as provided in section 246.53.

(c) Between July 1, 2023, and ~~June 30~~ March 31, 2025, the county is not responsible for the cost of care under paragraph (a), clause (3), for a person who is committed as a person who has a mental illness and is dangerous to the public under section 253B.18 and who is awaiting transfer to another state-operated facility or program. This paragraph expires ~~June 30~~ March 31, 2025.

(d) Between April 1, 2025, and June 30, 2025, the county is not responsible for the cost of care under paragraph (a), clause (3), for a person who is civilly committed, if the client is awaiting transfer:

(1) to a facility operated by the Department of Corrections; or

(2) to another state-operated facility or program, and the Direct Care and Treatment executive medical director's office or a designee has determined that:

(i) the client meets criteria for admission to that state-operated facility or program; and

(ii) the state-operated facility or program is the only facility or program that can reasonably serve the client. This paragraph expires June 30, 2025.

~~(d)~~ (e) Notwithstanding any law to the contrary, the client is not responsible for payment of the cost of care under this subdivision.

Sec. 4. Minnesota Statutes 2023 Supplement, section 246.54, subdivision 1b, is amended to read:

Subd. 1b. **Community behavioral health hospitals.** (a) A county's payment of the cost of care provided at state-operated community-based behavioral health hospitals for adults and children shall be according to the following schedule:

(1) 100 percent for each day during the stay, including the day of admission, when the facility determines that it is clinically appropriate for the client to be discharged; and

(2) the county shall not be entitled to reimbursement from the client, the client's estate, or from the client's relatives, except as provided in section 246.53.

(b) Between July 1, 2023, and ~~June 30~~ March 31, 2025, the county is not responsible for the cost of care under paragraph (a), clause (1), for a person committed as a person who has a mental illness and is dangerous to the public under section 253B.18 and who is awaiting transfer to another state-operated facility or program. This paragraph expires ~~June 30~~ March 31, 2025.

(c) Between April 1, 2025, and June 30, 2025, the county is not responsible for the cost of care under paragraph (a), clause (1), for a person who is civilly committed, if the client is awaiting transfer:

(1) to a facility operated by the Department of Corrections; or

(2) to another state-operated facility or program, and the Direct Care and Treatment executive medical director's office or a designee has determined that:

(i) the client meets criteria for admission to that state-operated facility or program; and

(ii) the state-operated facility or program is the only facility or program that can reasonably serve the client. This paragraph expires June 30, 2025.

~~(c)~~ (d) Notwithstanding any law to the contrary, the client is not responsible for payment of the cost of care under this subdivision.

Sec. 5. Minnesota Statutes 2023 Supplement, section 253B.10, subdivision 1, as amended by Laws 2024, chapter 79, article 5, section 8, is amended to read:

Subdivision 1. **Administrative requirements.** (a) When a person is committed, the court shall issue a warrant or an order committing the patient to the custody of the head of the treatment facility, state-operated treatment program, or community-based treatment program. The warrant or order shall state that the patient meets the statutory criteria for civil commitment.

(b) The executive board shall prioritize civilly committed patients being admitted from jail or a correctional institution or who are referred to a state-operated treatment facility for competency attainment or a competency examination under sections 611.40 to 611.59 for admission to a medically appropriate state-operated direct care and treatment bed based on the decisions of physicians in the executive medical director's office, using a priority admissions framework. The framework must account for a range of factors for priority admission, including but not limited to:

(1) ~~ordered confined in a state-operated treatment program for an examination under Minnesota Rules of Criminal Procedure, rules 20.01, subdivision 4, paragraph (a), and 20.02, subdivision 2~~ the length of time the person has been on a waiting list for admission to a state-operated direct care and treatment program since the date of the order under paragraph (a), or the date of an order issued under sections 611.40 to 611.59;

(2) ~~under civil commitment for competency treatment and continuing supervision under Minnesota Rules of Criminal Procedure, rule 20.01, subdivision 7~~ the intensity of the treatment the person needs, based on medical acuity;

(3) ~~found not guilty by reason of mental illness under Minnesota Rules of Criminal Procedure, rule 20.02, subdivision 8, and under civil commitment or are ordered to be detained in a state-operated treatment program pending completion of the civil commitment proceedings; or~~ the person's revoked provisional discharge status;

(4) ~~committed under this chapter to the executive board after dismissal of the patient's criminal charges.~~ the person's safety and safety of others in the person's current environment;

(5) whether the person has access to necessary or court-ordered treatment;

(6) distinct and articulable negative impacts of an admission delay on the facility referring the individual for treatment; and

(7) any relevant federal prioritization requirements.

Patients described in this paragraph must be admitted to a state-operated treatment program within 48 hours. The commitment must be ordered by the court as provided in section 253B.09, subdivision 1, paragraph (d). Patients committed to a secure treatment facility or less restrictive setting as ordered by the court under section 253B.18, subdivisions 1 and 2, must be prioritized for admission to a state-operated treatment program using the priority admissions framework in this paragraph.

(c) Upon the arrival of a patient at the designated treatment facility, state-operated treatment program, or community-based treatment program, the head of the facility or program shall retain the duplicate of the warrant and endorse receipt upon the original warrant or acknowledge receipt of the order. The endorsed receipt or acknowledgment must be filed in the court of commitment. After arrival, the patient shall be under the control and custody of the head of the facility or program.

(d) Copies of the petition for commitment, the court's findings of fact and conclusions of law, the court order committing the patient, the report of the court examiners, and the prepetition report, and any medical and behavioral information available shall be provided at the time of admission of a patient to the designated treatment facility or program to which the patient is committed. Upon a patient's referral to the executive board for admission pursuant to subdivision 1, paragraph (b), any inpatient hospital, treatment facility, jail, or correctional facility that has provided care or supervision to the patient in the previous two years shall, when requested by the treatment facility or commissioner, provide copies of the patient's medical and behavioral records to the executive board for purposes of preadmission planning. This information shall be provided by the head of the treatment facility to treatment facility staff in a consistent and timely manner and pursuant to all applicable laws.

(e) Patients described in paragraph (b) must be admitted to a state-operated treatment program within 48 hours of the Office of Executive Medical Director, under section 246C.09, or a designee determining that a medically appropriate bed is available. This paragraph expires on June 30, 2025.

(f) Within four business days of determining which state-operated direct care and treatment program or programs are appropriate for an individual, the executive medical director's office or a designee must notify the source of the referral and the responsible county human services agency, the individual being ordered to direct care and treatment, and the district court that issued the order of the determination. The notice shall include which program or programs are appropriate for the person's priority status. Any interested person may provide additional information or request updated priority status about the individual to the executive medical director's office or a designee while the individual is awaiting admission. Updated priority status of an individual will only be disclosed to interested persons who are legally authorized to receive private information about the individual. When an available bed has been identified, the executive medical director's office or a designee must notify the designated agency and the facility where the individual is awaiting admission that the individual has been accepted for admission to a particular state-operated direct care and treatment program and the earliest possible date the admission can occur. The designated agency or facility where the individual is awaiting admission must transport the individual to the admitting state-operated direct care and treatment program no more than 48 hours after the offered admission date.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 6. Minnesota Statutes 2023 Supplement, section 256B.0622, subdivision 8, is amended to read:

Subd. 8. **Medical assistance payment for assertive community treatment and intensive residential treatment services.** (a) Payment for intensive residential treatment services and assertive community treatment in this section shall be based on one daily rate per provider inclusive of the following services received by an eligible client in a given calendar day: all rehabilitative services under this section, staff travel time to provide rehabilitative services under this section, and nonresidential crisis stabilization services under section 256B.0624.

(b) Except as indicated in paragraph ~~(c)~~ (d), payment will not be made to more than one entity for each client for services provided under this section on a given day. If services under this section are provided by a team that includes staff from more than one entity, the team must determine how to distribute the payment among the members.

(c) Payment must not be made based solely on a court order to participate in intensive residential treatment services. If a client has a court order to participate in the program or to obtain assessment for treatment and follow treatment recommendations, payment under this section must only be provided if the client is eligible for the service and the service is determined to be medically necessary.

~~(c)~~ (d) The commissioner shall determine one rate for each provider that will bill medical assistance for residential services under this section and one rate for each assertive community treatment provider. If a single entity provides both services, one rate is established for the entity's residential services and another rate for the entity's nonresidential services under this section. A provider is not eligible for payment under this section without authorization from the commissioner. The commissioner shall develop rates using the following criteria:

(1) the provider's cost for services shall include direct services costs, other program costs, and other costs determined as follows:

(i) the direct services costs must be determined using actual costs of salaries, benefits, payroll taxes, and training of direct service staff and service-related transportation;

(ii) other program costs not included in item (i) must be determined as a specified percentage of the direct services costs as determined by item (i). The percentage used shall be determined by the commissioner based upon the average of percentages that represent the relationship of other program costs to direct services costs among the entities that provide similar services;

(iii) physical plant costs calculated based on the percentage of space within the program that is entirely devoted to treatment and programming. This does not include administrative or residential space;

(iv) assertive community treatment physical plant costs must be reimbursed as part of the costs described in item (ii); and

(v) subject to federal approval, up to an additional five percent of the total rate may be added to the program rate as a quality incentive based upon the entity meeting performance criteria specified by the commissioner;

(2) actual cost is defined as costs which are allowable, allocable, and reasonable, and consistent with federal reimbursement requirements under Code of Federal Regulations, title 48, chapter 1, part 31, relating to for-profit entities, and Office of Management and Budget Circular Number A-122, relating to nonprofit entities;

(3) the number of service units;

(4) the degree to which clients will receive services other than services under this section; and

(5) the costs of other services that will be separately reimbursed.

~~(d)~~ (e) The rate for intensive residential treatment services and assertive community treatment must exclude the medical assistance room and board rate, as defined in section 256B.056, subdivision 5d, and services not covered under this section, such as partial hospitalization, home care, and inpatient services.

~~(e)~~ (f) Physician services that are not separately billed may be included in the rate to the extent that a psychiatrist, or other health care professional providing physician services within their scope of practice, is a member of the intensive residential treatment services treatment team. Physician services, whether billed separately or included in the rate, may be delivered by telehealth. For purposes of this paragraph, "telehealth" has the meaning given to "mental health telehealth" in section 256B.0625, subdivision 46, when telehealth is used to provide intensive residential treatment services.

~~(f)~~ (g) When services under this section are provided by an assertive community treatment provider, case management functions must be an integral part of the team.

~~(g)~~ (h) The rate for a provider must not exceed the rate charged by that provider for the same service to other payors.

~~(h)~~ (i) The rates for existing programs must be established prospectively based upon the expenditures and utilization over a prior 12-month period using the criteria established in paragraph ~~(c)~~ (d). The rates for new programs must be established based upon estimated expenditures and estimated utilization using the criteria established in paragraph ~~(c)~~ (d).

~~(i)~~ (j) Effective for the rate years beginning on and after January 1, 2024, rates for assertive community treatment, adult residential crisis stabilization services, and intensive residential treatment services must be annually adjusted for inflation using the Centers for Medicare and Medicaid Services Medicare Economic Index, as forecasted in the fourth quarter of the calendar year before the rate year. The inflation adjustment must be based on the 12-month period from the midpoint of the previous rate year to the midpoint of the rate year for which the rate is being determined.

~~(j)~~ (k) Entities who discontinue providing services must be subject to a settle-up process whereby actual costs and reimbursement for the previous 12 months are compared. In the event that the entity was paid more than the entity's actual costs plus any applicable performance-related funding due the provider, the excess payment must be reimbursed to the department. If a provider's revenue is less than actual allowed costs due to lower utilization than projected, the commissioner may reimburse the provider to recover its actual allowable costs. The resulting adjustments by the commissioner must be proportional to the percent of total units of service reimbursed by the commissioner and must reflect a difference of greater than five percent.

~~(k)~~ (l) A provider may request of the commissioner a review of any rate-setting decision made under this subdivision.

Sec. 7. **PRIORITY ADMISSIONS REVIEW PANEL.**

(a) A panel appointed by the commissioner of human services, consisting of all members who served on the Task Force on Priority Admissions to State-Operated Treatment Programs under Laws 2023, chapter 61, article 8, section 13, subdivision 2, and one member who has an active role as a union representative

representing staff at Direct Care and Treatment appointed by joint representatives of the American Federation of State, County and Municipal Employees (AFSCME); Minnesota Association of Professional Employees (MAPE); Minnesota Nurses Association (MNA); Middle Management Association (MMA); and State Residential Schools Education Association (SRSEA) must:

(1) evaluate the 48-hour timeline for priority admissions required under Minnesota Statutes, section 253B.10, subdivision 1, paragraph (b), and develop policy and legislative proposals related to the priority admissions timeline in order to minimize litigation costs, maximize capacity in and access to state-operated treatment programs, and address issues related to individuals awaiting admission to state-operated treatment programs in jails and correctional institutions; and

(2) by February 1, 2025, submit a written report to the chairs and ranking minority members of the legislative committees with jurisdiction over public safety and human services that includes legislative proposals to amend Minnesota Statutes, section 253B.10, subdivision 1, paragraph (b), to modify the 48-hour priority admissions timeline.

(b) The panel appointed under paragraph (a) must also advise the commissioner on the effectiveness of the framework and priority admissions generally and review de-identified data quarterly for one year following the implementation of the priority admissions framework to ensure that the framework is implemented and applied equitably. If the panel requests to review data that are classified as private or confidential and the commissioner determines that the data requested are necessary for the scope of the panel's review, the commissioner is authorized to disclose private or confidential data to the panel under this paragraph and pursuant to Minnesota Statutes, section 13.05, subdivision 4, paragraph (b), for private or confidential data collected prior to the effective date of this section.

(c) After the panel completes one year of review, a quality committee established by the Direct Care and Treatment executive board must continue to review data; seek input from counties, hospitals, community providers, and advocates; and provide a routine report to the executive board on the effectiveness of the framework and priority admissions.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 8. **DIRECTION TO COMMISSIONER OF HUMAN SERVICES; REIMBURSEMENT TO BELTRAMI COUNTY AND TODD COUNTY FOR CERTAIN COST OF CARE PAYMENTS.**

(a) Notwithstanding Minnesota Statutes 2021 Supplement, section 246.54, subdivisions 1a and 1b; Minnesota Statutes 2022, section 246.54, subdivisions 1a and 1b; or any other law to the contrary, the commissioner of human services must not sanction or otherwise seek payment from Beltrami County for outstanding debts for the cost of care provided between July 1, 2022, and June 30, 2023, under:

(1) Minnesota Statutes, section 246.54, subdivision 1a, paragraph (a), clause (3), to a person committed as a person who has a mental illness and is dangerous to the public under Minnesota Statutes, section 253B.18, and who was awaiting transfer from Anoka-Metro Regional Treatment Center to another state-operated facility or program; or

(2) Minnesota Statutes, section 246.54, subdivision 1b, paragraph (a), clause (1), to a person committed as a person who has a mental illness and is dangerous to the public under Minnesota Statutes, section 253B.18, and who was awaiting transfer from a state-operated community-based behavioral health hospital to another state-operated facility or program.

(b) Notwithstanding Minnesota Statutes 2021 Supplement, section 246.54, subdivision 1a; Minnesota Statutes 2022, section 246.54, subdivision 1a; or any other law to the contrary, the commissioner of human services must not sanction or otherwise seek payment from Todd County for outstanding debts for the cost of care provided in Anoka-Metro Regional Treatment Center from August 22, 2023, to February 3, 2024, not to exceed $387,000.

(c) The commissioner must reimburse Beltrami County and Todd County with state-only money any amount previously paid to the state or otherwise recovered by the commissioner from Beltrami County or Todd County for the cost of care identified in paragraphs (a) and (b).

(d) Nothing in this section prohibits the commissioner from seeking reimbursement from Beltrami County for the cost of care provided in Anoka-Metro Regional Treatment Center or a state-operated community-based behavioral health hospital for care not described in paragraph (a).

(e) Nothing in this section prohibits the commissioner of human services from seeking reimbursement from Todd County for the cost of care provided in Anoka-Metro Regional Treatment Center or by any state-operated facility or program in excess of the amount specified in paragraph (b).

(f) Notwithstanding any law to the contrary, the client is not responsible for payment of the cost of care under this section.

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

Sec. 9. **MENTALLY ILL AND DANGEROUS CIVIL COMMITMENT REFORM TASK FORCE.**

Subdivision 1. **Establishment; purpose.** The Mentally Ill and Dangerous Civil Commitment Reform Task Force is established to evaluate current statutes related to mentally ill and dangerous civil commitments and develop recommendations to optimize the use of state-operated mental health resources and increase equitable access and outcomes for patients.

Subd. 2. **Membership.** (a) The Mentally Ill and Dangerous Civil Commitment Reform Task Force consists of the members appointed as follows:

(1) the commissioner of human services or a designee;

(2) two members representing the Department of Direct Care and Treatment who have experience with mentally ill and dangerous civil commitments, appointed by the commissioner of human services;

(3) the ombudsman for mental health and developmental disabilities;

(4) a judge with experience presiding over mentally ill and dangerous civil commitments, appointed by the state court administrator;

(5) a court examiner with experience participating in mentally ill and dangerous civil commitments, appointed by the state court administrator;

(6) a member of the Special Review Board, appointed by the state court administrator;

(7) a county representative, appointed by the Association of Minnesota Counties;

(8) a representative appointed by the Minnesota Association of County Social Service Administrators;

(9) a county attorney with experience participating in mentally ill and dangerous civil commitments, appointed by the Minnesota County Attorneys Association;

(10) an attorney with experience representing respondents in mentally ill and dangerous civil commitments, appointed by the governor;

(11) a member appointed by the Minnesota Association of Community Mental Health Programs;

(12) a member appointed by the National Alliance on Mental Illness Minnesota;

(13) a licensed independent practitioner with experience treating individuals subject to a mentally ill and dangerous civil commitment;

(14) an individual with lived experience under civil commitment as mentally ill and dangerous and who is on a provisional discharge or has been discharged from commitment;

(15) a family member of an individual with lived experience under civil commitment as mentally ill and dangerous and who is on a provisional discharge or has been discharged from commitment;

(16) at least one Tribal government representative; and

(17) a member appointed by the Minnesota Disability Law Center.

(b) A member of the legislature may not serve as a member of the task force.

(c) Appointments to the task force must be made no later than July 30, 2024.

Subd. 3. **Compensation; removal; vacancy.** (a) Notwithstanding Minnesota Statutes, section 15.059, subdivision 6, members of the task force may be compensated as provided under Minnesota Statutes, section 15.059, subdivision 3.

(b) A member may be removed by the appointing authority at any time at the pleasure of the appointing authority. In the case of a vacancy on the task force, the appointing authority shall appoint an individual to fill the vacancy for the remainder of the unexpired term.

Subd. 4. **Officers; meetings.** (a) The commissioner of human services shall convene the first meeting of the task force no later than September 1, 2024.

(b) The task force must elect a chair and vice-chair from among its members and may elect other officers as necessary.

(c) The task force is subject to Minnesota Statutes, chapter 13D.

Subd. 5. **Staff.** The commissioner of human services must provide staff assistance to support the work of the task force.

Subd. 6. **Data usage and privacy.** Any data provided by executive agencies as part of the work and report of the task force are subject to the requirements of Minnesota Statutes, chapter 13, and all other applicable data privacy laws.

Subd. 7. **Duties.** The task force must:

(1) analyze current trends in mentally ill and dangerous civil commitments, including but not limited to the length of stay for individuals committed in Minnesota as compared to other jurisdictions;

(2) review national practices and criteria for civil commitment of individuals who have a mental illness and represent a danger to the public;

(3) develop recommended statutory changes necessary to provide services to the high number of mentally ill and dangerous civilly committed individuals;

(4) develop funding and statutory recommendations for alternatives to the current mentally ill and dangerous civil commitment process;

(5) identify what types of placements and services are necessary to serve individuals civilly committed as mentally ill and dangerous in the community;

(6) make recommendations to reduce barriers to discharge from the forensic mental health program for individuals civilly committed as mentally ill and dangerous;

(7) develop recommended plain language statutory changes to clarify operational definitions for terms used within Minnesota Statutes, section 253B.18;

(8) develop recommended statutory changes to provide clear direction to the commissioner of human services and facilities to which individuals are civilly committed to address situations in which an individual is committed as mentally ill and dangerous and is later determined to not have an organic disorder of the brain or a substantial psychiatric disorder of thought, mood, perception, orientation, or memory; and

(9) evaluate and make statutory and funding recommendations for the voluntary return of individuals civilly committed as mentally ill and dangerous to community facilities.

Subd. 8. **Report required.** By August 1, 2025, the task force shall submit to the chairs and ranking minority members of the legislative committees with jurisdiction over mentally ill and dangerous civil commitments a written report that includes the outcome of the duties in subdivision 7, including but not limited to recommended statutory changes.

Subd. 9. **Expiration.** The task force expires January 1, 2026.

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

Sec. 10. **ENGAGEMENT SERVICES PILOT GRANTS.**

Subdivision 1. **Creation.** The engagement services pilot grant program is established in the Department of Human Services to provide grants to counties or certified community behavioral health clinics under section 245.735 that have a letter of support from a county to provide engagement services under section 253B.041. The commissioner of human services must award one grant under this section to Otter Tail County. Engagement services must provide culturally responsive early interventions to prevent an individual from meeting the criteria for civil commitment and promote positive outcomes.

Subd. 2. **Allowable grant activities.** (a) Grantees must use grant money to:

(1) develop a system to respond to requests for engagement services;

(2) provide the following engagement services, taking into account an individual's preferences for treatment services and supports:

(i) assertive attempts to engage an individual in voluntary treatment for mental illness for at least 90 days;

(ii) efforts to engage an individual's existing support systems and interested persons, including but not limited to providing education on restricting means of harm and suicide prevention, when the provider determines that such engagement would be helpful; and

(iii) collaboration with the individual to meet the individual's immediate needs, including but not limited to housing access, food and income assistance, disability verification, medication management, and medical treatment;

(3) conduct outreach to families and providers; and

(4) evaluate the impact of engagement services on decreasing civil commitments, increasing engagement in treatment, decreasing police involvement with individuals exhibiting symptoms of serious mental illness, and other measures.

(b) Grantees must seek reimbursement for all activities and provided services eligible for medical assistance.

(c) Engagement services staff must have completed training on person-centered care. Staff may include but are not limited to mobile crisis providers under Minnesota Statutes, section 256B.0624; certified peer specialists under Minnesota Statutes, section 256B.0615; community-based treatment programs staff; and homeless outreach workers.

Sec. 11. **DIRECTION TO COMMISSIONER OF HUMAN SERVICES; LIMITED EXCEPTION FOR ADMISSION FROM HOSPITAL SETTINGS.**

The commissioner of human services must immediately approve an exception to add up to ten patients who have been civilly committed and are in hospital settings to the waiting list for admission to medically appropriate direct care and treatment beds under Minnesota Statutes, section 253B.10, subdivision 1, paragraph (b). This section expires upon the commissioner's approval of the exception for ten patients who have been civilly committed and are awaiting admission.

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

Sec. 12. **COUNTY CORRECTIONAL FACILITY LONG-ACTING INJECTABLE ANTIPSYCHOTIC MEDICATION PILOT PROGRAM.**

Subdivision 1. **Authorization.** The commissioner of human services must establish a pilot program that provides payments to counties to support county correctional facilities in administering long-acting injectable antipsychotic medications to prisoners for mental health treatment.

Subd. 2. **Application.** Counties may submit requests for reimbursement for costs incurred pursuant to subdivision 3 on an application form specified by the commissioner. Requests for reimbursement for the cost of a long-acting injectable antipsychotic medication must be accompanied by the correctional facility's invoice for the long-acting injectable antipsychotic medication. The commissioner must issue an application to each county board at least once per calendar quarter until money for the pilot program is expended.

Subd. 3. **Pilot program payments; allowable uses.** Counties must use payments received under this section for reimbursement of costs incurred during the most recent calendar quarter for:

(1) long-acting injectable antipsychotic medications for prisoners in county correctional facilities; and

(2) health care costs related to the administration of long-acting injectable antipsychotic medications for prisoners in correctional facilities.

Subd. 4. **Pilot program payment allocation.** (a) The commissioner may allocate up to one quarter of the total appropriation for the pilot program each quarter. If the amount of money for eligible requests received exceeds the amount of money available in the quarter, the commissioner shall determine an equitable allocation of payments among the applicants.

(b) The commissioner may review costs and set a reasonable cap on the reimbursement amount for medications and treatment.

(c) The commissioner's determination of payment amounts and allocation methods is final and not subject to appeal.

Subd. 5. **Report.** By December 15, 2025, the commissioner must provide a summary report on the pilot program to the chairs and ranking minority members of the legislative committees with jurisdiction over mental health and county correctional facilities.

Sec. 13. **REPORT ON INPATIENT SUBSTANCE USE DISORDER BEDS.**

By January 15, 2025, the Direct Care and Treatment executive board must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over human services finance and policy with options for increasing inpatient substance use disorder beds operated by the executive board. One option must include the development of an inpatient substance use disorder program operated by the executive board within 35 miles of the existing CARE-St. Peter facility.

ARTICLE 50

DIRECT CARE AND TREATMENT

Section 1. Minnesota Statutes 2023 Supplement, section 10.65, subdivision 2, is amended to read:

Subd. 2. **Definitions.** As used in this section, the following terms have the meanings given:

(1) "agency" means the Department of Administration; Department of Agriculture; Department of Children, Youth, and Families; Department of Commerce; Department of Corrections; Department of Education; Department of Employment and Economic Development; Department of Health; Office of Higher Education; Housing Finance Agency; Department of Human Rights; Department of Human Services; Department of Information Technology Services; Department of Iron Range Resources and Rehabilitation; Department of Labor and Industry; Minnesota Management and Budget; Bureau of Mediation Services; Department of Military Affairs; Metropolitan Council; Department of Natural Resources; Pollution Control Agency; Department of Public Safety; Department of Revenue; Department of Transportation; Department of Veterans Affairs; Direct Care and Treatment; Gambling Control Board; Racing Commission; the Minnesota Lottery; the Animal Health Board; and the Board of Water and Soil Resources;

(2) "consultation" means the direct and interactive involvement of the Minnesota Tribal governments in the development of policy on matters that have Tribal implications. Consultation is the proactive, affirmative process of identifying and seeking input from appropriate Tribal governments and considering their interest as a necessary and integral part of the decision-making process. This definition adds to statutorily mandated notification procedures. During a consultation, the burden is on the agency to show that it has made a good faith effort to elicit feedback. Consultation is a formal engagement between agency officials and the governing

body or bodies of an individual Minnesota Tribal government that the agency or an individual Tribal government may initiate. Formal meetings or communication between top agency officials and the governing body of a Minnesota Tribal government is a necessary element of consultation;

(3) "matters that have Tribal implications" means rules, legislative proposals, policy statements, or other actions that have substantial direct effects on one or more Minnesota Tribal governments, or on the distribution of power and responsibilities between the state and Minnesota Tribal governments;

(4) "Minnesota Tribal governments" means the federally recognized Indian Tribes located in Minnesota including: Bois Forte Band; Fond Du Lac Band; Grand Portage Band; Leech Lake Band; Mille Lacs Band; White Earth Band; Red Lake Nation; Lower Sioux Indian Community; Prairie Island Indian Community; Shakopee Mdewakanton Sioux Community; and Upper Sioux Community; and

(5) "timely and meaningful" means done or occurring at a favorable or useful time that allows the result of consultation to be included in the agency's decision-making process for a matter that has Tribal implications.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 2. Minnesota Statutes 2022, section 13.46, subdivision 1, as amended by Laws 2024, chapter 79, article 9, section 1, and Laws 2024, chapter 80, article 8, section 1, is amended to read:

Subdivision 1. **Definitions.** As used in this section:

(a) "Individual" means an individual according to section 13.02, subdivision 8, but does not include a vendor of services.

(b) "Program" includes all programs for which authority is vested in a component of the welfare system according to statute or federal law, including but not limited to Native American Tribe programs that provide a service component of the welfare system, the Minnesota family investment program, medical assistance, general assistance, general assistance medical care formerly codified in chapter 256D, the child care assistance program, and child support collections.

(c) "Welfare system" includes the Department of Human Services; ~~the Department of~~ Direct Care and Treatment; the Department of Children, Youth, and Families; local social services agencies; county welfare agencies; county public health agencies; county veteran services agencies; county housing agencies; private licensing agencies; the public authority responsible for child support enforcement; human services boards; community mental health center boards, state hospitals, state nursing homes, the ombudsman for mental health and developmental disabilities; Native American Tribes to the extent a Tribe provides a service component of the welfare system; and persons, agencies, institutions, organizations, and other entities under contract to any of the above agencies to the extent specified in the contract.

(d) "Mental health data" means data on individual clients and patients of community mental health centers, established under section 245.62, mental health divisions of counties and other providers under contract to deliver mental health services, ~~Department of~~ Direct Care and Treatment mental health services, or the ombudsman for mental health and developmental disabilities.

(e) "Fugitive felon" means a person who has been convicted of a felony and who has escaped from confinement or violated the terms of probation or parole for that offense.

(f) "Private licensing agency" means an agency licensed by the commissioner of children, youth, and families under chapter 142B to perform the duties under section 142B.30.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 3. Minnesota Statutes 2023 Supplement, section 13.46, subdivision 2, as amended by Laws 2024, chapter 80, article 8, section 2, is amended to read:

Subd. 2. **General.** (a) Data on individuals collected, maintained, used, or disseminated by the welfare system are private data on individuals, and shall not be disclosed except:

(1) according to section 13.05;

(2) according to court order;

(3) according to a statute specifically authorizing access to the private data;

(4) to an agent of the welfare system and an investigator acting on behalf of a county, the state, or the federal government, including a law enforcement person or attorney in the investigation or prosecution of a criminal, civil, or administrative proceeding relating to the administration of a program;

(5) to personnel of the welfare system who require the data to verify an individual's identity; determine eligibility, amount of assistance, and the need to provide services to an individual or family across programs; coordinate services for an individual or family; evaluate the effectiveness of programs; assess parental contribution amounts; and investigate suspected fraud;

(6) to administer federal funds or programs;

(7) between personnel of the welfare system working in the same program;

(8) to the Department of Revenue to assess parental contribution amounts for purposes of section 252.27, subdivision 2a, administer and evaluate tax refund or tax credit programs and to identify individuals who may benefit from these programs, and prepare the databases for reports required under section 270C.13 and Laws 2008, chapter 366, article 17, section 6. The following information may be disclosed under this paragraph: an individual's and their dependent's names, dates of birth, Social Security or individual taxpayer identification numbers, income, addresses, and other data as required, upon request by the Department of Revenue. Disclosures by the commissioner of revenue to the commissioner of human services for the purposes described in this clause are governed by section 270B.14, subdivision 1. Tax refund or tax credit programs include, but are not limited to, the dependent care credit under section 290.067, the Minnesota working family credit under section 290.0671, the property tax refund under section 290A.04, and the Minnesota education credit under section 290.0674;

(9) between the Department of Human Services; the Department of Employment and Economic Development; the Department of Children, Youth, and Families; Direct Care and Treatment; and, when applicable, the Department of Education, for the following purposes:

(i) to monitor the eligibility of the data subject for unemployment benefits, for any employment or training program administered, supervised, or certified by that agency;

(ii) to administer any rehabilitation program or child care assistance program, whether alone or in conjunction with the welfare system;

(iii) to monitor and evaluate the Minnesota family investment program or the child care assistance program by exchanging data on recipients and former recipients of Supplemental Nutrition Assistance Program (SNAP) benefits, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, medical programs under chapter 256B or 256L; and

(iv) to analyze public assistance employment services and program utilization, cost, effectiveness, and outcomes as implemented under the authority established in Title II, Sections 201-204 of the Ticket to Work and Work Incentives Improvement Act of 1999. Health records governed by sections 144.291 to 144.298 and "protected health information" as defined in Code of Federal Regulations, title 45, section 160.103, and governed by Code of Federal Regulations, title 45, parts 160-164, including health care claims utilization information, must not be exchanged under this clause;

(10) to appropriate parties in connection with an emergency if knowledge of the information is necessary to protect the health or safety of the individual or other individuals or persons;

(11) data maintained by residential programs as defined in section 245A.02 may be disclosed to the protection and advocacy system established in this state according to Part C of Public Law 98-527 to protect the legal and human rights of persons with developmental disabilities or other related conditions who live in residential facilities for these persons if the protection and advocacy system receives a complaint by or on behalf of that person and the person does not have a legal guardian or the state or a designee of the state is the legal guardian of the person;

(12) to the county medical examiner or the county coroner for identifying or locating relatives or friends of a deceased person;

(13) data on a child support obligor who makes payments to the public agency may be disclosed to the Minnesota Office of Higher Education to the extent necessary to determine eligibility under section 136A.121, subdivision 2, clause (5);

(14) participant Social Security or individual taxpayer identification numbers and names collected by the telephone assistance program may be disclosed to the Department of Revenue to conduct an electronic data match with the property tax refund database to determine eligibility under section 237.70, subdivision 4a;

(15) the current address of a Minnesota family investment program participant may be disclosed to law enforcement officers who provide the name of the participant and notify the agency that:

(i) the participant:

(A) is a fugitive felon fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime that is a felony under the laws of the jurisdiction from which the individual is fleeing; or

(B) is violating a condition of probation or parole imposed under state or federal law;

(ii) the location or apprehension of the felon is within the law enforcement officer's official duties; and

(iii) the request is made in writing and in the proper exercise of those duties;

(16) the current address of a recipient of general assistance may be disclosed to probation officers and corrections agents who are supervising the recipient and to law enforcement officers who are investigating the recipient in connection with a felony level offense;

(17) information obtained from a SNAP applicant or recipient households may be disclosed to local, state, or federal law enforcement officials, upon their written request, for the purpose of investigating an alleged violation of the Food and Nutrition Act, according to Code of Federal Regulations, title 7, section 272.1(c);

(18) the address, Social Security or individual taxpayer identification number, and, if available, photograph of any member of a household receiving SNAP benefits shall be made available, on request, to a local, state, or federal law enforcement officer if the officer furnishes the agency with the name of the member and notifies the agency that:

(i) the member:

(A) is fleeing to avoid prosecution, or custody or confinement after conviction, for a crime or attempt to commit a crime that is a felony in the jurisdiction the member is fleeing;

(B) is violating a condition of probation or parole imposed under state or federal law; or

(C) has information that is necessary for the officer to conduct an official duty related to conduct described in subitem (A) or (B);

(ii) locating or apprehending the member is within the officer's official duties; and

(iii) the request is made in writing and in the proper exercise of the officer's official duty;

(19) the current address of a recipient of Minnesota family investment program, general assistance, or SNAP benefits may be disclosed to law enforcement officers who, in writing, provide the name of the recipient and notify the agency that the recipient is a person required to register under section 243.166, but is not residing at the address at which the recipient is registered under section 243.166;

(20) certain information regarding child support obligors who are in arrears may be made public according to section 518A.74;

(21) data on child support payments made by a child support obligor and data on the distribution of those payments excluding identifying information on obligees may be disclosed to all obligees to whom the obligor owes support, and data on the enforcement actions undertaken by the public authority, the status of those actions, and data on the income of the obligor or obligee may be disclosed to the other party;

(22) data in the work reporting system may be disclosed under section 256.998, subdivision 7;

(23) to the Department of Education for the purpose of matching Department of Education student data with public assistance data to determine students eligible for free and reduced-price meals, meal supplements, and free milk according to United States Code, title 42, sections 1758, 1761, 1766, 1766a, 1772, and 1773; to allocate federal and state funds that are distributed based on income of the student's family; and to verify receipt of energy assistance for the telephone assistance plan;

(24) the current address and telephone number of program recipients and emergency contacts may be released to the commissioner of health or a community health board as defined in section 145A.02, subdivision 5, when the commissioner or community health board has reason to believe that a program recipient is a disease case, carrier, suspect case, or at risk of illness, and the data are necessary to locate the person;

(25) to other state agencies, statewide systems, and political subdivisions of this state, including the attorney general, and agencies of other states, interstate information networks, federal agencies, and other entities as required by federal regulation or law for the administration of the child support enforcement program;

(26) to personnel of public assistance programs as defined in section 256.741, for access to the child support system database for the purpose of administration, including monitoring and evaluation of those public assistance programs;

(27) to monitor and evaluate the Minnesota family investment program by exchanging data between the Departments of Human Services; Children, Youth, and Families; and Education, on recipients and former recipients of SNAP benefits, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, medical programs under chapter 256B or 256L, or a medical program formerly codified under chapter 256D;

(28) to evaluate child support program performance and to identify and prevent fraud in the child support program by exchanging data between the Department of Human Services; Department of Children, Youth, and Families; Department of Revenue under section 270B.14, subdivision 1, paragraphs (a) and (b), without regard to the limitation of use in paragraph (c); Department of Health; Department of Employment and Economic Development; and other state agencies as is reasonably necessary to perform these functions;

(29) counties and the Department of Children, Youth, and Families operating child care assistance programs under chapter 119B may disseminate data on program participants, applicants, and providers to the commissioner of education;

(30) child support data on the child, the parents, and relatives of the child may be disclosed to agencies administering programs under titles IV-B and IV-E of the Social Security Act, as authorized by federal law;

(31) to a health care provider governed by sections 144.291 to 144.298, to the extent necessary to coordinate services;

(32) to the chief administrative officer of a school to coordinate services for a student and family; data that may be disclosed under this clause are limited to name, date of birth, gender, and address;

(33) to county correctional agencies to the extent necessary to coordinate services and diversion programs; data that may be disclosed under this clause are limited to name, client demographics, program, case status, and county worker information; or

(34) between the Department of Human Services and the Metropolitan Council for the following purposes:

(i) to coordinate special transportation service provided under section 473.386 with services for people with disabilities and elderly individuals funded by or through the Department of Human Services; and

(ii) to provide for reimbursement of special transportation service provided under section 473.386.

The data that may be shared under this clause are limited to the individual's first, last, and middle names; date of birth; residential address; and program eligibility status with expiration date for the purposes of informing the other party of program eligibility.

(b) Information on persons who have been treated for substance use disorder may only be disclosed according to the requirements of Code of Federal Regulations, title 42, sections 2.1 to 2.67.

(c) Data provided to law enforcement agencies under paragraph (a), clause (15), (16), (17), or (18), or paragraph (b), are investigative data and are confidential or protected nonpublic while the investigation is active. The data are private after the investigation becomes inactive under section 13.82, subdivision 7, clause (a) or (b).

(d) Mental health data shall be treated as provided in subdivisions 7, 8, and 9, but are not subject to the access provisions of subdivision 10, paragraph (b).

For the purposes of this subdivision, a request will be deemed to be made in writing if made through a computer interface system.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 4. Minnesota Statutes 2022, section 13.46, subdivision 10, as amended by Laws 2024, chapter 79, article 9, section 2, is amended to read:

Subd. 10. **Responsible authority.** (a) Notwithstanding any other provision of this chapter to the contrary, the responsible authority for each component of the welfare system listed in subdivision 1, clause (c), shall be as follows:

(1) the responsible authority for the Department of Human Services is the commissioner of human services;

(2) the responsible authority of a county welfare agency is the director of the county welfare agency;

(3) the responsible authority for a local social services agency, human services board, or community mental health center board is the chair of the board;

(4) the responsible authority of any person, agency, institution, organization, or other entity under contract to any of the components of the welfare system listed in subdivision 1, clause (c), is the person specified in the contract;

(5) the responsible authority of the public authority for child support enforcement is the head of the public authority for child support enforcement;

(6) the responsible authority for county veteran services is the county veterans service officer pursuant to section 197.603, subdivision 2; and

(7) the responsible authority for ~~the Department of~~ Direct Care and Treatment is the chief executive officer of Direct Care and Treatment ~~executive board~~.

(b) A responsible authority shall allow another responsible authority in the welfare system access to data classified as not public data when access is necessary for the administration and management of programs, or as authorized or required by statute or federal law.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 5. Minnesota Statutes 2023 Supplement, section 15.01, is amended to read:

15.01 DEPARTMENTS OF THE STATE.

The following agencies are designated as the departments of the state government: the Department of Administration; the Department of Agriculture; the Department of Children, Youth, and Families; the Department of Commerce; the Department of Corrections; ~~the Department of Direct Care and Treatment;~~ the Department of Education; the Department of Employment and Economic Development; the Department of Health; the Department of Human Rights; the Department of Human Services; the Department of Information Technology Services; the Department of Iron Range Resources and Rehabilitation; the Department of Labor and Industry; the Department of Management and Budget; the Department of Military Affairs; the Department of Natural Resources; the Department of Public Safety; the Department of Revenue; the Department of Transportation; the Department of Veterans Affairs; and their successor departments.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 6. Minnesota Statutes 2023 Supplement, section 15.06, subdivision 1, as amended by Laws 2024, chapter 85, section 6, is amended to read:

Subdivision 1. **Applicability.** This section applies to the following departments or agencies: the Departments of Administration; Agriculture; Children, Youth, and Families; Commerce; Corrections; ~~Direct Care and Treatment;~~ Education; Employment and Economic Development; Health; Human Rights; Human Services; Iron Range Resources and Rehabilitation; Labor and Industry; Management and Budget; Natural Resources; Public Safety; Revenue; Transportation; and Veterans Affairs; the Housing Finance and Pollution Control Agencies; the Department of Information Technology Services; the Bureau of Mediation Services; and their successor departments and agencies. The heads of the foregoing departments or agencies are "commissioners."

EFFECTIVE DATE. This section is effective July 1, 2024t.

Sec. 7. Minnesota Statutes 2023 Supplement, section 15A.0815, subdivision 2, is amended to read:

Subd. 2. **Agency head salaries.** The salary for a position listed in this subdivision shall be determined by the Compensation Council under section 15A.082. The commissioner of management and budget must publish the salaries on the department's website. This subdivision applies to the following positions:

Commissioner of administration;

Commissioner of agriculture;

Commissioner of education;

Commissioner of children, youth, and families;

Commissioner of commerce;

Commissioner of corrections;

Commissioner of health;

Commissioner, Minnesota Office of Higher Education;

Commissioner, Minnesota IT Services;

Commissioner, Housing Finance Agency;

Commissioner of human rights;

Commissioner of human services;

Commissioner of labor and industry;

Commissioner of management and budget;

Commissioner of natural resources;

Commissioner, Pollution Control Agency;

Commissioner of public safety;

Commissioner of revenue;

Commissioner of employment and economic development;

Commissioner of transportation;

Commissioner of veterans affairs;

Executive director of the Gambling Control Board;

Executive director of the Minnesota State Lottery;

Commissioner of Iron Range resources and rehabilitation;

Commissioner, Bureau of Mediation Services;

Ombudsman for mental health and developmental disabilities;

Ombudsperson for corrections;

Chair, Metropolitan Council;

Chair, Metropolitan Airports Commission;

School trust lands director;

Executive director of pari-mutuel racing; ~~and~~

Commissioner, Public Utilities Commission; and

Chief Executive Officer, Direct Care and Treatment.

Sec. 8. Minnesota Statutes 2023 Supplement, section 15A.082, subdivision 1, is amended to read:

Subdivision 1. **Creation.** A Compensation Council is created each odd-numbered year to establish the compensation of constitutional officers and the heads of state and metropolitan agencies identified in section 15A.0815, ~~and~~ to assist the legislature in establishing the compensation of justices of the supreme court and judges of the court of appeals and district court, and to determine the daily compensation for voting members of the Direct Care and Treatment executive board.

Sec. 9. Minnesota Statutes 2023 Supplement, section 15A.082, subdivision 3, is amended to read:

Subd. 3. **Submission of recommendations and determination.** (a) By April 1 in each odd-numbered year, the Compensation Council shall submit to the speaker of the house and the president of the senate salary recommendations for justices of the supreme court, and judges of the court of appeals and district court. The recommended salaries take effect on July 1 of that year and July 1 of the subsequent even-numbered year and at whatever interval the council recommends thereafter, unless the legislature by law provides otherwise. The salary recommendations take effect if an appropriation of money to pay the recommended salaries is enacted after the recommendations are submitted and before their effective date. Recommendations may be expressly modified or rejected.

(b) By April 1 in each odd-numbered year, the Compensation Council must prescribe salaries for constitutional officers, and for the agency and metropolitan agency heads identified in section 15A.0815. The prescribed salary for each office must take effect July 1 of that year and July 1 of the subsequent even-numbered year and at whatever interval the council determines thereafter, unless the legislature by law provides otherwise. An appropriation by the legislature to fund the relevant office, branch, or agency of an

amount sufficient to pay the salaries prescribed by the council constitutes a prescription by law as provided in the Minnesota Constitution, article V, sections 4 and 5.

(c) By April 1 in each odd-numbered year, the Compensation Council must prescribe daily compensation for voting members of the Direct Care and Treatment executive board. The recommended daily compensation takes effect on July 1 of that year and July 1 of the subsequent even-numbered year and at whatever interval the council recommends thereafter, unless the legislature by law provides otherwise.

Sec. 10. Minnesota Statutes 2023 Supplement, section 15A.082, subdivision 7, is amended to read:

Subd. 7. **No ex parte communications.** Members may not have any communication with a constitutional officer, a head of a state agency, ~~or~~ a member of the judiciary, or a member of the Direct Care and Treatment executive board during the period after the first meeting is convened under this section and the date the prescribed and recommended salaries and daily compensation are submitted under subdivision 3.

Sec. 11. Minnesota Statutes 2023 Supplement, section 43A.08, subdivision 1, is amended to read:

Subdivision 1. **Unclassified positions.** Unclassified positions are held by employees who are:

(1) chosen by election or appointed to fill an elective office;

(2) heads of agencies required by law to be appointed by the governor or other elective officers, and the executive or administrative heads of departments, bureaus, divisions, and institutions specifically established by law in the unclassified service;

(3) deputy and assistant agency heads and one confidential secretary in the agencies listed in subdivision 1a;

(4) the confidential secretary to each of the elective officers of this state and, for the secretary of state and state auditor, an additional deputy, clerk, or employee;

(5) intermittent help employed by the commissioner of public safety to assist in the issuance of vehicle licenses;

(6) employees in the offices of the governor and of the lieutenant governor and one confidential employee for the governor in the Office of the Adjutant General;

(7) employees of the Washington, D.C., office of the state of Minnesota;

(8) employees of the legislature and of legislative committees or commissions; provided that employees of the Legislative Audit Commission, except for the legislative auditor, the deputy legislative auditors, and their confidential secretaries, shall be employees in the classified service;

(9) presidents, vice-presidents, deans, other managers and professionals in academic and academic support programs, administrative or service faculty, teachers, research assistants, and student employees eligible under terms of the federal Economic Opportunity Act work study program in the Perpich Center for Arts Education and the Minnesota State Colleges and Universities, but not the custodial, clerical, or maintenance employees, or any professional or managerial employee performing duties in connection with the business administration of these institutions;

(10) officers and enlisted persons in the National Guard;

(11) attorneys, legal assistants, and three confidential employees appointed by the attorney general or employed with the attorney general's authorization;

(12) judges and all employees of the judicial branch, referees, receivers, jurors, and notaries public, except referees and adjusters employed by the Department of Labor and Industry;

(13) members of the State Patrol; provided that selection and appointment of State Patrol troopers must be made in accordance with applicable laws governing the classified service;

(14) examination monitors and intermittent training instructors employed by the Departments of Management and Budget and Commerce and by professional examining boards and intermittent staff employed by the technical colleges for the administration of practical skills tests and for the staging of instructional demonstrations;

(15) student workers;

(16) executive directors or executive secretaries appointed by and reporting to any policy-making board or commission established by statute;

(17) employees unclassified pursuant to other statutory authority;

(18) intermittent help employed by the commissioner of agriculture to perform duties relating to pesticides, fertilizer, and seed regulation;

(19) the administrators and the deputy administrators at the State Academies for the Deaf and the Blind; and

(20) the chief executive ~~officers in the Department of Human Services~~ officer of Direct Care and Treatment.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 12. Minnesota Statutes 2023 Supplement, section 43A.08, subdivision 1a, is amended to read:

Subd. 1a. **Additional unclassified positions.** Appointing authorities for the following agencies may designate additional unclassified positions according to this subdivision: the Departments of Administration; Agriculture; Children, Youth, and Families; Commerce; Corrections; ~~Direct Care and Treatment;~~ Education; Employment and Economic Development; Explore Minnesota Tourism; Management and Budget; Health; Human Rights; Human Services; Labor and Industry; Natural Resources; Public Safety; Revenue; Transportation; and Veterans Affairs; the Housing Finance and Pollution Control Agencies; the State Lottery; the State Board of Investment; the Office of Administrative Hearings; the Department of Information Technology Services; the Offices of the Attorney General, Secretary of State, and State Auditor; the Minnesota State Colleges and Universities; the Minnesota Office of Higher Education; the Perpich Center for Arts Education; Direct Care and Treatment; and the Minnesota Zoological Board.

A position designated by an appointing authority according to this subdivision must meet the following standards and criteria:

(1) the designation of the position would not be contrary to other law relating specifically to that agency;

(2) the person occupying the position would report directly to the agency head or deputy agency head and would be designated as part of the agency head's management team;

(3) the duties of the position would involve significant discretion and substantial involvement in the development, interpretation, and implementation of agency policy;

(4) the duties of the position would not require primarily personnel, accounting, or other technical expertise where continuity in the position would be important;

(5) there would be a need for the person occupying the position to be accountable to, loyal to, and compatible with, the governor and the agency head, the employing statutory board or commission, or the employing constitutional officer;

(6) the position would be at the level of division or bureau director or assistant to the agency head; and

(7) the commissioner has approved the designation as being consistent with the standards and criteria in this subdivision.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 13. Minnesota Statutes 2022, section 145.61, subdivision 5, is amended to read:

Subd. 5. **Review organization.** "Review organization" means a nonprofit organization acting according to clause (l), a committee as defined under section 144E.32, subdivision 2, or a committee whose membership is limited to professionals, administrative staff, and consumer directors, except where otherwise provided for by state or federal law, and which is established by one or more of the following: a hospital, a clinic, a nursing home, an ambulance service or first responder service regulated under chapter 144E, one or more state or local associations of professionals, an organization of professionals from a particular area or medical institution, a health maintenance organization as defined in chapter 62D, a community integrated service network as defined in chapter 62N, a nonprofit health service plan corporation as defined in chapter 62C, a preferred provider organization, a professional standards review organization established pursuant to United States Code, title 42, section 1320c-1 et seq., a medical review agent established to meet the requirements of section 256B.04, subdivision 15, the Department of Human Services, Direct Care and Treatment, or a nonprofit corporation that owns, operates, or is established by one or more of the above referenced entities, to gather and review information relating to the care and treatment of patients for the purposes of:

(a) evaluating and improving the quality of health care;

(b) reducing morbidity or mortality;

(c) obtaining and disseminating statistics and information relative to the treatment and prevention of diseases, illness and injuries;

(d) developing and publishing guidelines showing the norms of health care in the area or medical institution or in the entity or organization that established the review organization;

(e) developing and publishing guidelines designed to keep within reasonable bounds the cost of health care;

(f) developing and publishing guidelines designed to improve the safety of care provided to individuals;

(g) reviewing the safety, quality, or cost of health care services provided to enrollees of health maintenance organizations, community integrated service networks, health service plans, preferred provider organizations, and insurance companies;

(h) acting as a professional standards review organization pursuant to United States Code, title 42, section 1320c-1 et seq.;

(i) determining whether a professional shall be granted staff privileges in a medical institution, membership in a state or local association of professionals, or participating status in a nonprofit health service plan corporation, health maintenance organization, community integrated service network, preferred provider organization, or insurance company, or whether a professional's staff privileges, membership, or participation status should be limited, suspended or revoked;

(j) reviewing, ruling on, or advising on controversies, disputes or questions between:

(1) health insurance carriers, nonprofit health service plan corporations, health maintenance organizations, community integrated service networks, self-insurers and their insureds, subscribers, enrollees, or other covered persons;

(2) professional licensing boards and health providers licensed by them;

(3) professionals and their patients concerning diagnosis, treatment or care, or the charges or fees therefor;

(4) professionals and health insurance carriers, nonprofit health service plan corporations, health maintenance organizations, community integrated service networks, or self-insurers concerning a charge or fee for health care services provided to an insured, subscriber, enrollee, or other covered person;

(5) professionals or their patients and the federal, state, or local government, or agencies thereof;

(k) providing underwriting assistance in connection with professional liability insurance coverage applied for or obtained by dentists, or providing assistance to underwriters in evaluating claims against dentists;

(l) acting as a medical review agent under section 256B.04, subdivision 15;

(m) providing recommendations on the medical necessity of a health service, or the relevant prevailing community standard for a health service;

(n) providing quality assurance as required by United States Code, title 42, sections 1396r(b)(1)(b) and 1395i-3(b)(1)(b) of the Social Security Act;

(o) providing information to group purchasers of health care services when that information was originally generated within the review organization for a purpose specified by this subdivision;

(p) providing information to other, affiliated or nonaffiliated review organizations, when that information was originally generated within the review organization for a purpose specified by this subdivision, and as long as that information will further the purposes of a review organization as specified by this subdivision; or

(q) participating in a standardized incident reporting system, including Internet-based applications, to share information for the purpose of identifying and analyzing trends in medical error and iatrogenic injury.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 14. Minnesota Statutes 2022, section 246.018, subdivision 3, as amended by Laws 2024, chapter 79, article 1, section 6, is amended to read:

Subd. 3. **Duties.** The executive medical director shall:

(1) oversee the clinical provision of inpatient mental health services provided in the state's regional treatment centers;

(2) recruit and retain psychiatrists to serve on the direct care and treatment medical staff established in subdivision 4;

(3) consult with the executive board, the chief executive officer, and community mental health center directors~~, and the state-operated services governing body~~ to develop standards for treatment and care of patients in state-operated service programs;

(4) develop and oversee a continuing education program for members of the medical staff; and

(5) participate and cooperate in the development and maintenance of a quality assurance program for state-operated services that assures that residents receive continuous quality inpatient, outpatient, and postdischarge care.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 15. Minnesota Statutes 2022, section 246.13, subdivision 2, as amended by Laws 2024, chapter 79, article 2, section 4, is amended to read:

Subd. 2. **Definitions; risk assessment and management.** (a) As used in this section:

(1) "appropriate and necessary medical and other records" includes patient medical records and other protected health information as defined by Code of Federal Regulations, title 45, section 164.501, relating to a patient in a state-operated services facility including but not limited to the patient's treatment plan and abuse prevention plan pertinent to the patient's ongoing care, treatment, or placement in a community-based treatment facility or a health care facility that is not operated by state-operated services, including information describing the level of risk posed by a patient when the patient enters the facility;

(2) "community-based treatment" means the community support services listed in section 253B.02, subdivision 4b;

(3) "criminal history data" means data maintained or used by the Departments of Corrections and Public Safety and by the supervisory authorities listed in section 13.84, subdivision 1, that relate to an individual's criminal history or propensity for violence, including data in the:

(i) Corrections Offender Management System (COMS);

(ii) Statewide Supervision System (S3);

(iii) Bureau of Criminal Apprehension criminal history data as defined in section 13.87;

(iv) Integrated Search Service as defined in section 13.873; and

(v) Predatory Offender Registration (POR) system;

(4) "designated agency" means the agency defined in section 253B.02, subdivision 5;

(5) "law enforcement agency" means the law enforcement agency having primary jurisdiction over the location where the offender expects to reside upon release;

(6) "predatory offender" and "offender" mean a person who is required to register as a predatory offender under section 243.166; and

(7) "treatment facility" means a facility as defined in section 253B.02, subdivision 19.

(b) To promote public safety and for the purposes and subject to the requirements of this paragraph, the executive board or the executive board's designee shall have access to, and may review and disclose, medical and criminal history data as provided by this section, as necessary to comply with Minnesota Rules, part 1205.0400, to:

(1) determine whether a patient is required under state law to register as a predatory offender according to section 243.166;

(2) facilitate and expedite the responsibilities of the special review board and end-of-confinement review committees by corrections institutions and state treatment facilities;

(3) prepare, amend, or revise the abuse prevention plans required under section 626.557, subdivision 14, and individual patient treatment plans required under section 253B.03, subdivision 7;

(4) facilitate the custody, supervision, and transport of individuals transferred between the Department of Corrections and ~~the Department of~~ Direct Care and Treatment; and

(5) effectively monitor and supervise individuals who are under the authority of the Department of Corrections, ~~the Department of~~ Direct Care and Treatment, and the supervisory authorities listed in section 13.84, subdivision 1.

(c) The state-operated services treatment facility or a designee must make a good faith effort to obtain written authorization from the patient before releasing information from the patient's medical record.

(d) If the patient refuses or is unable to give informed consent to authorize the release of information required under this subdivision, the chief executive officer ~~for state-operated services~~ or a designee shall provide the appropriate and necessary medical and other records. The chief executive officer or a designee shall comply with the minimum necessary privacy requirements.

(e) The executive board may have access to the National Crime Information Center (NCIC) database through the Department of Public Safety in support of the public safety functions described in paragraph (b).

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 16. Minnesota Statutes 2022, section 246.234, as amended by Laws 2024, chapter 79, article 1, section 11, is amended to read:

246.234 RECIPROCAL EXCHANGE OF CERTAIN PERSONS.

The executive board is ~~hereby~~ authorized with the approval of the governor to enter into reciprocal agreements with duly authorized authorities of ~~any other~~ another state or states regarding the mutual exchange, return, and transportation of persons with a mental illness or developmental disability who are within the confines of one state but have legal residence or legal settlement for the purposes of relief in another state. ~~Such agreements~~ Any agreement entered into under this subdivision must not contain ~~provisions conflicting~~ any provision that conflicts with any ~~law of this~~ state law.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 17. Minnesota Statutes 2022, section 246.36, as amended by Laws 2024, chapter 79, article 1, section 14, is amended to read:

246.36 ACCEPTANCE OF VOLUNTARY, UNCOMPENSATED SERVICES.

For the purpose of carrying out a duty, the executive board ~~shall have authority to~~ may accept uncompensated and voluntary services and ~~to~~ may enter into contracts or agreements with private or public agencies, organizations, or persons for uncompensated and voluntary services as the executive board deems practicable. Uncompensated and voluntary services do not include services mandated by licensure and certification requirements for health care facilities. The volunteer agencies, organizations, or persons who provide services to residents of state facilities operated under the authority of the executive board are not subject to the procurement requirements of chapters 16A and 16C. ~~The agencies, organizations, or persons may purchase supplies, services, and equipment to be used in providing services to residents of state facilities through the Department of Administration.~~

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 18. Minnesota Statutes 2023 Supplement, section 246C.01, is amended to read:

246C.01 TITLE.

This chapter may be cited as the "~~Department of~~ Direct Care and Treatment Act."

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 19. Minnesota Statutes 2023 Supplement, section 246C.02, as amended by Laws 2024, chapter 79, article 1, section 19, is amended to read:

246C.02 ~~DEPARTMENT OF~~ DIRECT CARE AND TREATMENT; ESTABLISHMENT.

Subdivision 1. **Establishment.** ~~The Department of~~ Direct Care and Treatment is created as an agency headed by an executive board. ~~An executive board shall head the Department of Direct Care and Treatment.~~

~~Subd. 2. **Mission.** (a) The executive board shall develop and maintain direct care and treatment in a manner consistent with applicable law, including chapters 13, 245, 246, 246B, 252, 253, 253B, 253C, 253D, 254A, 254B, and 256.~~

~~(b) The executive board shall provide direct care and treatment services in coordination with the commissioner of human services, counties, and other vendors.~~

Subd. 3. **Direct care and treatment services.** Direct Care and Treatment ~~services~~ shall provide direct care and treatment services that include specialized inpatient programs at secure treatment facilities, community preparation services, regional treatment centers, enterprise services, consultative services, aftercare services, community-based services and programs, transition services, nursing home services, and other services consistent with ~~the mission of the Department of Direct Care and Treatment~~ state law, including this chapter and chapters 245, 246, 246B, 252, 253, 253B, 253C, 253D, 254A, 254B, and 256. Direct Care and Treatment shall provide direct care and treatment services in coordination with the commissioner of human services, counties, and other vendors.

Subd. 4. **Statewide services.** (a) The administrative structure of state-operated services must be statewide in character.

(b) The state-operated services staff may deliver services at any location throughout the state.

Subd. 5. **Department of Human Services as state agency.** The commissioner of human services continues to constitute the "state agency" as defined by the Social Security Act of the United States and the laws of this state for all purposes relating to mental health and mental hygiene.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 20. Minnesota Statutes 2023 Supplement, section 246C.04, as amended by Laws 2024, chapter 79, article 1, section 21, is amended to read:

246C.04 TRANSFER OF DUTIES.

Subdivision 1. **Transfer of duties.** (a) Section 15.039 applies to the transfer of ~~duties~~ responsibilities from the Department of Human Services to Direct Care and Treatment required by this chapter.

(b) The commissioner of administration, with the governor's approval, shall issue reorganization orders under section 16B.37 as necessary to carry out the transfer of duties required by ~~section 246C.03~~ this chapter. The provision of section 16B.37, subdivision 1, stating that transfers under section 16B.37 may only be to an agency that has existed for at least one year does not apply to transfers to an agency created by this chapter.

~~(c) The initial salary for the health systems chief executive officer of the Department of Direct Care and Treatment is the same as the salary for the health systems chief executive officer of direct care and treatment at the Department of Human Services immediately before July 1, 2024.~~

Subd. 2. **Transfer of custody of civilly committed persons.** The commissioner of human services shall continue to exercise all authority and responsibility for and retain custody of persons subject to civil commitment under chapter 253B or 253D until July 1, 2025. Effective July 1, 2025, custody of persons subject to civil commitment under chapter 253B or 253D and in the custody of the commissioner of human services as of that date is hereby transferred to the executive board without any further act or proceeding. Authority and responsibility for the commitment of such persons is transferred to the executive board July 1, 2025.

Subd. 3. **Control of direct care and treatment.** The commissioner of human services shall continue to exercise all authorities and responsibilities under this chapter and chapters 13, 245, 246, 246B, 252, 253, 253B, 253C, 253D, 254A, 254B, and 256, with reference to any state-operated service, program, or facility subject to transfer under this act until July 1, 2025. Effective July 1, 2025, the powers and duties vested in or imposed upon the commissioner of human services with reference to any state-operated service, program, or facility are hereby transferred to, vested in, and imposed upon the executive board according to this chapter and applicable state law. Effective July 1, 2025, the executive board ~~is hereby charged with and~~ has the exclusive power of administration and management of all state hospitals for persons with a developmental disability, mental illness, or substance use disorder. Effective July 1, 2025, the executive board has the power and authority to determine all matters relating to the development of all of the foregoing institutions and of such other institutions vested in the executive board. Effective July 1, 2025, the powers, functions, and authority vested in the commissioner of human services relative to such state institutions are ~~hereby~~ transferred to the executive board according to this chapter and applicable state law.

Subd. 4. **Appropriations.** There is hereby appropriated to such persons or institutions as are entitled to such sums as are provided for in this section, from the fund or account in the state treasury to which the money was credited, an amount sufficient to make such payment.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 21. Minnesota Statutes 2023 Supplement, section 246C.05, as amended by Laws 2024, chapter 79, article 1, section 22, is amended to read:

246C.05 EMPLOYEE PROTECTIONS FOR ESTABLISHING ~~THE NEW DEPARTMENT OF~~ DIRECT CARE AND TREATMENT.

(a) Personnel whose duties relate to the functions assigned to the executive board in ~~section 246C.03~~ this chapter are transferred to ~~the Department of~~ Direct Care and Treatment effective 30 days after approval by the commissioner of management and budget.

(b) Before the executive board is appointed, personnel whose duties relate to the functions in this ~~section~~ chapter may be transferred beginning July 1, 2024, with 30 days' notice from the commissioner of management and budget.

(c) The following protections shall apply to employees who are transferred from the Department of Human Services to ~~the Department of~~ Direct Care and Treatment:

(1) No transferred employee shall have their employment status and job classification altered as a result of the transfer.

(2) Transferred employees who were represented by an exclusive representative prior to the transfer shall continue to be represented by the same exclusive representative after the transfer.

(3) The applicable collective bargaining agreements with exclusive representatives shall continue in full force and effect for such transferred employees after the transfer.

(4) The state shall have the obligation to meet and negotiate with the exclusive representatives of the transferred employees about any proposed changes affecting or relating to the transferred employees' terms and conditions of employment to the extent such changes are not addressed in the applicable collective bargaining agreement.

(5) When an employee in a temporary unclassified position is transferred to ~~the Department of~~ Direct Care and Treatment, the total length of time that the employee has served in the appointment shall include all time served in the appointment at the transferring agency and the time served in the appointment at ~~the Department of~~ Direct Care and Treatment. An employee in a temporary unclassified position who was hired by a transferring agency through an open competitive selection process in accordance with a policy enacted by Minnesota Management and Budget shall be considered to have been hired through such process after the transfer.

(6) In the event that the state transfers ownership or control of any of the facilities, services, or operations of ~~the Department of~~ Direct Care and Treatment to another entity, whether private or public, by subcontracting, sale, assignment, lease, or other transfer, the state shall require as a written condition of such transfer of ownership or control the following provisions:

(i) Employees who perform work in transferred facilities, services, or operations must be offered employment with the entity acquiring ownership or control before the entity offers employment to any individual who was not employed by the transferring agency at the time of the transfer.

(ii) The wage and benefit standards of such transferred employees must not be reduced by the entity acquiring ownership or control through the expiration of the collective bargaining agreement in effect at the time of the transfer or for a period of two years after the transfer, whichever is longer.

(d) There is no liability on the part of, and no cause of action arises against, the state of Minnesota or its officers or agents for any action or inaction of any entity acquiring ownership or control of any facilities, services, or operations of ~~the Department of~~ Direct Care and Treatment.

(e) This section expires upon the completion of the transfer of duties to the executive board under ~~section 246C.03~~ this chapter. The commissioner of human services shall notify the revisor of statutes when the transfer of duties is complete.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 22. **[246C.07] POWERS AND DUTIES OF EXECUTIVE BOARD.**

Subdivision 1. **Generally.** (a) The executive board must operate the agency according to this chapter and applicable state and federal law. The overall management and control of the agency is vested in the executive board in accordance with this chapter.

(b) The executive board must appoint a chief executive officer according to section 246C.08. The chief executive officer is responsible for the administrative and operational duties of Direct Care and Treatment in accordance with this chapter.

(c) The executive board may delegate duties imposed by this chapter and under applicable state and federal law as deemed appropriate by the board and in accordance with this chapter. Any delegation of a specified statutory duty or power to an employee of Direct Care and Treatment other than the chief executive officer must be made by written order and filed with the secretary of state. Only the chief executive officer shall have the powers and duties of the executive board as specified in section 246C.08.

Subd. 2. **Principles.** The executive board, in undertaking its duties and responsibilities and within Direct Care and Treatment resources, shall act according to the following principles:

(1) prevent the waste or unnecessary spending of public money;

(2) use innovative fiscal and human resource practices to manage the state's resources and operate the agency as efficiently as possible;

(3) coordinate Direct Care and Treatment activities wherever appropriate with the activities of other governmental agencies;

(4) use technology where appropriate to increase agency productivity, improve customer service, increase public access to information about government, and increase public participation in the business of government; and

(5) utilize constructive and cooperative labor management practices to the extent otherwise required by chapter 43A or 179A.

Subd. 3. **Powers and duties.** (a) The executive board has the power and duty to:

(1) set the overall strategic direction for Direct Care and Treatment, ensuring that Direct Care and Treatment delivers exceptional care and supports the well-being of all individuals served by Direct Care and Treatment;

(2) establish policies and procedures to govern the operation of the facilities, programs, and services under the direct authority of Direct Care and Treatment;

(3) employ personnel and delegate duties and responsibilities to personnel as deemed appropriate by the executive board, subject to chapters 43A and 179A and in accordance with this chapter;

(4) review and approve the operating budget proposal for Direct Care and Treatment;

(5) accept and use gifts, grants, or contributions from any nonstate source or refuse to accept any gift, grant, or contribution if acceptance would not be in the best interest of the state;

(6) deposit all money received as gifts, grants, or contributions pursuant to section 246C.091, subdivision 1;

(7) expend or use any gift, grant, or contribution as nearly in accordance with the conditions of the gift, grant, or contribution identified by the donor for a certain institution or purpose, compatible with the best interests of the individuals under the jurisdiction of the executive board and of the state;

(8) comply with all conditions and requirements necessary to receive federal aid or block grants with respect to the establishment, construction, maintenance, equipment, or operation of adequate facilities and services consistent with the mission of Direct Care and Treatment;

(9) enter into information-sharing agreements with federal and state agencies and other entities, provided the agreements include adequate protections with respect to the confidentiality and integrity of the information to be shared and comply with all applicable state and federal laws, regulations, and rules;

(10) enter into interagency or service level agreements with a state department listed in section 15.01; a multimember state agency described in section 15.012, paragraph (a); or the Department of Information Technology Services;

(11) enter into contractual agreements with federally recognized Indian Tribes with a reservation in Minnesota;

(12) enter into contracts with public and private agencies, private and nonprofit organizations, and individuals using appropriated money;

(13) establish and maintain any administrative units reasonably necessary for the performance of administrative functions common to all programs or divisions of Direct Care and Treatment;

(14) authorize the method of payment to or from Direct Care and Treatment as part of programs administered by Direct Care and Treatment, including authorization of the receipt or disbursement of money held by Direct Care and Treatment in a fiduciary capacity as part of the programs administered by Direct Care and Treatment;

(15) inform Tribal Nations and county agencies, on a timely basis, of changes in statute, rule, federal law, regulation, and policy necessary to Tribal or county agency administration of Direct Care and Treatment programs and services;

(16) report to the legislature on the performance of Direct Care and Treatment operations and the accomplishment of Direct Care and Treatment goals in its biennial budget in accordance with section 16A.10, subdivision 1;

(17) recommend to the legislature appropriate changes in law necessary to carry out the principles and improve the performance of Direct Care and Treatment; and

(18) exercise all powers reasonably necessary to implement and administer the requirements of this chapter and applicable state and federal law.

(b) The specific enumeration of powers and duties as set forth in this section shall not be construed as a limitation upon the general transfer of Direct Care and Treatment facilities, programs, and services from the Department of Human Services to Direct Care and Treatment under this chapter.

Subd. 4. **Creation of bylaws.** The board may establish bylaws governing its operations and the operations of Direct Care and Treatment in accordance with this chapter.

Subd. 5. **Performance of chief executive officer.** The governor may request that the executive board review the performance of the chief executive officer at any time. Within 14 days of receipt of the request, the board must meet and conduct a performance review as specifically requested by the governor. During the performance review, a representative of the governor must be included as a voting member of the board for the purpose of the board's discussions and decisions regarding the governor's request. The board must establish a performance improvement plan as necessary or take disciplinary or other corrective action, including dismissal. The executive board must report to the governor on action taken by the board, including an explanation if no action is deemed necessary.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 23. **[246C.08] CHIEF EXECUTIVE OFFICER; SERVICE; DUTIES.**

Subdivision 1. **Service.** (a) The Direct Care and Treatment chief executive officer is appointed by the executive board, in consultation with the governor, and serves at the pleasure of the executive board, with the advice and consent of the senate.

(b) The chief executive officer shall serve in the unclassified service in accordance with section 43A.08. The Compensation Council under section 15A.082 shall establish the salary of the chief executive officer.

Subd. 2. **Powers and duties.** (a) The chief executive officer's primary duty is to assist the executive board. The chief executive officer is responsible for the administrative and operational management of the agency.

(b) The chief executive officer shall have all the powers of the executive board unless the executive board directs otherwise. The chief executive officer shall have the authority to speak for the executive board and Direct Care and Treatment within and outside the agency.

(c) In the event that a vacancy occurs for any reason within the chief executive officer position, the executive medical director appointed under section 246.018 shall immediately become the temporary chief executive officer until the executive board appoints a new chief executive officer. During this period, the executive medical director shall have all the powers and authority delegated to the chief executive officer by the board and specified in this chapter.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 24. **[246C.091] DIRECT CARE AND TREATMENT ACCOUNTS.**

Subdivision 1. **Gifts, grants, and contributions account.** (a) A gifts, grants, and contributions account is created in the special revenue fund in the state treasury. All money received by the executive board as a gift, grant, or contribution must be deposited in the gifts, grants, and contributions account. Beginning July 1, 2025, except as provided in paragraph (b), money in the account is annually appropriated to the Direct

Care and Treatment executive board to accomplish the purposes of this chapter. Gifts, grants, or contributions received by the executive board exceeding current agency needs must be invested by the State Board of Investment in accordance with section 11A.24. Disbursements from the gifts, grants, and contributions account must be made in the manner provided for the issuance of other state payments.

(b) If the gift or contribution is designated for a certain person, institution, or purpose, the Direct Care and Treatment executive board must use the gift or contribution as specified in accordance with the conditions of the gift or contribution if compatible with the best interests of the person and the state. If a gift or contribution is accepted for the use and benefit of a person with a developmental disability, including those within a state hospital, research relating to persons with a developmental disability must be considered an appropriate use of the gift or contribution. Such money must not be used for any structures or installations which by their nature would require state expenditures for their operation or maintenance without specific legislative enactment.

Subd. 2. **Facilities management account.** A facilities management account is created in the special revenue fund of the state treasury. Beginning July 1, 2025, money in the account is appropriated to the Direct Care and Treatment executive board and may be used to maintain buildings, acquire facilities, renovate existing buildings, or acquire land for the design and construction of buildings for Direct Care and Treatment use. Money received for maintaining state property under control of the executive board may be deposited into this account.

Subd. 3. **Direct Care and Treatment systems account.** (a) The Direct Care and Treatment systems account is created in the special revenue fund of the state treasury. Beginning July 1, 2025, money in the account is appropriated to the Direct Care and Treatment executive board and may be used for security systems and information technology projects, services, and support under the control of the executive board.

(b) The commissioner of human services shall transfer all money allocated to the Direct Care and Treatment systems projects under section 256.014 to the Direct Care and Treatment systems account by June 30, 2026.

Subd. 4. **Cemetery maintenance account.** The cemetery maintenance account is created in the special revenue fund of the state treasury. Money in the account is appropriated to the executive board for the maintenance of cemeteries under control of the executive board. Money allocated to Direct Care and Treatment cemeteries may be transferred to this account.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 25. Minnesota Statutes 2022, section 256.88, is amended to read:

256.88 SOCIAL WELFARE FUND ESTABLISHED.

Except as otherwise expressly provided, all moneys and funds held by the commissioner of human services, the Direct Care and Treatment executive board, and the local social services agencies of the several counties in trust or for the benefit of children with a disability and children who are dependent, neglected, or delinquent, children born to mothers who were not married to the children's fathers at the times of the conception nor at the births of the children, persons determined to have developmental disability, mental illness, or substance use disorder, or other wards or beneficiaries, under any law, shall be kept in a single fund to be known as the "social welfare fund" which shall be deposited at interest, held, or disbursed as provided in sections 256.89 to 256.92.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 26. Minnesota Statutes 2022, section 256.89, is amended to read:

256.89 FUND DEPOSITED IN STATE TREASURY.

The social welfare fund and all accretions thereto shall be deposited in the state treasury, as a separate and distinct fund, to the credit of the commissioner of human services and the Direct Care and Treatment executive board as ~~trustee~~ trustees for ~~the~~ their respective beneficiaries ~~thereof~~ in proportion to ~~their~~ the beneficiaries' several interests. The commissioner of management and budget shall be responsible only to the commissioner of human services and the Direct Care and Treatment executive board for the sum total of the fund, and shall have no duties nor direct obligations toward the beneficiaries thereof individually. Subject to the applicable rules of the commissioner of human services or the Direct Care and Treatment executive board, money so received by a local social services agency may be deposited by the executive secretary of the local social services agency in a local bank carrying federal deposit insurance, designated by the local social services agency for this purpose. The amount of such deposit in each such bank at any one time shall not exceed the amount protected by federal deposit insurance.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 27. Minnesota Statutes 2022, section 256.90, is amended to read:

256.90 SOCIAL WELFARE FUND; USE; DISPOSITION; DEPOSITORIES.

The commissioner of human services, in consultation with the Direct Care and Treatment executive board, at least 30 days before the first day of January and the first day of July in each year shall file with the commissioner of management and budget an estimate of the amount of the social welfare fund to be held in the treasury during the succeeding six-month period, subject to current disbursement. Such portion of the remainder thereof as may be at any time designated by the request of the commissioner of human services may be invested by the commissioner of management and budget in bonds in which the permanent trust funds of the state of Minnesota may be invested, upon approval by the State Board of Investment. The portion of such remainder not so invested shall be placed by the commissioner of management and budget at interest for the period of six months, or when directed by the commissioner of human services, for the period of 12 months thereafter at the highest rate of interest obtainable in a bank, or banks, designated by the board of deposit as a suitable depository therefor. All the provisions of law relative to the designation and qualification of depositories of other state funds shall be applicable to sections 256.88 to 256.92, except as herein otherwise provided. Any bond given, or collateral assigned or both, to secure a deposit hereunder may be continuous in character to provide for the repayment of any moneys belonging to the fund theretofore or thereafter at any time deposited in such bank until its designation as such depository is revoked and the security thereof shall be not impaired by any subsequent agreement or understanding as to the rate of interest to be paid upon such deposit, or as to time for its repayment. The amount of money belonging to the fund deposited in any bank, including other state deposits, shall not at any time exceed the amount of the capital stock thereof. In the event of the closing of the bank any sum deposited therein shall immediately become due and payable.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 28. Minnesota Statutes 2022, section 256.91, is amended to read:

256.91 PURPOSES.

From that part of the social welfare fund held in the state treasury subject to disbursement as provided in section 256.90 the commissioner of human services or the Direct Care and Treatment executive board at

any time may pay out such amounts as the commissioner or executive board deems proper for the support, maintenance, or other legal benefit of any of the children with a disability and children who are dependent, neglected, or delinquent, children born to mothers who were not married to the children's fathers at the times of the conception nor at the births of the children, persons with developmental disability, substance use disorder, or mental illness, or other wards or persons entitled thereto, not exceeding in the aggregate to or for any person the principal amount previously received for the benefit of the person, together with the increase in it from an equitable apportionment of interest realized from the social welfare fund.

When any such person dies or is finally discharged from the guardianship, care, custody, and control of the commissioner of human services or the Direct Care and Treatment executive board, the amount then remaining subject to use for the benefit of the person shall be paid as soon as may be from the social welfare fund to the persons thereto entitled by law.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 29. Minnesota Statutes 2022, section 256.92, is amended to read:

256.92 COMMISSIONER OF HUMAN SERVICES AND DIRECT CARE AND TREATMENT, ACCOUNTS.

It shall be the duty of the commissioner of human services, the Direct Care and Treatment executive board, and ~~of~~ the local social services agencies of the several counties of this state to cause to be deposited with the commissioner of management and budget all moneys and funds in their possession or under their control and designated by section 256.91 as and for the social welfare fund; and all such moneys and funds shall be so deposited in the state treasury as soon as received. The commissioner of human services, in consultation with the Direct Care and Treatment executive board, shall keep books of account or other records showing separately the principal amount received and deposited in the social welfare fund for the benefit of any person, together with the name of such person, and the name and address, if known to the commissioner of human services or the Direct Care and Treatment executive board, of the person from whom such money was received; and, at least once every two years, the amount of interest, if any, which the money has earned in the social welfare fund shall be apportioned thereto and posted in the books of account or records to the credit of such beneficiary.

The provisions of sections 256.88 to 256.92 shall not apply to any fund or money now or hereafter deposited or otherwise disposed of pursuant to the lawful orders, decrees, judgments, or other directions of any district court having jurisdiction thereof.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 30. Laws 2023, chapter 61, article 8, section 1, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective ~~January~~ July 1, ~~2025~~ 2024.

Sec. 31. Laws 2023, chapter 61, article 8, section 2, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective ~~January~~ July 1, ~~2025~~ 2024.

Sec. 32. Laws 2023, chapter 61, article 8, section 3, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective ~~January~~ July 1, ~~2025~~ 2024.

Sec. 33. Laws 2023, chapter 61, article 8, section 8, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective ~~January~~ July 1, ~~2025~~ 2024.

Sec. 34. Laws 2024, chapter 79, article 1, section 18, is amended to read:

Sec. 18. **246C.015 DEFINITIONS.**

Subdivision 1. **Scope.** For purposes of this chapter, the following terms have the meanings given.

Subd. 2. **Chief executive officer.** "Chief executive officer" means the ~~Department of~~ Direct Care and Treatment chief executive officer appointed according to section 246C.08.

Subd. 3. **Commissioner.** "Commissioner" means the commissioner of human services.

Subd. 4. **Community preparation services.** "Community preparation services" means specialized inpatient or outpatient services operated outside of a secure environment but administered by a secure treatment facility.

Subd. 5. **County of financial responsibility.** "County of financial responsibility" has the meaning given in section 256G.02, subdivision 4.

Subd. 5a. **Direct Care and Treatment.** "Direct Care and Treatment" means the agency of Direct Care and Treatment established under this chapter.

Subd. 6. **Executive board.** "Executive board" means the ~~Department of~~ Direct Care and Treatment executive board established under section 246C.06.

Subd. 7. **Executive medical director.** "Executive medical director" means the licensed physician serving as executive medical director in ~~the Department of~~ Direct Care and Treatment under section 246C.09.

Subd. 8. **Head of the facility or head of the program.** "Head of the facility" or "head of the program" means the person who is charged with overall responsibility for the professional program of care and treatment of the facility or program.

Subd. 9. **Indian.** "Indian" has the meaning given in section 260.755, subdivision 7.

Subd. 10. **Secure treatment facility.** "Secure treatment facility" means a facility as defined in section 253B.02, subdivision 18a, or 253D.02, subdivision 13.

Subd. 11. **Tobacco; tobacco-related device.** "Tobacco" and "tobacco-related device" have the meanings given in section 609.685, subdivision 1.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 35. Laws 2024, chapter 79, article 1, section 23, is amended to read:

Sec. 23. **246C.06 EXECUTIVE BOARD; ~~POWERS AND DUTIES~~ MEMBERSHIP; GOVERNANCE.**

Subdivision 1. **Establishment.** The Direct Care and Treatment executive board ~~of the Department of Direct Care and Treatment~~ is established.

Subd. 2. **Membership ~~of the executive board~~.** ~~The executive board shall consist of no more than five members, all appointed by the governor.~~ (a) The Direct Care and Treatment executive board consists of nine members with seven voting members and two nonvoting members. The seven voting members must include six members appointed by the governor with the advice and consent of the senate in accordance with paragraph (b) and the commissioner of human services or a designee. The two nonvoting members must be appointed in accordance with paragraph (c). Section 15.0597 applies to all executive board appointments except for the commissioner of human services.

(b) The executive board voting members appointed by the governor must meet the following qualifications:

(1) one member must be a licensed physician who is a psychiatrist or has experience in serving behavioral health patients;

(2) two members must have experience serving on a hospital or nonprofit board; and

(3) three members must have experience working: (i) in the delivery of behavioral health services or care coordination or in traditional healing practices; (ii) as a licensed health care professional; (iii) within health care administration; or (iv) with residential services.

(c) The executive board nonvoting members must be appointed as follows:

(1) one member appointed by the Association of Counties; and

(2) one member who has an active role as a union representative representing staff at Direct Care and Treatment appointed by joint representatives of the following unions: American Federation of State, County and Municipal Employees (AFSCME); Minnesota Association of Professional Employees (MAPE); Minnesota Nurses Association (MNA); Middle Management Association (MMA); and State Residential Schools Education Association (SRSEA).

(d) Membership on the board must include representation from outside the seven-county metropolitan area, as defined in section 473.121, subdivision 2.

(e) A voting member of the executive board must not be or must not have been within one year prior to appointment: (1) an employee of Direct Care and Treatment; (2) an employee of a county, including a county commissioner; (3) an active employee or representative of a labor union that represents employees of Direct Care and Treatment; or (4) a member of the state legislature. This paragraph does not apply to the nonvoting members or the commissioner of human services or designee.

Subd. 3. **~~Qualifications of members~~ Procedures.** ~~An executive board member's qualifications must be appropriate for overseeing a complex behavioral health system, such as experience serving on a hospital or nonprofit board, serving as a public sector labor union representative, delivering behavioral health services or care coordination, or working as a licensed health care provider in an allied health profession or in health care administration.~~ Except as otherwise provided in this section, the membership terms and removal and filling of vacancies for the executive board are governed by section 15.0575.

Subd. 4. **~~Accepting contributions or gifts~~ Compensation.** (a) ~~The executive board has the power and authority to accept, on behalf of the state, contributions and gifts of money and personal property for the use and benefit of the residents of the public institutions under the executive board's control. All money and securities received must be deposited in the state treasury subject to the order of the executive board.~~ Notwithstanding section 15.0575, subdivision 3, paragraph (a), the nonvoting members of the executive board must not receive daily compensation for executive board activities. Nonvoting members of the executive

board may receive expenses in the same manner and amount as authorized by the commissioner's plan adopted under section 43A.18, subdivision 2. Nonvoting members who, as a result of time spent attending board meetings, incur child care expenses that would not otherwise have been incurred may be reimbursed for those expenses upon board authorization.

(b) ~~If the gift or contribution is designated by the donor for a certain institution or purpose, the executive board shall expend or use the money as nearly in accordance with the conditions of the gift or contribution, compatible with the best interests of the individuals under the jurisdiction of the executive board and the state.~~ Notwithstanding section 15.0575, subdivision 3, paragraph (a), the Compensation Council under section 15A.082 must determine the compensation for voting members of the executive board per day spent on executive board activities authorized by the executive board. Voting members of the executive board may also receive the expenses in the same manner and amount as authorized by the commissioner's plan adopted under section 43A.18, subdivision 2. Voting members who, as a result of time spent attending board meetings, incur child care expenses that would not otherwise have been incurred may be reimbursed for those expenses upon board authorization.

(c) The commissioner of management and budget must publish the daily compensation rate for voting members of the executive board determined under paragraph (b) on the Department of Management and Budget's website.

(d) Voting members of the executive board must adopt internal standards prescribing what constitutes a day spent on board activities for the purposes of making payments authorized under paragraph (b).

(e) All other requirements under section 15.0575, subdivision 3, apply to the compensation of executive board members.

Subd. 5. ~~**Federal aid or block grants**~~ **Acting chair; officers.** ~~The executive board may comply with all conditions and requirements necessary to receive federal aid or block grants with respect to the establishment, constructions, maintenance, equipment, or operation of adequate facilities and services consistent with the mission of the Department of Direct Care and Treatment.~~ (a) The governor shall designate one member from the voting membership appointed by the governor as acting chair of the executive board.

(b) At the first meeting of the executive board, the executive board must elect a chair from among the voting membership appointed by the governor.

(c) The executive board must annually elect a chair from among the voting membership appointed by the governor.

(d) The executive board must elect officers from among the voting membership appointed by the governor. The elected officers shall serve for one year.

Subd. 6. ~~**Operation of a communication systems account**~~ **Terms.** (a) ~~The executive board may operate a communications systems account established in Laws 1993, First Special Session chapter 1, article 1, section 2, subdivision 2, to manage shared communication costs necessary for the operation of the regional treatment centers the executive board supervises.~~ Except for the commissioner of human services, executive board members must not serve more than two consecutive terms unless service beyond two consecutive terms is approved by the majority of voting members. The commissioner of human services or a designee shall serve until replaced by the governor.

(b) ~~Each account must be used to manage shared communication costs necessary for the operations of the regional treatment centers the executive board supervises. The executive board may distribute the costs of operating and maintaining communication systems to participants in a manner that reflects actual usage.~~

~~Costs may include acquisition, licensing, insurance, maintenance, repair, staff time, and other costs as determined by the executive board.~~ An executive board member may resign at any time by giving written notice to the executive board.

(c) ~~Nonprofit organizations and state, county, and local government agencies involved in the operation of regional treatment centers the executive board supervises may participate in the use of the executive board's communication technology and share in the cost of operation.~~ The initial term of the member appointed under subdivision 2, paragraph (b), clause (1), is two years. The initial term of the members appointed under subdivision 2, paragraph (b), clause (2), is three years. The initial term of the members appointed under subdivision 2, paragraph (b), clause (3), and the members appointed under subdivision 2, paragraph (c), is four years.

(d) ~~The executive board may accept on behalf of the state any gift, bequest, devise, personal property of any kind, or money tendered to the state for any lawful purpose pertaining to the communication activities under this section. Any money received for this purpose must be deposited into the executive board's communication systems account. Money collected by the executive board for the use of communication systems must be deposited into the state communication systems account and is appropriated to the executive board for purposes of this section.~~ After the initial term, the term length of all appointed executive board members is four years.

Subd. 7. **Conflicts of interest.** Executive board members must recuse themselves from discussion of and voting on an official matter if the executive board member has a conflict of interest. A conflict of interest means an association, including a financial or personal association, that has the potential to bias or have the appearance of biasing an executive board member's decision in matters related to Direct Care and Treatment or the conduct of activities under this chapter.

Subd. 8. **Meetings.** The executive board must meet at least four times per fiscal year at a place and time determined by the executive board.

Subd. 9. **Quorum.** A majority of the voting members of the executive board constitutes a quorum. The affirmative vote of a majority of the voting members of the executive board is necessary and sufficient for action taken by the executive board.

Subd. 10. **Immunity; indemnification.** (a) Members of the executive board are immune from civil liability for any act or omission occurring within the scope of the performance of their duties under this chapter.

(b) When performing executive board duties or actions, members of the executive board are employees of the state for purposes of indemnification under section 3.736, subdivision 9.

Subd. 11. **Rulemaking.** (a) The executive board is authorized to adopt, amend, and repeal rules in accordance with chapter 14 to the extent necessary to implement this chapter or any responsibilities of Direct Care and Treatment specified in state law.

(b) Until July 1, 2027, the executive board may adopt rules using the expedited rulemaking process in section 14.389.

(c) In accordance with section 15.039, all orders, rules, delegations, permits, and other privileges issued or granted by the Department of Human Services with respect to any function of Direct Care and Treatment and in effect at the time of the establishment of Direct Care and Treatment shall continue in effect as if such establishment had not occurred. The executive board may amend or repeal rules applicable to Direct Care and Treatment that were established by the Department of Human Services in accordance with chapter 14.

(d) The executive board must not adopt rules that go into effect or enforce rules prior to July 1, 2025.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 36. Laws 2024, chapter 79, article 1, section 24, is amended to read:

Sec. 24. **246C.10 FORENSIC SERVICES.**

Subdivision 1. **Maintenance of forensic services.** (a) The executive board shall create and maintain forensic services programs.

(b) The executive board must provide forensic services in coordination with counties and other vendors.

(c) Forensic services must include specialized inpatient programs at secure treatment facilities, consultive services, aftercare services, community-based services and programs, transition services, nursing home services, or other services consistent with the mission of ~~the Department of~~ Direct Care and Treatment.

(d) The executive board ~~shall~~ may adopt rules to carry out the provision of this section and to govern the operation of the services and programs under the direct administrative authority of the executive board.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 37. Laws 2024, chapter 79, article 1, section 25, subdivision 3, is amended to read:

Subd. 3. **Comprehensive system of services.** The establishment of state-operated, community-based programs must be within the context of a comprehensive definition of the role of state-operated services in the state. The role of state-operated services must be defined within the context of a comprehensive system of services for persons with developmental disability.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 38. Laws 2024, chapter 79, article 10, section 1, is amended to read:

Section 1. **REVISOR INSTRUCTION.**

The revisor of statutes shall renumber each provision of Minnesota Statutes listed in column A as amended in this act to the number listed in column B.

Column A	Column B
245.036	246C.16, subdivision 1
245.037	246C.16, subdivision 2
245.041	246C.15
245.474, subdivision 1	246C.12, subdivision 1
245.474, subdivision 2	246C.12, subdivision 2
245.474, subdivision 3	246C.12, subdivision 3
245.474, subdivision 4	246C.12, subdivision 4

246.0135, paragraph (a)	246C.18, subdivision 2, paragraph (a)
246.0135, paragraph (b)	246C.18, subdivision 2, paragraph (b)
246.0135, paragraph (c)	246C.18, subdivision 2, paragraph (c)
246.0135, paragraph (d)	246C.18, subdivision 3
246.018, subdivision 1	246C.09, subdivision 1
246.018, subdivision 2	246C.09, subdivision 2
246.018, subdivision 3	246C.09, subdivision 3
246.018, subdivision 4	246C.09, subdivision 4
246.12	~~246C.06, subdivision 7~~ 246C.07, subdivision 7
246.128	246C.18, subdivision 1
246.129	246C.18, subdivision 4
246.14	246C.16, subdivision 3
246.23, subdivision 2	246.555, subdivision 1
246.23, subdivision 3	246.555, subdivision 2
246.23, subdivision 4	246.555, subdivision 3
246.23, subdivision 5	246.555, subdivision 4
246.23, subdivision 6	246.555, subdivision 5
246.234	~~246C.06, subdivision 8~~ 246C.07, subdivision 5
246.24	246C.16, subdivision 4
246.27	246C.19
246.36	~~246C.06, subdivision 9~~ 246C.07, subdivision 6
~~246.41, subdivision 1~~	~~246C.06, subdivision 10, paragraph (a)~~
~~246.41, subdivision 2~~	~~246C.06, subdivision 10, paragraph (b)~~
~~246.41, subdivision 3~~	~~246C.06, subdivision 10, paragraph (c)~~
246.70	246C.18, subdivision 5
246B.02	246C.13
251.012, subdivision 1	246.575, subdivision 1

251.012, subdivision 2	246.575, subdivision 2
251.012, subdivision 3	246.575, subdivision 3
251.012, subdivision 4	246.575, subdivision 4
251.041	176.87
251.042	176.871
251.043, subdivision 1	176.872, subdivision 1
251.043, subdivision 1a	176.872, subdivision 2
251.043, subdivision 1b	176.872, subdivision 3
251.043, subdivision 2	176.872, subdivision 4
251.043, subdivision 3	176.872, subdivision 5
251.044	176.873
251.051	176.874
251.052	176.875
251.053	176.876
251.15, subdivision 1	176.872, subdivision 6, paragraph (a)
251.15, subdivision 2	176.872, subdivision 6, paragraph (b)
251.17	246C.14
252.50, subdivision 2	246C.16, subdivision 5
252.50, subdivision 4	246C.10, subdivision 2
252.50, subdivision 6	246.65
252.50, subdivision 7	246.585
252.50, subdivision 8	246.588
252.50, subdivision 10	246.611
253.015, subdivision 1	253B.10, subdivision 6
253.016	246.554
253.017, subdivision 1	246.591
253.017, subdivision 2	246C.10, subdivision 3
253.017, subdivision 3	246C.10, subdivision 4
253.13	253.245

~~253C.01, subdivision 1~~	~~245A.27, subdivision 1~~
253C.01, subdivision 2	~~245A.27, subdivision 2~~
~~253C.01, subdivision 3~~	~~245A.27, subdivision 3~~
256.0121, subdivision 1	246.595, subdivision 1
256.0121, subdivision 2	246.595, subdivision 2
256.0121, subdivision 3	246.595, subdivision 3

Sec. 39. Laws 2024, chapter 79, article 10, section 6, is amended to read:

Sec. 6. **EFFECTIVE DATE.**

~~(a) Article 1, section 23, is effective July 1, 2024.~~ This act is effective July 1, 2024.

~~(b) Article 1, sections 1 to 22 and 24 to 31, and articles 2 to 10 are effective January 1, 2025.~~

Sec. 40. **DIRECT CARE AND TREATMENT ADVISORY COMMITTEE.**

(a) The Direct Care and Treatment executive board under Minnesota Statutes, section 246C.07, shall establish an advisory committee to provide state legislators, counties, union representatives, the National Alliance on Mental Illness Minnesota, people being served by direct care and treatment programs, and other stakeholders the opportunity to advise the executive board regarding the operation of Direct Care and Treatment.

(b) The members of the advisory committee must be appointed as follows:

(1) one member appointed by the speaker of the house;

(2) one member appointed by the minority leader of the house of representatives;

(3) two members appointed by the senate Committee on Committees, one member representing the majority caucus and one member representing the minority caucus;

(4) one member appointed by the Association of Minnesota Counties;

(5) one member appointed by joint representatives of the American Federation of State and Municipal Employees, the Minnesota Association of Professional Employees, the Minnesota Nurses Association, the Middle Management Association, and the State Residential Schools Education Association;

(6) one member appointed by the National Alliance on Mental Illness Minnesota; and

(7) two members representing people with lived experience being served by state-operated treatment programs or their families, appointed by the governor.

(c) Appointing authorities under paragraph (b) shall make appointments by January 1, 2026.

(d) The first meeting of the advisory committee must be held no later than January 15, 2026. The members of the advisory committee shall elect a chair from among their membership at the first meeting. The advisory committee shall meet as frequently as it determines necessary.

(e) The executive board shall regularly consult with the advisory committee.

(f) The advisory committee under this section expires December 31, 2027.

Sec. 41. **INITIAL APPOINTMENTS AND COMPENSATION OF THE DIRECT CARE AND TREATMENT EXECUTIVE BOARD AND CHIEF EXECUTIVE OFFICER.**

Subdivision 1. **Executive board.** (a) The initial appointments of the members of the Direct Care and Treatment executive board under Minnesota Statutes, section 246C.06, must be made by January 1, 2025.

(b) Prior to the first Compensation Council determination of the daily compensation rate for voting members of the executive board under Minnesota Statutes, section 246C.06, subdivision 4, paragraph (b), voting members of the executive board must be paid the per diem rate provided for in Minnesota Statutes, section 15.0575, subdivision 3, paragraph (a).

(c) The executive board is exempt from Minnesota Statutes, section 13D.01, until the authority and responsibilities for Direct Care and Treatment are transferred to the executive board in accordance with Minnesota Statutes, section 246C.04.

Subd. 2. **Chief executive officer.** (a) The Direct Care and Treatment executive board must appoint as the initial chief executive officer for Direct Care and Treatment under Minnesota Statutes, section 246C.07, the chief executive officer of the direct care and treatment division of the Department of Human Services holding that position at the time the initial appointment is made by the board. The initial appointment of the chief executive officer must be made by the executive board by July 1, 2025. The initial appointment of the chief executive officer is subject to confirmation by the senate.

(b) In its report issued April 1, 2025, the Compensation Council under Minnesota Statutes, section 15A.082, must establish the salary of the chief executive officer at an amount equal to or greater than the amount paid to the chief executive officer of the direct care and treatment division of the Department of Human Services as of the date of initial appointment. The salary of the chief executive officer shall become effective July 1, 2025, pursuant to Minnesota Statutes, section 15A.082, subdivision 3. Notwithstanding Minnesota Statutes, sections 15A.082 and 246C.08, subdivision 1, if the initial appointment of the chief executive officer occurs prior to the effective date of the salary specified by the Compensation Council in its April 1, 2025, report, the salary of the chief executive officer must equal the amount paid to the chief executive officer of the direct care and treatment division of the Department of Human Services as of the date of initial appointment.

Subd. 3. **Commissioner of human services to consult.** In preparing the budget estimates required under Minnesota Statutes, section 16A.10, for the direct care and treatment division for the 2026-2027 biennial budget and any legislative proposals for the 2025 legislative session that involve direct care and treatment operations, the commissioner of human services must consult with the Direct Care and Treatment executive board before submitting the budget estimates or legislative proposals. If the executive board is not appointed by the date the budget estimates must be submitted to the commissioner of management and budget, the commissioner of human services must provide the executive board with a summary of the budget estimates that were submitted.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 42. **REVISOR INSTRUCTION.**

The revisor of statutes shall change the term "Department of Human Services" to "Direct Care and Treatment" wherever the term appears in respect to the governmental entity with programmatic direction and fiscal control over state-operated services, programs, or facilities under Minnesota Statutes, chapter 246C. The revisor may make technical and other necessary changes to sentence structure to preserve the meaning of the text.

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

Sec. 43. **REVISOR INSTRUCTION.**

The revisor of statutes shall change the term "Department of Direct Care and Treatment" to "Direct Care and Treatment" wherever the term appears in respect to the governmental entity with programmatic direction and fiscal control over state-operated services, programs, or facilities under Minnesota Statutes, chapter 246C. The revisor may make technical and other necessary changes to sentence structure to preserve the meaning of the text.

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

Sec. 44. **REVISOR INSTRUCTION.**

The revisor of statutes, in consultation with the House Research Department; the Office of Senate Counsel, Research, and Fiscal Analysis; the Department of Human Services; and Direct Care and Treatment, shall make necessary cross-reference changes to conform with this act. The revisor may make technical and other necessary changes to sentence structure to preserve the meaning of the text. The revisor may alter the coding in this act to incorporate statutory changes made by other law in the 2024 regular legislative session.

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

Sec. 45. **REPEALER.**

(a) Minnesota Statutes 2022, sections 246.41; and 253C.01, are repealed.

(b) Minnesota Statutes 2023 Supplement, section 246C.03, is repealed.

EFFECTIVE DATE. This section is effective July 1, 2024.

ARTICLE 51

MISCELLANEOUS

Section 1. **FREE COMMUNICATION SERVICES.**

Subdivision 1. **Free communication services.** (a) A facility must provide patients and clients with voice communication services. A facility may supplement voice communication services with other communication services, including but not limited to video communication and email or electronic messaging services. A facility must continue to offer the services the facility offered as of January 1, 2024.

(b) To the extent that voice or other communication services are provided, which must not be limited beyond program participation and routine facility policies and procedures, neither the individual initiating the communication nor the individual receiving the communication must be charged for the service.

Subd. 2. **Communication services restrictions.** Nothing in this section allows a patient or client to violate an active protection order, harassment restraining order, or other no-contact order or directive. Nothing in this section entitles a civilly committed person to communication services restricted or limited under Minnesota Statutes, section 253B.03, subdivision 3, or 253D.19.

Subd. 3. **Revenue prohibited.** Direct Care and Treatment must not receive revenue from the provision of voice communication services or any other communication services under this section.

Subd. 4. **Visitation programs.** (a) Facilities shall maintain in-person visits for patients or clients. Communication services, including video calls, must not be used to replace a facility's in-person visitation program or be counted toward a patient's or client's in-person visitation limit.

(b) Notwithstanding paragraph (a), the Direct Care and Treatment executive board may waive the in-person visitation program requirement under this subdivision if there is:

(1) a declared emergency under Minnesota Statutes, section 12.31; or

(2) a local-, state-, or federal-declared natural disaster.

Subd. 5. **Reporting.** (a) By January 15, 2026, the Direct Care and Treatment executive board must report the information described in paragraph (b) to the chairs and ranking minority members of the legislative committees having jurisdiction over human services policy and finance.

(b) The Direct Care and Treatment executive board must include the following information covering fiscal year 2024:

(1) the status of all the agency's communication contracts; efforts to renegotiate the agency's communication contracts, including the rates the agency is paying or charging confined people or community members for any and all services in the contracts; and plans to consolidate the agency's communication contracts to maximize purchasing power;

(2) a complete and detailed accounting of how appropriated funds for communication services are spent, including spending on expenses previously covered by commissions; and

(3) summary data on usage of all communication services, including monthly call and message volume.

Subd. 6. **Definitions.** For the purposes of this section, the following terms have the meanings given:

(1) "voice communications" means real-time, audio-only communication services, namely phone calls made over wireline telephony, voice over Internet protocol, or any other technology infrastructure;

(2) "other communication services" means communication services other than voice communications, including but not limited to video calls and electronic messages; and

(3) "facility" means any facility, setting, or program owned, operated, or under the programmatic or fiscal control of Direct Care and Treatment.

Subd. 7. **Expiration.** Subdivisions 1 to 4 expire June 30, 2026. Subdivisions 5 and 6 expire upon submission by the Direct Care and Treatment executive board of the report to the legislature required under subdivision 5.

Sec. 2. **COMMUNITY CARE HUB PLANNING GRANT.**

Subdivision 1. **Establishment.** The commissioner of health shall establish a single grant to develop and design programs to expand and strengthen the community care hub model, which organizes and supports a network of health and social care service providers to address health-related social needs.

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

(b) "Community-based organization" means a public or private nonprofit organization of demonstrated effectiveness that is representative of a community or significant segments of a community and provides educational or related services to individuals in the community.

(c) "Community care hub" means a nonprofit organization that provides a centralized administrative and operational interface between health care institutions and a network of community-based organizations that provide health promotion and social care services.

(d) "Health-related social needs" means the individual-level, adverse social conditions that can negatively impact a person's health or health care, such as poor health literacy, food insecurity, housing instability, and lack of access to transportation.

(e) "Social care services" means culturally informed services to address health-related social needs and community-informed health promotion programs.

Subd. 3. **Eligible applicants.** To be eligible for the single grant available under this section, a grant applicant must:

(1) be recognized as a selected community care hub by the federal Administration for Community Living and the Centers for Disease Control and Prevention;

(2) hold contracts with health plans within Minnesota that allow the applicant to provide social care services to a plan's covered member population; and

(3) demonstrate active engagement in providing, coordinating, and aiding health care and social care services at the community level.

Subd. 4. **Eligible uses.** The grantee must use awarded funding to develop and design programs that support the development of a social care network that provides services to address health-related social needs. Activities eligible for funding under this section include but are not limited to education activities, feasibility studies, program design, and pilots.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 3. **DIRECTION TO COMMISSIONER; FEDERAL WAIVERS FOR HEALTH-RELATED SOCIAL NEEDS.**

(a) The commissioner of human services shall develop a strategy to implement interventions to address unmet health-related social needs, including but not limited to nutrition support, housing support, case management, and violence prevention. In developing such a strategy, the commissioner shall consider whether services could be reimbursed under section 1115 of the Social Security Act, other federal waivers, or existing state authority.

(b) The commissioner shall collaborate with the commissioner of health, communities most impacted by health disparities, and other external partners providing services in nutrition, housing, case management,

and violence prevention to medical assistance recipients on specific interventions to include in the proposed strategy.

(c) By March 1, 2025, the commissioner shall provide the strategy developed under this section to the chairs and ranking minority members of the legislative committees with jurisdiction over health care finance and must include:

(1) a proposed timeline for implementation;

(2) an estimate of the administrative and programmatic costs associated with implementing and evaluating any proposed federal waivers; and

(3) any statutory changes necessary to seek ongoing state funding and federal authority for the proposed strategies.

(d) The commissioner may perform the steps necessary to develop a federal waiver or other strategies identified in paragraph (c) in preparation for enactment of the strategies.

(e) The commissioner is exempt from the requirements of Minnesota Statutes, chapter 16C, when entering into a new contract or amending an existing contract to complete the work under this section.

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

Sec. 4. **WORKING GROUP ON SIMPLIFYING SUPPORTIVE HOUSING RESOURCES.**

Subdivision 1. **Establishment.** A working group on simplifying supportive housing resources is established to streamline access, eligibility, and administration of state-funded supportive housing resources for people experiencing homelessness.

Subd. 2. **Membership.** (a) The working group must prioritize membership from individuals and organizations that use or administer state-funded supportive housing resources and must include the following:

(1) the commissioner of the Minnesota Housing Finance Agency or designee;

(2) the commissioner of human services or designee;

(3) two representatives with lived experience from the Minnesota Coalition for the Homeless;

(4) one representative from Hearth Connection;

(5) one representative from the Metropolitan Urban Indian Directors network;

(6) one representative from the Minnesota Housing Stability Coalition;

(7) five representatives from organizations providing or administering state-funded supportive housing resources to people experiencing homelessness, including organizations that provide services to youth experiencing homelessness, veterans experiencing homelessness, populations that disproportionately experience homelessness, and a provider that participates in a coordinated entry system and demonstrates statewide geographic representation;

(8) one representative from the Minnesota Tribal Collaborative;

(9) one representative from Hennepin County;

(10) one representative from St. Louis County;

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

(12) two members from the senate appointed by the senate committee on committees, one representing the majority caucus and one representing the minority caucus.

(b) The members listed in paragraph (a), clauses (3) to (10), must be appointed by the commissioner of human services in collaboration with the commissioner of the Minnesota Housing Finance Agency.

(c) All appointing authorities must make their appointments to the working group by August 1, 2024.

Subd. 3. **Duties.** (a) The working group must study supportive housing resources to streamline access, eligibility, and administration of state-funded supportive housing resources for people experiencing homelessness, including the following programs:

(1) the housing support program;

(2) long-term homeless supportive services;

(3) housing with supports for adults with serious mental illness;

(4) the housing trust fund; and

(5) other capital and operating funds administered by the Minnesota Housing Finance Agency.

(b) In studying supportive housing resources, the working group must identify the processes, procedures, and technological or personnel resources that would be necessary to enable the state, county or Tribal agencies, and providers responsible for administering public supportive housing funds to meet the following goals:

(1) reduce administrative complexities;

(2) enhance equity and accessibility, including coordinated entry;

(3) streamline and simplify eligibility criteria, paperwork, and funding distribution; and

(4) accelerate the transition of individuals from homelessness to sustainable long-term solutions.

Subd. 4. **Compensation.** Notwithstanding Minnesota Statutes, section 15.059, subdivision 3, members of the working group shall not be compensated, except for the members with lived experience of homelessness.

Subd. 5. **Meetings; facilitation.** (a) The commissioner of human services may contract with a third-party vendor to facilitate the working group and convene the first meeting by January 15, 2025.

(b) The working group must meet at regular intervals as often as necessary to fulfill the duties under subdivision 3.

(c) Meetings of the working group are subject to the Minnesota Open Meeting Law under Minnesota Statutes, chapter 13D.

Subd. 6. **Consultation.** The working group must consult with other individuals and organizations that have expertise and experience in providing supportive services that may assist the working group in fulfilling its responsibilities, including entities engaging in additional input from those with lived experience of homelessness and administrators of state-funded supportive housing not included on the working group.

Subd. 7. **Report required.** The working group shall submit a final report by January 15, 2026, to the chairs and ranking minority members of the legislative committees with jurisdiction over housing and homelessness finance and policy detailing the recommendations to streamline access, eligibility, and administration of state-funded supportive housing resources for people experiencing homelessness. The report shall include draft legislation required to implement the proposed legislation.

Subd. 8. **Expiration.** The working group expires January 15, 2026.

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

Sec. 5. **HOMELESSNESS PRIORITY; HOMELESSNESS REPORT.**

The governor and lieutenant governor and the legislature find that addressing homelessness is a pressing public need. The Department of Human Services administers programs to provide shelter, support services, and housing stability to low-income Minnesotans and people experiencing homelessness. No later than January 15, 2025, the commissioner, in cooperation with the commissioner of the Minnesota Housing Finance Agency and other relevant departments, must report to the chairs and ranking minority members of the legislative committees with jurisdiction over human services policy and finance on the departments' activities to reduce homelessness.

Sec. 6. **DIRECTION TO COMMISSIONER; TARGETED CASE MANAGEMENT REDESIGN.**

The commissioner of human services must consult with members of the Minnesota Association of County Social Service Administrators to improve case management information systems and identify the necessary changes needed to comply with regulations related to federal certified public expenditures. The changes must facilitate transition to use of a 15-minute unit rate or improved financial reporting for fee-for-service targeted case management services provided by counties. The Social Service Information System and adjacent systems must be modified to support any increase in the intensity of time reporting requirements prior to any implementation of proposed changes to targeted case management rate setting, reimbursement, and reconciliation processes.

Sec. 7. **REVISOR INSTRUCTION.**

The revisor of statutes shall renumber each section of Minnesota Statutes listed in column A with the number listed in column B. The revisor shall also make necessary cross-reference changes consistent with the renumbering:

Column A	Column B
256E.33	256K.48
256E.36	256K.49

ARTICLE 52

HUMAN SERVICES RESPONSE CONTINGENCY ACCOUNT

Section 1. **[256.044] HUMAN SERVICES RESPONSE CONTINGENCY ACCOUNT.**

Subdivision 1. **Human services response contingency account.** A human services response contingency account is created in the special revenue fund in the state treasury. Money in the human services response contingency account does not cancel and is appropriated to the commissioner of human services for the purposes specified in this section.

Subd. 2. **Definition.** For purposes of this section, "human services response" means activities deemed necessary by the commissioner of human services to respond to emerging or immediate needs related to supporting the health, welfare, or safety of people.

Subd. 3. **Use of money.** (a) The commissioner may make expenditures from the human services response contingency account to respond to needs as defined in subdivision 2 and for which no other funding or insufficient funding is available.

(b) When the commissioner determines that a human services response is needed, the commissioner may make expenditures from the human services response contingency account for the following uses to implement the human services response:

(1) services, supplies, and equipment to support the health, welfare, or safety of people;

(2) training and coordination with service providers, Tribal Nations, and local government entities;

(3) communication with and outreach to impacted people;

(4) informational technology; and

(5) staffing.

(c) The commissioner may transfer money within the Department of Human Services and to the Department of Children, Youth, and Families for eligible uses under paragraph (b) as necessary to implement a human services response.

(d) Notwithstanding any other law or rule to the contrary, when implementing a human services response, the commissioner may allocate funds from the human services response contingency account to programs, providers, and organizations for eligible uses under paragraph (b) through one or more fiscal agents chosen by the commissioner. In contracting with a fiscal agent, the commissioner may use a sole-source contract and is not subject to the solicitation requirements of chapter 16B or 16C.

(e) Programs, providers, and organizations receiving funds from the human services response contingency account under paragraph (d) must describe how the money will be used. If a program, provider, or organization receiving money from the human services response contingency account receives money from a nonstate source other than a local unit of government or Tribe for the same human services response, the entity must notify the commissioner of the amount received from the nonstate source. If the commissioner determines that the total amount received under this section and from the nonstate source exceeds the entity's total costs for the human services response, the entity must pay the commissioner the amount that exceeds the costs up to the amount of funding provided to the entity under this section. All money paid to the commissioner under this paragraph must be deposited in the human services response contingency account.

Subd. 4. **Assistance from other sources.** (a) As a condition of making expenditures from the human services response contingency account, the commissioner must seek any appropriate assistance from other available sources, including the federal government, to assist with costs attributable to the human services response.

(b) If the commissioner recovers eligible costs for the human services response from a nonstate source after making expenditures from the human services response contingency account, the commissioner shall reimburse the human services response contingency account for those costs up to the amount recovered for eligible costs from the nonstate source.

Subd. 5. **Reporting.** The commissioner must develop required reporting for entities receiving human services response contingency account money. Entities receiving money from the commissioner of human services from the human services response contingency account must submit reports to the commissioner of human services with detailed information in a manner determined by the commissioner, including but not limited to:

(1) amounts expended by category of expenditure;

(2) outcomes achieved, including estimated individuals served;

(3) documentation necessary to verify that funds were spent in compliance with this section;

(4) expenditure reports for the purpose of requesting reimbursement from other available sources; and

(5) data necessary to comply with an audit of human services response contingency account expenditures.

Subd. 6. **Report.** By March 1 of each year, the commissioner shall submit a report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over human services finance and health and human services finance detailing expenditures made in the previous calendar year from the human services response contingency account. This report is exempt from section 256.01, subdivision 42.

ARTICLE 53

APPROPRIATIONS

Section 1. **HUMAN SERVICES APPROPRIATION.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2023, chapter 61, article 9; Laws 2023, chapter 70, article 20; and Laws 2023, chapter 74, section 6, to the agencies and for the purposes specified in this article. The appropriations are from the general fund or other named fund and are available for the fiscal years indicated for each purpose. The figures "2024" and "2025" used in this article mean that the addition to or subtraction from the appropriation listed under them is available for the fiscal year ending June 30, 2024, or June 30, 2025, respectively. Base adjustments mean the increase or decrease of the base level adjustment set in Laws 2023, chapter 61, article 9; Laws 2023, chapter 70, article 20; and Laws 2023, chapter 74, section 6. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2024, are effective the day following final enactment unless a different effective date is explicit.

	APPROPRIATIONS Available for the Year Ending June 30	
	2024	**2025**
Sec. 2. **COMMISSIONER OF HUMAN SERVICES**		
Subdivision 1. **Total Appropriation**	**$ (17,213,000)**	**$ 63,804,000**
The amounts that may be spent for each purpose are specified in the following subdivisions.		
Subd. 2. **Central Office; Operations**	(4,299,000)	2,172,000
(a) **Carryforward Authority.** Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, $912,000 in fiscal year 2025 is available until June 30, 2027.		
(b) **Base Level Adjustment.** The general fund base is increased by $327,000 in fiscal year 2026 and $327,000 in fiscal year 2027.		
Subd. 3. **Central Office; Health Care**	-0-	2,035,000
(a) **Health-Related Social Needs 1115 Waiver.** $500,000 is for a contract to develop a 1115 waiver related to nutrition supports as a covered service under medical assistance. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, this appropriation is available until June 30, 2027.		
(b) **Carryforward Authority.** Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, $327,000 in fiscal year 2025 is available until June 30, 2026, and $543,000 in fiscal year 2025 is available until June 30, 2027.		
(c) **Base Level Adjustment.** The general fund base is increased by $786,000 in fiscal year 2026 and increased by $790,000 in fiscal year 2027.		
Subd. 4. **Central Office; Aging and Disability Services**	(2,664,000)	4,164,000
(a) **Tribal Vulnerable Adult and Developmental Disabilities Targeted Case Management Medical**		

Assistance Benefit. $200,000 in fiscal year 2025 is for a contract to develop a Tribal vulnerable adult and developmental disabilities targeted case management medical assistance benefit under Minnesota Statutes, section 256B.0924. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, this appropriation is available until June 30, 2027.

(b) **Disability Services Person-Centered Engagement and Navigation Study.** $600,000 in fiscal year 2025 is for the disability services person-centered engagement and navigation study. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, this appropriation is available until June 30, 2026.

(c) **Pediatric Hospital-to-Home Transition Pilot Program Administration.** $300,000 in fiscal year 2025 is for a contract related to the pediatric hospital-to-home transition pilot program. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, this appropriation is available until June 30, 2027.

(d) **Reimbursement for Community-First Services and Supports Workers Report.** $250,000 in fiscal year 2025 is for a contract related to the reimbursement for community-first services and supports workers report. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, this appropriation is available until June 30, 2026.

(e) **Carryforward Authority.** Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, $758,000 in fiscal year 2025 is available until June 30, 2026, and $2,687,000 in fiscal year 2025 is available until June 30, 2027.

(f) **Base Level Adjustment.** The general fund base is increased by $340,000 in fiscal year 2026 and increased by $340,000 in fiscal year 2027.

Subd. 5. **Central Office; Behavioral Health, Housing, and Deaf and Hard-of-Hearing Services**	-0-	3,304,000

(a) **Medical Assistance Reentry Demonstration.** $600,000 in fiscal year 2025 is for engagement with people with lived experience, families, and community

partners on the development and implementation of the medical assistance reentry demonstration benefit under Minnesota Statutes, section 256B.0761. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, this appropriation is available until June 30, 2027.

(b) **Working Group on Simplifying Housing Support Resources.** $400,000 in fiscal year 2025 is for administration of a working group to streamline access, eligibility, and administration of state-funded supportive housing resources for people experiencing homelessness. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, this appropriation is available until June 30, 2026.

(c) **Carryforward Authority.** Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, $34,000 in fiscal year 2025 is available until June 30, 2026.

(d) **Base Level Adjustment.** The general fund base is increased by $2,271,000 in fiscal year 2026 and increased by $2,271,000 in fiscal year 2027.

Subd. 6.	**Forecasted Programs; Medical Assistance**	-0-	5,533,000
Subd. 7.	**Forecasted Programs; Alternative Care**	-0-	49,000
Subd. 8.	**Forecasted Programs; Behavioral Health Fund**	-0-	274,000
Subd. 9.	**Grant Programs; Child and Economic Support Grants**	-0-	5,050,000

(a) **Homeless Shelter Services.** $50,000 in fiscal year 2025 is for a payment to Churches United for the Homeless in Moorhead to hire staff or contract for assistance to secure public funding for Churches United's existing services, including the provision of safe shelter for individuals experiencing homelessness, supportive housing, nutrition support, nursing services, family services, and case management. This is a onetime appropriation.

(b) **American Indian Food Sovereignty.** $1,000,000 in fiscal year 2025 is for the American Indian food sovereignty funding program under Minnesota Statutes, section 256E.342. This is a onetime appropriation.

Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, this appropriation is available until June 30, 2026.

(c) **Minnesota Food Shelf.** $1,390,000 in fiscal year 2025 is for the Minnesota food shelf program under Minnesota Statutes, section 256E.34. This is a onetime appropriation.

(d) **Emergency Food Assistance Program.** $2,610,000 in fiscal year 2025 is for contracts with Minnesota's regional food banks that the commissioner contracts with for the purposes of the Emergency Food Assistance Program (TEFAP). The commissioner shall distribute the food bank funding under this paragraph in accordance with the federal TEFAP formula and guidelines of the United States Department of Agriculture. Funding must be used by all regional food banks to purchase food that will be distributed free of charge to TEFAP partner agencies. Funding must also cover the handling and delivery fees typically paid by food shelves to food banks to ensure that costs associated with funding under this paragraph are not incurred at the local level. This is a onetime appropriation.

Subd. 10. **Grant Programs; Refugee Services**	-0-	4,000,000

Human Services Response Contingency Account. (a) $4,000,000 in fiscal year 2025 is for the human services response contingency account under Minnesota Statutes, section 256.044. This is a onetime appropriation.

(b) The commissioner of management and budget shall transfer $4,000,000 in fiscal year 2025 from the general fund to the human services response contingency account established under Minnesota Statutes, section 256.044. This is a onetime transfer.

Subd. 11. **Grant Programs; Health Care Grants**	-0-	1,000,000

County Correctional Facility Mental Health Medication Pilot Program. $1,000,000 in fiscal year 2025 is for the county correctional facility mental health medication pilot program. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, this appropriation is available until June 30, 2026.

Subd. 12. **Grant Programs; Other Long Term Care Grants**	(2,500,000)	1,962,000

(a) **Health Awareness Hub Pilot Project.** $281,000 in fiscal year 2025 is for a payment to the Organization for Liberians in Minnesota for a health awareness hub pilot project. The pilot project must seek to address health care education and the physical and mental wellness needs of elderly individuals within the African immigrant community by offering culturally relevant support, resources, and preventive care education from medical practitioners who have a similar background, and by making appropriate referrals to culturally competent programs, supports, and medical care. Within six months of the conclusion of the pilot project, the Organization for Liberians in Minnesota must provide the commissioner with an evaluation of the project as determined by the commissioner. This is a onetime appropriation.

(b) **Chapter 245D Compliance Support.** $219,000 in fiscal year 2025 is for a payment to Black Business Enterprises Fund to support minority providers licensed under Minnesota Statutes, chapter 245D, as intensive support services providers to build skills and the infrastructure needed to increase the quality of services provided to the people the providers serve while complying with the requirements of Minnesota Statutes, chapter 245D, and to enable the providers to accept clients with high behavioral needs. This is a onetime appropriation.

(c) **Customized Living Technical Assistance.** $350,000 is for a payment to Propel Nonprofits for a culturally specific outreach and education campaign toward existing customized living providers that might more appropriately serve their clients under a different home and community-based services program or license. This is a onetime appropriation.

(d) **Linguistically and Culturally Specific Training Pilot Project.** $650,000 in fiscal year 2025 is for a payment to Isuroon to collaborate with the commissioner of human services to develop and implement a pilot program to provide: (1) linguistically and culturally specific in-person training to bilingual individuals, particularly bilingual women, from diverse ethnic backgrounds; and (2) technical assistance to providers to ensure successful implementation of the

pilot program, including training, resources, and ongoing support. Within six months of the conclusion of the pilot project, Isuroon must provide the commissioner with an evaluation of the project as determined by the commissioner. This is a onetime appropriation.

(e) **Long-Term Services and Supports Loan Program.** (1) $462,000 in fiscal year 2025 is from the general fund for the long-term services and supports loan program established under Minnesota Statutes, section 256R.55. The base for this appropriation is $822,000 in fiscal year 2026 and $0 in fiscal year 2027.

(2) The commissioner of management and budget shall transfer $462,000 in fiscal year 2025 from the general fund to the long-term services and supports loan account established under Minnesota Statutes, section 256R.55. The base for this transfer is $822,000 in fiscal year 2026 and $0 in fiscal year 2027.

(f) **Base Level Adjustment.** The general fund base is decreased by $1,202,000 in fiscal year 2026 and decreased by $2,024,000 in fiscal year 2027.

Subd. 13. **Grant Programs; Aging and Adult Services Grants**	-0-	4,500,000

(a) **Caregiver Respite Services Grants.** $2,000,000 in fiscal year 2025 is for caregiver respite services grants under Minnesota Statutes, section 256.9756. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, this appropriation is available until June 30, 2027.

(b) **Caregiver Support Programs.** $2,500,000 in fiscal year 2025 is for the Minnesota Board on Aging for the purposes of the caregiver support programs under Minnesota Statutes, section 256.9755. Programs receiving funding under this paragraph must include an ALS-specific respite service in their caregiver support program. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, this appropriation is available until June 30, 2027.

Subd. 14. **Grant Programs; Disabilities Grants**	1,650,000	9,574,000

(a) **Capital Improvement for Accessibility.** $400,000 in fiscal year 2025 is for a payment to Anoka County

to make capital improvements to existing space in the Anoka County Human Services building in the city of Blaine, including making bathrooms fully compliant with the Americans with Disabilities Act with adult changing tables and ensuring barrier-free access for the purposes of improving and expanding the services an existing building tenant can provide to adults with developmental disabilities. This is a onetime appropriation.

(b) **Dakota County Disability Services Workforce Shortage Pilot Project.** $500,000 in fiscal year 2025 is for a grant to Dakota County for innovative solutions to the disability services workforce shortage. Up to $250,000 of this amount must be used to develop and test an online application for matching requests for services from people with disabilities to available staff, and up to $250,000 of this amount must be used to develop a communities-for-all program that engages businesses, community organizations, neighbors, and informal support systems to promote community inclusion of people with disabilities. By October 1, 2026, the commissioner shall report the outcomes and recommendations of these pilot projects to the chairs and ranking minority members of the legislative committees with jurisdiction over human services finance and policy. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, this appropriation is available until June 30, 2027.

(c) **Pediatric Hospital-to-Home Transition Pilot Program.** $1,040,000 in fiscal year 2025 is for the pediatric hospital-to-home pilot program. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, this appropriation is available until June 30, 2027.

(d) **Artists With Disabilities Support.** $690,000 in fiscal year 2025 is for a payment to a nonprofit organization licensed under Minnesota Statutes, chapter 245D, located on Minnehaha Avenue West in Saint Paul, and that supports artists with disabilities in creating visual and performing art that challenges society's views of persons with disabilities. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, this appropriation is available until June 30, 2027.

(e) **Emergency Relief Grants for Rural EIDBI Providers.** $600,000 in fiscal year 2025 is for emergency relief grants for EIDBI providers. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, this appropriation is available until June 30, 2027.

(f) **Self-Advocacy Grants for Persons with Intellectual and Developmental Disabilities.** $250,000 in fiscal year 2025 is for self-advocacy grants under Minnesota Statutes, section 256.477, subdivision 1, paragraph (a), clauses (5) to (7), and for administrative costs. This is onetime appropriation.

(g) **Electronic Visit Verification Implementation Grants.** $864,000 in fiscal year 2025 is for electronic visit verification implementation grants. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, this appropriation is available until June 30, 2027.

(h) **Aging and Disability Services for Immigrant and Refugee Communities.** $250,000 in fiscal year 2025 is for a payment to SEWA-AIFW to address aging, disability, and mental health needs for immigrant and refugee communities. This is a onetime appropriation.

(i) **License Transition Support for Small Disability Waiver Providers.** $3,150,000 in fiscal year 2025 is for license transition payments to small disability waiver providers. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, this appropriation is available until June 30, 2027.

(j) **Own home services provider capacity-building grants.** $1,519,000 in fiscal year 2025 is for the own home services provider capacity-building grant program. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, this appropriation is available until June 30, 2027. This is a onetime appropriation.

(k) **Continuation of Centers for Independent Living HCBS Access Grants.** $311,000 in fiscal year 2024 is for continued funding of grants awarded under Laws 2021, First Special Session chapter 7, article 17, section 19, as amended by Laws 2022, chapter 98, article 15, section 15. This is a onetime appropriation and is available until June 30, 2025.

(l) **Base Level Adjustment.** The general fund base is increased by $811,000 in fiscal year 2026 and increased by $811,000 in fiscal year 2027.

Subd. 15. **Grant Programs; Adult Mental Health Grants** (8,900,000) 2,364,000

(a) **Locked Intensive Residential Treatment Services.** $1,000,000 in fiscal year 2025 is for start-up funds to intensive residential treatment services providers to provide treatment in locked facilities for patients meeting medical necessity criteria and who may also be referred for competency attainment or a competency examination under Minnesota Statutes, sections 611.40 to 611.59. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, this appropriation is available until June 30, 2027.

(b) **Engagement Services Pilot Grants.** $1,500,000 in fiscal year 2025 is for engagement services pilot grants. Of this amount, $250,000 in fiscal year 2025 is for an engagement services pilot grant to Otter Tail County. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, this appropriation is available until June 30, 2026.

(c) **Mental Health Innovation Grant Program.** $1,321,000 in fiscal year 2025 is for the mental health innovation grant program under Minnesota Statutes, section 245.4662. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, this appropriation is available until June 30, 2026.

(d) **Behavioral Health Services For Immigrant And Refugee Communities.** $354,000 in fiscal year 2025 is for a payment to African Immigrant Community Services to provide culturally and linguistically appropriate services to new Americans with disabilities, mental health needs, and substance use disorders and to connect such individuals with appropriate alternative service providers to ensure continuity of care. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, this appropriation is available until June 30, 2027.

(e) **Base Level Adjustment.** The general fund base is decreased by $1,811,000 in fiscal year 2026 and decreased by $1,811,000 in fiscal year 2027.

Subd. 16. **Grant Programs; Child Mental Health Grants**	-0-	500,000

Youth Peer Recovery Support Services Pilot Project. $500,000 in fiscal year 2025 is for a grant to Hennepin County to conduct a two-year pilot project to provide peer recovery support services under Minnesota Statutes, section 245G.07, subdivision 2, clause (8), to youth between 13 and 18 years of age. The pilot project must be conducted in partnership with a community organization that provides culturally specific peer recovery support services to East African individuals and that is working to expand peer recovery support services for youth in Hennepin County. At the conclusion of the pilot project, Hennepin County must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services detailing the implementation, operation, and outcomes of the pilot project and providing recommendations on expanding youth peer recovery support services statewide. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, this appropriation is available until June 30, 2026.

Subd. 17. **Grant Programs; Chemical Dependency Treatment Support Grants**	(500,000)	2,500,000

Medical Assistance Reentry Demonstration Grants. $2,500,000 in fiscal year 2025 is for capacity building and implementation grants for the medical assistance reentry demonstration under Minnesota Statutes, section 256B.0761. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, this appropriation is available until June 30, 2027.

Subd. 18. **Direct Care and Treatment - Mental Health and Substance Abuse**	-0-	977,000
Subd. 19. **Direct Care and Treatment - Forensic Services**	-0-	7,752,000

(a) **Employee incentives.** $1,000,000 in fiscal year 2025 is for incentives related to the transition of CARE

St. Peter to the forensic mental health program. This is a onetime appropriation.

(b) **Base Level Adjustment.** The general fund base is increased by $6,612,000 in fiscal year 2026 and increased by $6,612,000 in fiscal year 2027.

Subd. 20. **Direct Care and Treatment - Operations** -0- 6,094,000

(a) **Free Communication Services for Patients and Clients.** $1,368,000 in fiscal year 2025 is for free communication services under article 51, section 1. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, this appropriation is available until June 30, 2026.

(b) **Direct Care and Treatment Capacity; Miller Building.** $1,796,000 in fiscal year 2025 is to design a replacement facility for the Miller Building on the Anoka Metro Regional Treatment Center campus. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, this appropriation is available until June 30, 2027.

(c) **Direct Care and Treatment County Correctional Facility Support Pilot Program.** $2,387,000 in fiscal year 2025 is to establish a two-year county correctional facility support pilot program. The pilot program must: (1) provide education and support to counties and county correctional facilities on protocols and best practices for the provision of involuntary medications for mental health treatment; (2) provide technical assistance to expand access to injectable psychotropic medications in county correctional facilities; and (3) survey county correctional facilities and their contracted medical providers on their capacity to provide injectable psychotropic medications, including involuntary administration of medications, and barriers to providing these services. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, this appropriation is available until June 30, 2026.

(d) **Advisory Committee for Direct Care and Treatment.** $482,000 in fiscal year 2025 is for the administration of the advisory committee for the operation of Direct Care and Treatment. This is a onetime appropriation. Notwithstanding Minnesota

Statutes, section 16A.28, subdivision 3, this appropriation is available until June 30, 2027.

(e) **Base Level Adjustment.** The general fund base is increased by $31,000 in fiscal year 2026 and increased by $0 in fiscal year 2027.

Subd. 21. **Grant Administration Costs**

Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the commissioner of human services must not use any of the grant amounts appropriated under this section for administrative costs.

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

Sec. 3. **COMMISSIONER OF HEALTH**

Subdivision 1. **Total Appropriation**	$	-0-	$	1,087,000

Appropriations by Fund

	2024	2025
General	-0-	554,000
State Government Special Revenue	-0-	533,000

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

Subd. 2. **Health Improvement**	-0-	554,000

(a) **Community Care Hub Grant.** $500,000 in fiscal year 2025 is from the general fund for the community care hub planning grant. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, this appropriation is available until June 30, 2026.

(b) **Cannabis education program grants.** To achieve the net reduction in the general fund base of $3,650,000 in fiscal year 2026 and $3,650,000 in fiscal year 2027 for cannabis education grants under Minnesota Statutes, section 144.197, subdivision 4, the commissioner must not reduce the grant amounts distributed to Tribal health departments.

(c) **Carryforward Authority.** Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, $54,000 in fiscal year 2025 is available until June 30, 2026, for administration expenses related to the community care hub grant.

(d) **Base Level Adjustment.** The general fund base is decreased by $3,650,000 in fiscal year 2026 and decreased by $3,650,000 in fiscal year 2027.

Subd. 3. **Health Protection** -0- 533,000

This appropriation is from the state government special revenue fund.

Base Level Adjustments. The state government special revenue base is increased by $525,000 in fiscal year 2026 and increased by $525,000 in fiscal year 2027.

Subd. 4. **Grantee Evaluation Requirement**

For all new grants for which money is appropriated in this act, the commissioner of health must comply with the grantee evaluation requirements under Minnesota Statutes, section 16B.98, subdivision 12.

Sec. 4. **COUNCIL ON DISABILITY** **$** **-0-** **$** **400,000**

$400,000 in fiscal year 2025 is for the Legislative Task Force on Guardianship. Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, this appropriation is available until June 30, 2027. This is a onetime appropriation.

Sec. 5. **DEPARTMENT OF CORRECTIONS** **$** **-0-** **$** **1,649,000**

Medical Assistance Reentry Demonstration. $1,649,000 in fiscal year 2025 is from the general fund for planning and implementation of the medical assistance reentry demonstration. The base for this appropriation is $1,924,000 in fiscal year 2026 and $2,364,000 in fiscal year 2027.

Sec. 6. **DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT** **$** **-0-** **$** **5,000,000**

Cedar Riverside Recreation Center. $5,000,000 in fiscal year 2025 is for a payment to the Minneapolis

Park and Recreation Board for the design, development, and construction of the new Cedar Riverside Recreation Center to serve the largest immigrant population center in the state. This is a onetime appropriation available until June 30, 2028.

Sec. 7. Laws 2021, First Special Session chapter 7, article 17, section 19, as amended by Laws 2022, chapter 98, article 15, section 15, is amended to read:

Sec. 19. **CENTERS FOR INDEPENDENT LIVING HCBS ACCESS GRANT.**

(a) This act includes $1,200,000 in fiscal year 2022 and $1,200,000 in fiscal year 2023 for grants to expand services to support people with disabilities from underserved communities who are ineligible for medical assistance to live in their own homes and communities by providing accessibility modifications, independent living services, and public health program facilitation. The commissioner of human services must award the grants in equal amounts to grantees. To be eligible, a grantee must be an organization defined in Minnesota Statutes, section 268A.01, subdivision 8. Any unexpended amount in fiscal year 2022 is available through June 30, 2023. The general fund base included in this act for this purpose is $0 in fiscal year 2024 and $0 in fiscal year 2025.

(b) All grant activities must be completed by ~~March 31, 2024~~ June 30, 2025.

(c) This section expires June 30, ~~2024~~ 2025.

EFFECTIVE DATE. This section is effective retroactively from March 31, 2024.

Sec. 8. Laws 2023, chapter 53, article 21, section 6, is amended to read:

Sec. 6. **TRANSFERS.**

(a) In the biennium ending on June 30, 2025, the commissioner of management and budget must transfer ~~$400,000,000~~ $390,000,000 from the general fund to the Minnesota forward fund account established in Minnesota Statutes, section 116J.8752, subdivision 2. The base for this transfer is $0.

(b) In the biennium ending on June 30, 2025, the commissioner of management and budget shall transfer $25,000,000 from the general fund to the Minnesota climate innovation authority account established in Minnesota Statutes, section 216C.441, subdivision 11. The base for this transfer is $0.

(c) In the biennium ending on June 30, 2025, the commissioner of management and budget must transfer $75,000,000 from the general fund to the state competitiveness fund account established in Minnesota Statutes, section 216C.391, subdivision 2. Notwithstanding Minnesota Statutes, section 216C.391, subdivision 2, the commissioner of commerce must use this transfer for grants to eligible entities for projects receiving federal loans or tax credits where the benefits are in disadvantaged communities. The base for this transfer is $0. Up to three percent of money transferred under this paragraph is for administrative costs.

(d) ~~In the biennium ending on June 30, 2027,~~ The commissioners of management and budget, in consultation with the commissioners of employment and economic development and commerce, may transfer money between the Minnesota forward fund account, the Minnesota climate innovation authority account, and the state competitiveness fund account. The commissioner of management and budget must notify the Legislative Advisory Commission within 15 days of making transfers under this paragraph.

(e) The commissioner of management and budget may transfer money from the Minnesota forward fund account, the Minnesota climate innovation authority account, and the state competitiveness fund account to the human services response contingency account established under Minnesota Statutes, section 256.044, as necessary to respond to emergent state needs. The commissioner of management and budget must notify the Legislative Advisory Commission within 15 days of making transfers under this paragraph.

(f) The commissioner of management and budget may transfer money from the Minnesota forward fund account, the Minnesota climate innovation authority account, and the state competitiveness fund account to other state agencies to maximize federal funding opportunities. Money transferred under this paragraph is appropriated to the agency that receives the money and is available until June 30, 2027. Any money that remains unspent is canceled to the general fund. The commissioner of management and budget must notify the Legislative Advisory Commission 15 days prior to making transfers under this paragraph.

(g) The total amount transferred under paragraphs (e) and (f) shall not exceed $100,000,000.

Sec. 9. Laws 2023, chapter 53, article 21, section 7, is amended to read:

Sec. 7. **APPROPRIATIONS.**

(a) $50,000,000 in fiscal year 2024 is appropriated from the Minnesota forward fund account to the commissioner of employment and economic development for providing businesses with matching funds required by federal programs. Money awarded under this program is made retroactive to February 1, 2023, for applications and projects. The commissioner may use up to two percent of this appropriation for administration. This is a onetime appropriation and is available until June 30, 2027. Any funds that remain unspent are canceled to the general fund.

(b) $100,000,000 in fiscal year 2024 is appropriated from the Minnesota forward fund account to the commissioner of employment and economic development to match existing federal funds made available in the Consolidated Appropriations Act, Public Law 117-328. This appropriation must be used to (1) construct and operate a bioindustrial manufacturing pilot innovation facility, biorefinery, or commercial campus utilizing agricultural feedstocks or (2) for a Minnesota aerospace center for research, development, and testing, or both (1) and (2). This appropriation is not subject to the requirements of Minnesota Statutes, 116J.8752, subdivision 5. The commissioner may use up to two percent of this appropriation for administration. This is a onetime appropriation and is available until June 30, 2027. Any funds that remain unspent are canceled to the general fund.

(c) ~~$250,000,000~~ $240,000,000 in fiscal year 2024 is appropriated from the Minnesota forward fund account to the commissioner of employment and economic development to match federal funds made available in the Chips and Science Act, Public Law 117-167. Money awarded under this program is made retroactive to February 1, 2023, for applications and projects. This appropriation is not subject to Minnesota Statutes, section 116J.8752, subdivision 5. The commissioner may use up two percent for administration. This is a onetime appropriation and is available until June 30, 2027. Any funds that remain unspent are canceled to the general fund.

(d) The commissioner may use the appropriation under paragraph (c) to allocate up to 15 percent of the total project cost with a maximum of $75,000,000 per project for the purpose of constructing, modernizing, or expanding commercial facilities on the front- and back-end fabrication of leading-edge, current-generation, and mature-node semiconductors; funding semiconductor materials and manufacturing equipment facilities; and for research and development facilities.

(e) The commissioner may use the appropriation under paragraph (c) to award:

(1) grants to institutions of higher education for developing and deploying training programs and to build pipelines to serve the needs of industry; and

(2) grants to increase the capacity of institutions of higher education to serve industrial requirements for research and development that coincide with current and future requirements of projects eligible under this section. Grant money may be used to construct and equip facilities that serve the purpose of the industry. The maximum grant award per institution of higher education under this section is $5,000,000 and may not represent more than 50 percent of the total project funding from other sources. Use of this funding must be supported by businesses receiving funds under clause (1).

(f) Money appropriated in paragraphs (a), (b), and (c) may be transferred between appropriations within the Minnesota forward fund account by the commissioner of employment and economic development with approval of the commissioner of management and budget. The commissioner must notify the Legislative Advisory Commission at least 15 days prior to changing appropriations under this paragraph.

Sec. 10. Laws 2023, chapter 61, article 1, section 67, subdivision 3, is amended to read:

Subd. 3. **Evaluation and report.** (a) The Metropolitan Center for Independent Living must contract with a third party to evaluate the pilot project's impact on health care costs, retention of personal care assistants, and patients' and providers' satisfaction of care. The evaluation must include the number of participants, the hours of care provided by participants, and the retention of participants from semester to semester.

(b) By January 15, ~~2025~~ 2026, the Metropolitan Center for Independent Living must report the findings under paragraph (a) to the chairs and ranking minority members of the legislative committees with jurisdiction over human services finance and policy.

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

Sec. 11. Laws 2023, chapter 61, article 4, section 11, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective January 1, ~~2024~~ 2026, or upon federal approval, whichever is later. The commissioner shall notify the revisor of statutes when federal approval is obtained.

Sec. 12. Laws 2023, chapter 61, article 9, section 2, subdivision 5, is amended to read:

Subd. 5. **Central Office; Aging and Disability Services**	40,115,000	11,995,000
(a) **Employment Supports Alignment Study.** $50,000 in fiscal year 2024 and $200,000 in fiscal year 2025 are to conduct an interagency employment supports alignment study. The base for this appropriation is $150,000 in fiscal year 2026 and $100,000 in fiscal year 2027.		
(b) **Case Management Training Curriculum.** $377,000 in fiscal year 2024 and $377,000 in fiscal year 2025 are to develop and implement a curriculum and training plan to ensure all lead agency assessors		

and case managers have the knowledge and skills necessary to fulfill support planning and coordination responsibilities for individuals who use home and community-based disability services and live in own-home settings. This is a onetime appropriation.

(c) **Office of Ombudsperson for Long-Term Care.** $875,000 in fiscal year 2024 and $875,000 in fiscal year 2025 are for additional staff and associated direct costs in the Office of Ombudsperson for Long-Term Care.

(d) **Direct Care Services Corps Pilot Project.** $500,000 in fiscal year 2024 is from the general fund for a grant to the Metropolitan Center for Independent Living for the direct care services corps pilot project. Up to $25,000 may be used by the Metropolitan Center for Independent Living for administrative costs. This is a onetime appropriation and is available until June 30, 2026.

(e) **Research on Access to Long-Term Care Services and Financing.** Any unexpended amount of the fiscal year 2023 appropriation referenced in Laws 2021, First Special Session chapter 7, article 17, section 16, estimated to be $300,000, is canceled. The amount canceled is appropriated in fiscal year 2024 for the same purpose.

(f) **Native American Elder Coordinator.** $441,000 in fiscal year 2024 and $441,000 in fiscal year 2025 are for the Native American elder coordinator position under Minnesota Statutes, section 256.975, subdivision 6.

(g) **Grant Administration Carryforward.**

(1) Of this amount, $8,154,000 in fiscal year 2024 is available until June 30, 2027.

(2) Of this amount, $1,071,000 in fiscal year 2025 is available until June 30, 2027.

(3) Of this amount, $19,000,000 in fiscal year 2024 is available until June 30, 2029.

(h) **Base Level Adjustment.** The general fund base is increased by $8,189,000 in fiscal year 2026 and increased by $8,093,000 in fiscal year 2027.

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

Sec. 13. Laws 2023, chapter 61, article 9, section 2, subdivision 14, is amended to read:

Subd. 14. **Grant Programs; Aging and Adult Services Grants**	164,626,000	34,795,000

(a) **Vulnerable Adult Act Redesign Phase Two.** $17,129,000 in fiscal year 2024 is for adult protection grants to counties and Tribes under Minnesota Statutes, section 256M.42. Notwithstanding Minnesota Statutes, section 16A.28, this appropriation is available until June 30, 2027. The base for this appropriation is $866,000 in fiscal year 2026 and $867,000 in fiscal year 2027.

(b) **Caregiver Respite Services Grants.** $1,800,000 in fiscal year 2025 is for caregiver respite services grants under Minnesota Statutes, section 256.9756. This is a onetime appropriation.

(c) **Live Well at Home Grants.** $4,575,000 in fiscal year 2024 is for live well at home grants under Minnesota Statutes, section 256.9754, subdivision 3f. This is a onetime appropriation and is available until June 30, 2025.

(d) **Senior Nutrition Program.** $10,552,000 in fiscal year 2024 is for the senior nutrition program. Notwithstanding Minnesota Statutes, section 16A.28, this appropriation is available until June 30, 2027. This is a onetime appropriation.

(e) **Age-Friendly Community Grants.** $3,000,000 in fiscal year 2024 is for the continuation of age-friendly community grants under Laws 2021, First Special Session chapter 7, article 17, section 8, subdivision 1. Notwithstanding Minnesota Statutes, section 16A.28, this is a onetime appropriation and is available until June 30, 2027.

(f) **Age-Friendly Technical Assistance Grants.** $1,725,000 in fiscal year 2024 is for the continuation of age-friendly technical assistance grants under Laws 2021, First Special Session chapter 7, article 17, section 8, subdivision 2. Notwithstanding Minnesota Statutes, section 16A.28, this is a onetime appropriation and is available until June 30, 2027.

(g) ~~**Financially Distressed Nursing Facility**~~ **Long-Term Services and Supports Loan Program.** $93,200,000 in fiscal year 2024 is for the ~~financially~~

~~distressed nursing facility~~ long-term services and supports loan program under Minnesota Statutes, section 256R.55, and is available as provided therein.

(h) **Base Level Adjustment.** The general fund base is $33,861,000 in fiscal year 2026 and $33,862,000 in fiscal year 2027.

Sec. 14. Laws 2023, chapter 61, article 9, section 2, subdivision 16, as amended by Laws 2023, chapter 70, article 15, section 8, is amended to read:

Subd. 16. **Grant Programs; Disabilities Grants**	113,684,000	30,377,000

(a) **Temporary Grants for Small Customized Living Providers.** $5,450,000 in fiscal year 2024 is for grants to assist small customized living providers to transition to community residential services licensure or integrated community supports licensure. Notwithstanding Minnesota Statutes, section 16A.28, this appropriation is available until June 30, 2027. This is a onetime appropriation.

(b) **Lead Agency Capacity Building Grants.** $444,000 in fiscal year 2024 and $2,396,000 in fiscal year 2025 are for grants to assist organizations, counties, and Tribes to build capacity for employment opportunities for people with disabilities. The base for this appropriation is $2,413,000 in fiscal year 2026 and $2,411,000 in fiscal year 2027.

(c) **Employment and Technical Assistance Center Grants.** $450,000 in fiscal year 2024 and $1,800,000 in fiscal year 2025 are for employment and technical assistance grants to assist organizations and employers in promoting a more inclusive workplace for people with disabilities.

(d) **Case Management Training Grants.** $37,000 in fiscal year 2024 and $123,000 in fiscal year 2025 are for grants to provide case management training to organizations and employers to support the state's disability employment supports system. The base for this appropriation is $45,000 in fiscal year 2026 and $45,000 in fiscal year 2027.

(e) **Self-Directed Bargaining Agreement; Electronic Visit Verification Stipends.** $6,095,000 in fiscal year 2024 is for onetime stipends of $200 to bargaining members to offset the potential costs related to people using individual devices to access the electronic visit

verification system. Of this amount, $5,600,000 is for stipends and $495,000 is for administration. This is a onetime appropriation and is available until June 30, 2025.

(f) **Self-Directed Collective Bargaining Agreement; Temporary Rate Increase Memorandum of Understanding.** $1,600,000 in fiscal year 2024 is for onetime stipends for individual providers covered by the SEIU collective bargaining agreement based on the memorandum of understanding related to the temporary rate increase in effect between December 1, 2020, and February 7, 2021. Of this amount, $1,400,000 of the appropriation is for stipends and $200,000 is for administration. This is a onetime appropriation.

(g) **Self-Directed Collective Bargaining Agreement; Retention Bonuses.** $50,750,000 in fiscal year 2024 is for onetime retention bonuses covered by the SEIU collective bargaining agreement. Of this amount, $50,000,000 is for retention bonuses and $750,000 is for administration of the bonuses. This is a onetime appropriation and is available until June 30, 2025.

(h) **Self-Directed Bargaining Agreement; Training Stipends.** $2,100,000 in fiscal year 2024 and $100,000 in fiscal year 2025 are for onetime stipends of $500 for collective bargaining unit members who complete designated, voluntary trainings made available through or recommended by the State Provider Cooperation Committee. Of this amount, $2,000,000 in fiscal year 2024 is for stipends, and $100,000 in fiscal year 2024 and $100,000 in fiscal year 2025 are for administration. This is a onetime appropriation.

(i) **Self-Directed Bargaining Agreement; Orientation Program.** $2,000,000 in fiscal year 2024 and $2,000,000 in fiscal year 2025 are for onetime $100 payments to collective bargaining unit members who complete voluntary orientation requirements. Of this amount, $1,500,000 in fiscal year 2024 and $1,500,000 in fiscal year 2025 are for the onetime $100 payments, and $500,000 in fiscal year 2024 and $500,000 in fiscal year 2025 are for orientation-related costs. This is a onetime appropriation.

(j) **Self-Directed Bargaining Agreement; Home Care Orientation Trust.** $1,000,000 in fiscal year 2024 is for the Home Care Orientation Trust under Minnesota

Statutes, section 179A.54, subdivision 11. The commissioner shall disburse the appropriation to the board of trustees of the Home Care Orientation Trust for deposit into an account designated by the board of trustees outside the state treasury and state's accounting system. This is a onetime appropriation and is available until June 30, 2025.

(k) **HIV/AIDS Supportive Services.** $12,100,000 in fiscal year 2024 is for grants to community-based HIV/AIDS supportive services providers as defined in Minnesota Statutes, section 256.01, subdivision 19, and for payment of allowed health care costs as defined in Minnesota Statutes, section 256.9365. This is a onetime appropriation and is available until June 30, 2025.

(l) **Motion Analysis Advancements Clinical Study and Patient Care.** $400,000 is fiscal year 2024 is for a grant to the Mayo Clinic Motion Analysis Laboratory and Limb Lab for continued research in motion analysis advancements and patient care. This is a onetime appropriation and is available through June 30, 2025.

(m) **Grant to Family Voices in Minnesota.** $75,000 in fiscal year 2024 and $75,000 in fiscal year 2025 are for a grant to Family Voices in Minnesota under Minnesota Statutes, section 256.4776.

(n) **Parent-to-Parent Programs.**

(1) $550,000 in fiscal year 2024 and $550,000 in fiscal year 2025 are for grants to organizations that provide services to underserved communities with a high prevalence of autism spectrum disorder. This is a onetime appropriation and is available until June 30, 2025.

(2) The commissioner shall give priority to organizations that provide culturally specific and culturally responsive services.

(3) Eligible organizations must:

(i) conduct outreach and provide support to newly identified parents or guardians of a child with special health care needs;

(ii) provide training to educate parents and guardians in ways to support their child and navigate the health, education, and human services systems;

(iii) facilitate ongoing peer support for parents and guardians from trained volunteer support parents; and

(iv) communicate regularly with other parent-to-parent programs and national organizations to ensure that best practices are implemented.

(4) Grant recipients must use grant money for the activities identified in clause (3).

(5) For purposes of this paragraph, "special health care needs" means disabilities, chronic illnesses or conditions, health-related educational or behavioral problems, or the risk of developing disabilities, illnesses, conditions, or problems.

(6) Each grant recipient must report to the commissioner of human services annually by January 15 with measurable outcomes from programs and services funded by this appropriation the previous year including the number of families served and the number of volunteer support parents trained by the organization's parent-to-parent program.

(o) **Self-Advocacy Grants for Persons with Intellectual and Developmental Disabilities.** $323,000 in fiscal year 2024 and $323,000 in fiscal year 2025 are for self-advocacy grants under Minnesota Statutes, section 256.477. This is a onetime appropriation. Of these amounts, $218,000 in fiscal year 2024 and $218,000 in fiscal year 2025 are for the activities under Minnesota Statutes, section 256.477, subdivision 1, paragraph (a), clauses (5) to (7), and for administrative costs, and $105,000 in fiscal year 2024 and $105,000 in fiscal year 2025 are for the activities under Minnesota Statutes, section 256.477, subdivision 2.

(p) **Technology for Home Grants.** $300,000 in fiscal year 2024 and $300,000 in fiscal year 2025 are for technology for home grants under Minnesota Statutes, section 256.4773.

(q) **Community Residential Setting Transition.** $500,000 in fiscal year 2024 is for a grant to Hennepin County to expedite approval of community residential setting licenses subject to the corporate foster care

moratorium exception under Minnesota Statutes, section 245A.03, subdivision 7, paragraph (a), clause (5).

(r) **Base Level Adjustment.** The general fund base is $27,343,000 in fiscal year 2026 and $27,016,000 in fiscal year 2027.

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

Sec. 15. Laws 2023, chapter 61, article 9, section 2, subdivision 18, is amended to read:

Subd. 18. **Grant Programs; Chemical Dependency Treatment Support Grants**

	Appropriations by Fund	
General	54,691,000	5,342,000
Lottery Prize	1,733,000	1,733,000

(a) **Culturally Specific Recovery Community Organization Start-Up Grants.** $4,000,000 in fiscal year 2024 is for culturally specific recovery community organization start-up grants. Notwithstanding Minnesota Statutes, section 16A.28, this appropriation is available until June 30, 2027. This is a onetime appropriation.

(b) **Safe Recovery Sites.** $14,537,000 in fiscal year 2024 is from the general fund for start-up and capacity-building grants for organizations to establish safe recovery sites. Notwithstanding Minnesota Statutes, section 16A.28, this appropriation is onetime and is available until June 30, 2029.

(c) **Technical Assistance for Culturally Specific Organizations; Culturally Specific Services Grants.** $4,000,000 in fiscal year 2024 is for grants to culturally specific providers for technical assistance navigating culturally specific and responsive substance use and recovery programs. Notwithstanding Minnesota Statutes, section 16A.28, this appropriation is available until June 30, 2027.

(d) **Technical Assistance for Culturally Specific Organizations; Culturally Specific Grant Development Training.** $400,000 in fiscal year 2024 is for grants for up to four trainings for community members and culturally specific providers for grant

writing training for substance use and recovery-related grants. Notwithstanding Minnesota Statutes, section 16A.28, this is a onetime appropriation and is available until June 30, 2027.

(e) **Harm Reduction Supplies for Tribal and Culturally Specific Programs.** $7,597,000 in fiscal year 2024 is from the general fund to provide sole source grants to culturally specific communities to purchase syringes, testing supplies, and opiate antagonists. Notwithstanding Minnesota Statutes, section 16A.28, this appropriation is available until June 30, 2027. This is a onetime appropriation.

(f) **Families and Family Treatment Capacity-Building and Start-Up Grants.** $10,000,000 in fiscal year 2024 is from the general fund for start-up and capacity-building grants for family substance use disorder treatment programs. Notwithstanding Minnesota Statutes, section 16A.28, this appropriation is available until June 30, 2029. This is a onetime appropriation.

(g) **Start-Up and Capacity Building Grants for Withdrawal Management.** ~~$500,000~~ $0 in fiscal year 2024 and $1,000,000 in fiscal year 2025 are for start-up and capacity building grants for withdrawal management.

(h) **Recovery Community Organization Grants.** $4,300,000 in fiscal year 2024 is from the general fund for grants to recovery community organizations, as defined in Minnesota Statutes, section 254B.01, subdivision 8, that are current grantees as of June 30, 2023. This is a onetime appropriation and is available until June 30, 2025.

(i) **Opioid Overdose Prevention Grants.**

(1) $125,000 in fiscal year 2024 and $125,000 in fiscal year 2025 are from the general fund for a grant to Ka Joog, a nonprofit organization in Minneapolis, Minnesota, to be used for collaborative outreach, education, and training on opioid use and overdose, and distribution of opiate antagonist kits in East African and Somali communities in Minnesota. This is a onetime appropriation.

(2) $125,000 in fiscal year 2024 and $125,000 in fiscal year 2025 are from the general fund for a grant to the

Steve Rummler Hope Network to be used for statewide outreach, education, and training on opioid use and overdose, and distribution of opiate antagonist kits. This is a onetime appropriation.

(3) $250,000 in fiscal year 2024 and $250,000 in fiscal year 2025 are from the general fund for a grant to African Career Education and Resource, Inc. to be used for collaborative outreach, education, and training on opioid use and overdose, and distribution of opiate antagonist kits. This is a onetime appropriation.

(j) **Problem Gambling.** $225,000 in fiscal year 2024 and $225,000 in fiscal year 2025 are from the lottery prize fund for a grant to a state affiliate recognized by the National Council on Problem Gambling. The affiliate must provide services to increase public awareness of problem gambling, education, training for individuals and organizations that provide effective treatment services to problem gamblers and their families, and research related to problem gambling.

(k) **Project ECHO.** $1,310,000 in fiscal year 2024 and $1,295,000 in fiscal year 2025 are from the general fund for a grant to Hennepin Healthcare to expand the Project ECHO program. The grant must be used to establish at least four substance use disorder-focused Project ECHO programs at Hennepin Healthcare, expanding the grantee's capacity to improve health and substance use disorder outcomes for diverse populations of individuals enrolled in medical assistance, including but not limited to immigrants, individuals who are homeless, individuals seeking maternal and perinatal care, and other underserved populations. The Project ECHO programs funded under this section must be culturally responsive, and the grantee must contract with culturally and linguistically appropriate substance use disorder service providers who have expertise in focus areas, based on the populations served. Grant funds may be used for program administration, equipment, provider reimbursement, and staffing hours. This is a onetime appropriation and is available until June 30, 2027.

(l) **White Earth Nation Substance Use Disorder Digital Therapy Tool.** $3,000,000 in fiscal year 2024 is from the general fund for a grant to the White Earth Nation to develop an individualized Native American centric digital therapy tool with Pathfinder Solutions.

This is a onetime appropriation. The grant must be used to:

(1) develop a mobile application that is culturally tailored to connecting substance use disorder resources with White Earth Nation members;

(2) convene a planning circle with White Earth Nation members to design the tool;

(3) provide and expand White Earth Nation-specific substance use disorder services; and

(4) partner with an academic research institution to evaluate the efficacy of the program.

(m) **Wellness in the Woods.** $300,000 in fiscal year 2024 and $300,000 in fiscal year 2025 are from the general fund for a grant to Wellness in the Woods for daily peer support and special sessions for individuals who are in substance use disorder recovery, are transitioning out of incarceration, or who have experienced trauma. These are onetime appropriations.

(n) **Base Level Adjustment.** The general fund base is $3,247,000 in fiscal year 2026 and $3,247,000 in fiscal year 2027.

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

Sec. 16. Laws 2023, chapter 70, article 20, section 2, subdivision 29, is amended to read:

Subd. 29. **Grant Programs; Adult Mental Health Grants**	132,327,000	121,270,000

(a) **Mobile crisis grants to Tribal Nations.** $1,000,000 in fiscal year 2024 and $1,000,000 in fiscal year 2025 are for mobile crisis grants under Minnesota Statutes ~~section~~ sections 245.4661, subdivision 9, paragraph (b), clause (15), and 245.4889, subdivision 1, paragraph (b), clause (4), to Tribal Nations.

(b) **Mental health provider supervision grant program.** $1,500,000 in fiscal year 2024 and $1,500,000 in fiscal year 2025 are for the mental health provider supervision grant program under Minnesota Statutes, section 245.4663.

(c) **Minnesota State University, Mankato community behavioral health center.** $750,000 in fiscal year 2024 and $750,000 in fiscal year 2025 are for a grant to the Center for Rural Behavioral Health

at Minnesota State University, Mankato to establish a community behavioral health center and training clinic. The community behavioral health center must provide comprehensive, culturally specific, trauma-informed, practice- and evidence-based, person- and family-centered mental health and substance use disorder treatment services in Blue Earth County and the surrounding region to individuals of all ages, regardless of an individual's ability to pay or place of residence. The community behavioral health center and training clinic must also provide training and workforce development opportunities to students enrolled in the university's training programs in the fields of social work, counseling and student personnel, alcohol and drug studies, psychology, and nursing. Upon request, the commissioner must make information regarding the use of this grant funding available to the chairs and ranking minority members of the legislative committees with jurisdiction over behavioral health. This is a onetime appropriation and is available until June 30, 2027.

(d) **White Earth Nation; adult mental health initiative.** $300,000 in fiscal year 2024 and $300,000 in fiscal year 2025 are for adult mental health initiative grants to the White Earth Nation. This is a onetime appropriation.

(e) **Mobile crisis grants.** $8,472,000 in fiscal year 2024 and $8,380,000 in fiscal year 2025 are for the mobile crisis grants under Minnesota Statutes, ~~section~~ sections 245.4661, subdivision 9, paragraph (b), clause (15), and 245.4889, subdivision 1, paragraph (b), clause (4). This is a onetime appropriation and is available until June 30, 2027.

(f) **Base level adjustment.** The general fund base is $121,980,000 in fiscal year 2026 and $121,980,000 in fiscal year 2027.

Sec. 17. **REIMBURSEMENT TO BELTRAMI COUNTY AND TODD COUNTY FOR CERTAIN COST OF CARE PAYMENTS.**

This act includes $336,680 in fiscal year 2025 for reimbursement of prior payments by Beltrami County and the forgiveness of existing Beltrami County debt under article 49, section 8, paragraph (a), and $387,000 in fiscal year 2025 for reimbursement of prior payments by Todd County and the forgiveness of existing Todd County debt under article 49, section 8, paragraph (b).

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

Sec. 18. **REVIVAL AND REENACTMENT.**

Minnesota Statutes 2022, section 256B.051, subdivision 7, is revived and reenacted effective retroactively from August 1, 2023. Any time frames within or dependent on the subdivision are based on the original effective date in Laws 2017, First Special Session chapter 6, article 2, section 10.

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

Sec. 19. **APPROPRIATIONS GIVEN EFFECT ONCE.**

If an appropriation or transfer in this act is enacted more than once during the 2024 legislative session, the appropriation or transfer must be given effect once.

Sec. 20. **DIRECTION TO COMMISSIONER OF MANAGEMENT AND BUDGET; DIRECT CARE AND TREATMENT BUDGET.**

The commissioner of management and budget must identify any unexpended appropriations and all base funding for the Direct Care and Treatment Division of the Department of Human Services and allocate the identified unexpended appropriations and base funding to Direct Care and Treatment when establishing the 2026-2027 biennial budget.

Sec. 21. **REPEALER.**

Laws 2023, chapter 25, section 190, subdivision 10, is repealed.

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

Sec. 22. **EXPIRATION OF UNCODIFIED LANGUAGE.**

All uncodified language contained in this article expires on June 30, 2025, unless a different expiration date is explicit.

Sec. 23. **EFFECTIVE DATE.**

This article is effective July 1, 2024, unless a different effective date is specified.

ARTICLE 54

DEPARTMENT OF HUMAN SERVICES HEALTH CARE FINANCE

Section 1. Minnesota Statutes 2023 Supplement, section 256.9631, is amended to read:

256.9631 ~~DIRECT PAYMENT SYSTEM~~ ALTERNATIVE CARE DELIVERY MODELS FOR MEDICAL ASSISTANCE AND MINNESOTACARE.

Subdivision 1. **Direction to the commissioner.** (a) The commissioner, in order to deliver services to eligible individuals, achieve better health outcomes, and reduce the cost of health care for the state, shall develop ~~an~~ implementation ~~plan~~ plans for ~~a direct payment system to deliver services to eligible individuals in order to achieve better health outcomes and reduce the cost of health care for the state. Under this system,~~ at least three care delivery models that:

(1) are alternatives to the use of commercial managed care plans to deliver health care to Minnesota health care program enrollees; and

(2) do not shift financial risk to nongovernmental entities.

(b) One of the alternative models must be a direct payment system under which eligible individuals ~~must~~ receive services through the ~~medical assistance~~ fee-for-service system, county-based purchasing plans, ~~or~~ and county-owned health maintenance organizations. At least one additional model must include county-based purchasing plans and county-owned health maintenance organizations in their design, and must allow these entities to deliver care in geographic areas on a single plan basis, if:

(1) these entities contract with all providers that agree to contract terms for network participation; and

(2) the commissioner of human services determines that an entity's provider network is adequate to ensure enrollee access and choice.

(c) Before determining the alternative models for which implementation plans will be developed, the commissioner shall consult with the chairs and ranking minority members of the legislative committees with jurisdiction over health care finance and policy.

(d) The commissioner shall present ~~an~~ implementation ~~plan~~ plans for the ~~direct payment system~~ selected models to the chairs and ranking minority members of the legislative committees with jurisdiction over health care finance and policy by January 15, 2026. The commissioner may contract for technical assistance in developing the implementation ~~plan~~ plans and conducting related studies and analyses.

~~(b) For the purposes of the direct payment system, the commissioner shall make the following assumptions:~~

~~(1) health care providers are reimbursed directly for all medical assistance covered services provided to eligible individuals, using the fee-for-service payment methods specified in chapters 256, 256B, 256R, and 256S;~~

~~(2) payments to a qualified hospital provider are equivalent to the payments that would have been received based on managed care direct payment arrangements. If necessary, a qualified hospital provider may use a county-owned health maintenance organization to receive direct payments as described in section 256B.1973; and~~

~~(3) county-based purchasing plans and county-owned health maintenance organizations must be reimbursed at the capitation rate determined under sections 256B.69 and 256B.692.~~

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

(b) "Eligible individuals" means ~~qualified~~ all medical assistance ~~enrollees, defined as persons eligible for medical assistance as families and children and adults without children~~ and MinnesotaCare enrollees.

(c) "Minnesota health care programs" means the medical assistance and MinnesotaCare programs.

~~(c)~~ (d) "Qualified hospital provider" means a nonstate government teaching hospital with high medical assistance utilization and a level 1 trauma center, and all of the hospital's owned or affiliated health care professionals, ambulance services, sites, and clinics.

Subd. 3. **Implementation ~~plan~~ plans.** (a) ~~The~~ Each implementation plan must include:

(1) a timeline for the development and recommended implementation date of the ~~direct payment system~~ alternative model. In recommending a timeline, the commissioner must consider:

(i) timelines required by the existing contracts with managed care plans and county-based purchasing plans to sunset existing delivery models;

(ii) in counties that choose to operate a county-based purchasing plan under section 256B.692, timelines for any new procurements required for those counties to establish a new county-based purchasing plan or participate in an existing county-based purchasing plan;

(iii) in counties that choose to operate a county-owned health maintenance organization under section 256B.69, timelines for any new procurements required for those counties to establish a new county-owned health maintenance organization or to continue serving enrollees through an existing county-owned health maintenance organization; and

(iv) a recommendation on whether the commissioner should contract with a third-party administrator to administer the ~~direct payment system~~ alternative model, and the timeline needed for procuring an administrator;

(2) the procedures to be used to ensure continuity of care for enrollees who transition from managed care to fee-for-service and any administrative resources needed to carry out these procedures;

(3) recommended quality measures for health care service delivery;

(4) any changes to fee-for-service payment rates that the commissioner determines are necessary to ensure provider access and high-quality care and to reduce health disparities;

(5) recommendations on ensuring effective care coordination under the ~~direct payment system~~ alternative model, especially for enrollees who:

(i) are age 65 or older, blind, or have disabilities;

(ii) have complex medical conditions~~, who~~;

(iii) face socioeconomic barriers to receiving care~~, or who~~; or

(iv) are from underserved populations that experience health disparities;

(6) recommendations on ~~whether the direct payment system should provide supplemental payments~~ payment arrangements for care coordination, including:

(i) the provider types eligible for ~~supplemental~~ care coordination payments;

(ii) procedures to coordinate ~~supplemental~~ care coordination payments with existing supplemental or cost-based payment methods or to replace these existing methods; and

(iii) procedures to align care coordination initiatives funded ~~through supplemental payments~~ under ~~this section~~ the alternative model with existing care coordination initiatives;

(7) recommendations on whether the ~~direct payment system~~ alternative model should include funding to providers for outreach initiatives to patients who, because of mental illness, homelessness, or other circumstances, are unlikely to obtain needed care and treatment;

(8) recommendations for a supplemental payment to qualified hospital providers to offset any potential revenue losses resulting from the shift from managed care payments; and

~~(9) recommendations on whether and how the direct payment system should be expanded to deliver services and care coordination to medical assistance enrollees who are age 65 or older, are blind, or have a disability and to persons enrolled in MinnesotaCare; and~~

~~(10)~~ (9) recommendations for statutory changes necessary to implement the ~~direct payment system~~ alternative model.

(b) In developing ~~the~~ each implementation plan, the commissioner shall:

(1) calculate the projected cost of ~~a direct payment system~~ the alternative model relative to the cost of the current system;

(2) assess gaps in care coordination under the current medical assistance and MinnesotaCare programs;

(3) evaluate the effectiveness of approaches other states have taken to coordinate care under a fee-for-service system, including the coordination of care provided to persons who are age 65 or older, are blind, or have disabilities;

(4) estimate the loss of revenue and cost savings from other payment enhancements based on managed care plan directed payments and pass-throughs;

(5) estimate cost trends under ~~a direct payment system~~ the alternative model for managed care payments to county-based purchasing plans and county-owned health maintenance organizations;

(6) estimate the impact of ~~a direct payment system~~ the alternative model on other revenue, including taxes, surcharges, or other federally approved in lieu of services and on other arrangements allowed under managed care;

(7) consider allowing eligible individuals to opt out of managed care as an alternative approach;

~~(8) assess the feasibility of a medical assistance outpatient prescription drug benefit carve-out under section 256B.69, subdivision 6d, and in consultation with the commissioners of commerce and health, assess the feasibility of including MinnesotaCare enrollees and private sector enrollees of health plan companies in the drug benefit carve-out. The assessment of feasibility must address and include recommendations related to the process and terms by which the commissioner would contract with health plan companies to administer prescription drug benefits and develop and manage a drug formulary, and the impact of the drug-benefit carve-out on health care providers, including small pharmacies;~~

~~(9)~~ (8) consult with the commissioners of health and commerce and the contractor or contractors analyzing the Minnesota Health Plan ~~under section 19~~ and other health reform models on plan design and assumptions; and

~~(10)~~ (9) conduct other analyses necessary to develop the implementation plan.

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

Sec. 2. Minnesota Statutes 2022, section 256.9657, is amended by adding a subdivision to read:

Subd. 2a. **Teaching hospital surcharge.** (a) Each teaching hospital shall pay to the medical assistance account a surcharge equal to 1.41 percent of its fiscal year 2021 net patient revenue for inpatient services. The initial surcharge must not be collected more than 30 days before the commissioner makes the first of the payments required under section 256.969, subdivision 2g. Subsequent surcharge payments must be paid annually in the form and manner specified by the commissioner. The surcharge must comply with all

applicable federal requirements and federal laws, including but not limited to Code of Federal Regulations, title 42, section 433.68.

(b) Revenue from the surcharge must be used by the commissioner only to pay the nonfederal share of the medical assistance supplemental payments described in section 256.969, subdivision 2g, and must be used to supplement, and not supplant, medical assistance reimbursement to teaching hospitals.

(c) For purposes of this subdivision, "teaching hospital" means any Minnesota hospital with a Centers for Medicare and Medicaid Services designation of "teaching hospital" as reported on form CMS-2552-10, worksheet S-2, line 56, that is eligible for reimbursement under section 256.969, subdivision 2g.

(d) Notwithstanding paragraph (c), the following hospitals are exempt from paying the surcharge under this section:

(1) all hospitals in Minnesota designated as a children's hospital under Medicare, including Children's Health Care, doing business as Children's Minnesota, and Gillette Children's Specialty Healthcare, doing business as Gillette Children's;

(2) teaching hospitals with three or fewer full-time equivalent trainees, based on a Medicare cost report filed for the fiscal year ending in 2022;

(3) federal Indian Health Service facilities; and

(4) regional treatment centers.

(e) The teaching hospital surcharge established under this subdivision must only be assessed if the annual inpatient supplemental payments under section 256.969, subdivision 2g, are approved by the Centers for Medicare and Medicaid Services.

(f) The commissioner must reduce the surcharge percentage in paragraph (a) such that the aggregate amount collected from hospitals under this subdivision does not exceed the total amount needed for the nonfederal share of the annual inpatient supplemental payments authorized by section 256.969, subdivision 2g.

(g) For purposes of this subdivision, net patient revenue for inpatient services must be calculated by:

(1) determining gross inpatient hospital facility charges from the hospital's audited statements or, if not contained or segregated within the hospital's audited financial statements, using detailed internal financial income statements or schedules; and

(2) subtracting from gross inpatient hospital facility charges:

(i) all professional fee charges, home health charges, skilled nursing facility charges, hospice charges, end-stage renal disease charges, and other nonhospital charges; and

(ii) applicable contractual allowances.

(h) Teaching hospitals subject to the surcharge under this subdivision shall submit to the commissioner, in the form and manner specified by the commissioner, all documentation necessary to provide reconciliation of the net patient revenue calculation under paragraph (b).

(i) This subdivision is effective on the later of July 1, 2025, or 60 days after the end of the first legislative regular session that begins following federal approval for all of the following: (1) the amendment in this act adding section 256.9657, subdivision 2a; (2) the amendment in this act to section 256.969, subdivision 2b;

and (3) the amendment in this act adding section 256.969, subdivision 2g. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

(j) This subdivision is subject to the implementation requirements in section 9.

(k) This subdivision expires June 30, 2030, or five years after federal approval is obtained, whichever is later.

Sec. 3. Minnesota Statutes 2023 Supplement, section 256.969, subdivision 2b, is amended to read:

Subd. 2b. **Hospital payment rates.** (a) For discharges occurring on or after November 1, 2014, hospital inpatient services for hospitals located in Minnesota shall be paid according to the following:

(1) critical access hospitals as defined by Medicare shall be paid using a cost-based methodology;

(2) long-term hospitals as defined by Medicare shall be paid on a per diem methodology under subdivision 25;

(3) rehabilitation hospitals or units of hospitals that are recognized as rehabilitation distinct parts as defined by Medicare shall be paid according to the methodology under subdivision 12; and

(4) all other hospitals shall be paid on a diagnosis-related group (DRG) methodology.

(b) For the period beginning January 1, 2011, through October 31, 2014, rates shall not be rebased, except that a Minnesota long-term hospital shall be rebased effective January 1, 2011, based on its most recent Medicare cost report ending on or before September 1, 2008, with the provisions under subdivisions 9 and 23, based on the rates in effect on December 31, 2010. For rate setting periods after November 1, 2014, in which the base years are updated, a Minnesota long-term hospital's base year shall remain within the same period as other hospitals.

(c) Effective for discharges occurring on and after November 1, 2014, payment rates for hospital inpatient services provided by hospitals located in Minnesota or the local trade area, except for the hospitals paid under the methodologies described in paragraph (a), clauses (2) and (3), shall be rebased, incorporating cost and payment methodologies in a manner similar to Medicare. The base year or years for the rates effective November 1, 2014, shall be calendar year 2012. The rebasing under this paragraph shall be budget neutral, ensuring that the total aggregate payments under the rebased system are equal to the total aggregate payments that were made for the same number and types of services in the base year. Separate budget neutrality calculations shall be determined for payments made to critical access hospitals and payments made to hospitals paid under the DRG system. Only the rate increases or decreases under subdivision 3a or 3c that applied to the hospitals being rebased during the entire base period shall be incorporated into the budget neutrality calculation.

(d) For discharges occurring on or after November 1, 2014, through the next rebasing that occurs, the rebased rates under paragraph (c) that apply to hospitals under paragraph (a), clause (4), shall include adjustments to the projected rates that result in no greater than a five percent increase or decrease from the base year payments for any hospital. Any adjustments to the rates made by the commissioner under this paragraph and paragraph (e) shall maintain budget neutrality as described in paragraph (c).

(e) For discharges occurring on or after November 1, 2014, the commissioner may make additional adjustments to the rebased rates, and when evaluating whether additional adjustments should be made, the commissioner shall consider the impact of the rates on the following:

(1) pediatric services;

(2) behavioral health services;

(3) trauma services as defined by the National Uniform Billing Committee;

(4) transplant services;

(5) obstetric services, newborn services, and behavioral health services provided by hospitals outside the seven-county metropolitan area;

(6) outlier admissions;

(7) low-volume providers; and

(8) services provided by small rural hospitals that are not critical access hospitals.

(f) Hospital payment rates established under paragraph (c) must incorporate the following:

(1) for hospitals paid under the DRG methodology, the base year payment rate per admission is standardized by the applicable Medicare wage index and adjusted by the hospital's disproportionate population adjustment;

(2) for critical access hospitals, payment rates for discharges between November 1, 2014, and June 30, 2015, shall be set to the same rate of payment that applied for discharges on October 31, 2014;

(3) the cost and charge data used to establish hospital payment rates must only reflect inpatient services covered by medical assistance; and

(4) in determining hospital payment rates for discharges occurring on or after the rate year beginning January 1, 2011, through December 31, 2012, the hospital payment rate per discharge shall be based on the cost-finding methods and allowable costs of the Medicare program in effect during the base year or years. In determining hospital payment rates for discharges in subsequent base years, the per discharge rates shall be based on the cost-finding methods and allowable costs of the Medicare program in effect during the base year or years.

(g) The commissioner shall validate the rates effective November 1, 2014, by applying the rates established under paragraph (c), and any adjustments made to the rates under paragraph (d) or (e), to hospital claims paid in calendar year 2013 to determine whether the total aggregate payments for the same number and types of services under the rebased rates are equal to the total aggregate payments made during calendar year 2013.

(h) Effective for discharges occurring on or after July 1, 2017, and every two years thereafter, payment rates under this section shall be rebased to reflect only those changes in hospital costs between the existing base year or years and the next base year or years. In any year that inpatient claims volume falls below the threshold required to ensure a statistically valid sample of claims, the commissioner may combine claims data from two consecutive years to serve as the base year. Years in which inpatient claims volume is reduced or altered due to a pandemic or other public health emergency shall not be used as a base year or part of a base year if the base year includes more than one year. Changes in costs between base years shall be measured using the lower of the hospital cost index defined in subdivision 1, paragraph (a), or the percentage change in the case mix adjusted cost per claim. The commissioner shall establish the base year for each rebasing period considering the most recent year or years for which filed Medicare cost reports are available, except that the base years for the rebasing effective July 1, 2023, are calendar years 2018 and 2019. The estimated

change in the average payment per hospital discharge resulting from a scheduled rebasing must be calculated and made available to the legislature by January 15 of each year in which rebasing is scheduled to occur, and must include by hospital the differential in payment rates compared to the individual hospital's costs.

(i) Effective for discharges occurring on or after July 1, 2015, inpatient payment rates for critical access hospitals located in Minnesota or the local trade area shall be determined using a new cost-based methodology. The commissioner shall establish within the methodology tiers of payment designed to promote efficiency and cost-effectiveness. Payment rates for hospitals under this paragraph shall be set at a level that does not exceed the total cost for critical access hospitals as reflected in base year cost reports. Until the next rebasing that occurs, the new methodology shall result in no greater than a five percent decrease from the base year payments for any hospital, except a hospital that had payments that were greater than 100 percent of the hospital's costs in the base year shall have their rate set equal to 100 percent of costs in the base year. The rates paid for discharges on and after July 1, 2016, covered under this paragraph shall be increased by the inflation factor in subdivision 1, paragraph (a). The new cost-based rate shall be the final rate and shall not be settled to actual incurred costs. Hospitals shall be assigned a payment tier based on the following criteria:

(1) hospitals that had payments at or below 80 percent of their costs in the base year shall have a rate set that equals 85 percent of their base year costs;

(2) hospitals that had payments that were above 80 percent, up to and including 90 percent of their costs in the base year shall have a rate set that equals 95 percent of their base year costs; and

(3) hospitals that had payments that were above 90 percent of their costs in the base year shall have a rate set that equals 100 percent of their base year costs.

(j) The commissioner may refine the payment tiers and criteria for critical access hospitals to coincide with the next rebasing under paragraph (h). The factors used to develop the new methodology may include, but are not limited to:

(1) the ratio between the hospital's costs for treating medical assistance patients and the hospital's charges to the medical assistance program;

(2) the ratio between the hospital's costs for treating medical assistance patients and the hospital's payments received from the medical assistance program for the care of medical assistance patients;

(3) the ratio between the hospital's charges to the medical assistance program and the hospital's payments received from the medical assistance program for the care of medical assistance patients;

(4) the statewide average increases in the ratios identified in clauses (1), (2), and (3);

(5) the proportion of that hospital's costs that are administrative and trends in administrative costs; and

(6) geographic location.

(k) Subject to subdivision 2g, effective for discharges occurring on or after January 1, 2024, the rates paid to hospitals described in paragraph (a), clauses (2) to (4), must include a rate factor specific to each hospital that qualifies for a medical education and research cost distribution under section 62J.692, subdivision 4, paragraph (a).

EFFECTIVE DATE. (a) This section is effective the later of July 1, 2025, or 60 days after the end of the first legislative session that begins following federal approval of all of the following:

(1) the amendment in this act to add Minnesota Statutes, section 256.9657, subdivision 2a;

(2) the amendments in this act to Minnesota Statutes, section 256.969, subdivision 2b; and

(3) the amendment in this act to add Minnesota Statutes, section 256.969, subdivision 2g.

(b) The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 4. Minnesota Statutes 2022, section 256.969, is amended by adding a subdivision to read:

Subd. 2g. **Annual supplemental payment for graduate medical education.** (a) The commissioner and contracted managed care organizations shall annually pay an inpatient supplemental payment to all eligible hospitals for graduate medical education. A hospital must be an eligible hospital to receive an annual supplemental payment under this subdivision. Payments under this subdivision must comply with all applicable federal requirements and federal laws and meet the requirements of Code of Federal Regulations, title 42, section 438.60.

(b) For purposes of this subdivision, "eligible hospital" means a hospital that:

(1) is located in Minnesota;

(2) participates in Minnesota's medical assistance program;

(3) has received fee-for-service medical assistance payments in the payment year; and

(4) is either:

(i) eligible to receive graduate medical education payments from the Medicare program under Code of Federal Regulations, title 42, section 413.75; or

(ii) a hospital in Minnesota designated as a children's hospital under Medicare, including Children's Health Care, doing business as Children's Minnesota, and Gillette Children's Specialty Healthcare, doing business as Gillette Children's.

(c) The annual inpatient supplemental payment must be calculated as follows:

(1) $425,000 per full-time equivalent trained for each of the first ten full-time equivalents at a hospital;

(2) $350,000 per full-time equivalent trained for each full-time equivalent between 11 and 20 full-time equivalents at a hospital;

(3) $95,000 per full-time equivalent trained for each full-time equivalent between 21 and 30 full-time equivalents at a hospital;

(4) $70,000 per full-time equivalent trained for each full-time equivalent between 31 and 400 full-time equivalents at a hospital; and

(5) $50,000 per full-time equivalent trained for each full-time equivalent above 401 full-time equivalents at a hospital.

(d) The data source for the full-time equivalent trained under paragraph (c) must be the Medicare cost report for the fiscal year ending in calendar year 2022. The full-time equivalent is calculated by adding the two values populated on lines 10 and 11 on worksheet E, part A, of the Medicare cost report for that year, except that for eligible hospitals that are children's hospitals, the full-time equivalent is calculated based on

interns and residents, as determined by adding form CMS-2552-10, worksheet E-4, lines 6, 10.01, and 15.01, or its equivalent, for that year.

(e) An eligible hospital must not accept any reimbursement under section 62J.692 if it would result in payments in excess of eligible expenditures. The surcharge paid under section 256.9657, subdivision 2a, and the payment received under this section must be reported in the application under section 62J.692.

(f) The supplemental payments under this subdivision:

(1) must not be included as public program revenue under section 62J.692; and

(2) must be deemed permissible pass-through payments for graduate medical education under Code of Federal Regulations, title 42, section 438.6(d), or when the state makes payments directly to teaching hospitals for graduate medical education costs approved under the state plan under Code of Federal Regulations, title 42, section 438.60.

(g) The total aggregate state and federal supplemental payments for hospitals under this subdivision must not exceed $203,000,000 per year. The commissioner may reduce the amount paid for each full-time equivalent, as described in paragraph (c), on an equal basis to limit the total cost of all supplemental payments to the total dollar amounts available.

(h) This subdivision is effective the later of July 1, 2025, or 60 days after the end of the first legislative regular session that begins following federal approval for all of the following: (1) the amendment in this act adding section 256.9657, subdivision 2a; (2) the amendment in this act to section 256.969, subdivision 2b; and (3) the amendment in this act to add section 256.969, subdivision 2g. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

(i) This subdivision is subject to the implementation requirements in section 9.

(j) This subdivision expires June 30, 2030, or five years after federal approval is obtained, whichever is later.

Sec. 5. Minnesota Statutes 2022, section 256.969, is amended by adding a subdivision to read:

Subd. 32. **Biological products for cell and gene therapy.** (a) Effective July 1, 2025, and upon necessary federal approval of documentation required to enter into a value-based arrangement under section 256B.0625, subdivision 13k, the commissioner may provide separate reimbursement to hospitals for biological products provided in the inpatient hospital setting as part of cell or gene therapy to treat rare diseases, as defined in United States Code, title 21, section 360bb, if the drug manufacturer enters into a value-based arrangement with the commissioner.

(b) The commissioner shall establish the separate reimbursement rate for biological products provided under paragraph (a) based on the methodology used for drugs administered in an outpatient setting under section 256B.0625, subdivision 13e, paragraph (e).

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 6. Minnesota Statutes 2023 Supplement, section 256B.0625, subdivision 13e, as amended by Laws 2024, chapter 85, section 66, is amended to read:

Subd. 13e. **Payment rates.** (a) The basis for determining the amount of payment shall be the lower of the ingredient costs of the drugs plus the professional dispensing fee; or the usual and customary price

charged to the public. The usual and customary price means the lowest price charged by the provider to a patient who pays for the prescription by cash, check, or charge account and includes prices the pharmacy charges to a patient 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 professional dispensing fee shall be ~~$10.77~~ $11.55 for prescriptions filled with legend drugs meeting the definition of "covered outpatient drugs" according to United States Code, title 42, section 1396r-8(k)(2). The dispensing fee for intravenous solutions that must be compounded by the pharmacist shall be ~~$10.77~~ $11.55 per claim. The professional dispensing fee for prescriptions filled with over-the-counter drugs meeting the definition of covered outpatient drugs shall be ~~$10.77~~ $11.55 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 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 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 the wholesale acquisition cost minus two percent. The ingredient cost of a drug for a provider participating in the federal 340B Drug Pricing Program shall be either the 340B Drug Pricing Program ceiling price established by the Health Resources and Services Administration or NADAC, whichever is lower. 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 the actual acquisition cost of the drug product 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) 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) If a pharmacy dispenses a multisource drug, 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 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. The commissioner shall discount the payment rate for drugs obtained through the federal 340B Drug Pricing Program by 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 establish maximum allowable cost rates for specialty pharmacy products 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. 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 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 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.

(h) The commissioner shall contract with a vendor to conduct a cost of dispensing survey for all pharmacies that are physically located in the state of Minnesota that dispense outpatient drugs under medical assistance. The commissioner shall ensure that the vendor has prior experience in conducting cost of dispensing surveys. Each pharmacy enrolled with the department to dispense outpatient prescription drugs to fee-for-service members must respond to the cost of dispensing survey. The commissioner may sanction a pharmacy under section 256B.064 for failure to respond. The commissioner shall require the vendor to measure a single statewide cost of dispensing for specialty prescription drugs and a single statewide cost of dispensing for nonspecialty prescription drugs for all responding pharmacies to measure the mean, mean weighted by total prescription volume, mean weighted by medical assistance prescription volume, median, median weighted by total prescription volume, and median weighted by total medical assistance prescription volume. The commissioner shall post a copy of the final cost of dispensing survey report on the department's website. The initial survey must be completed no later than January 1, 2021, and repeated every three years. The commissioner shall provide a summary of the results of each cost of dispensing survey and provide recommendations for any changes to the dispensing fee to the chairs and ranking minority members of the legislative committees with jurisdiction over medical assistance pharmacy reimbursement. Notwithstanding section 256.01, subdivision 42, this paragraph does not expire.

(i) The commissioner shall increase the ingredient cost reimbursement calculated in paragraphs (a) and (f) by 1.8 percent for prescription and nonprescription drugs subject to the wholesale drug distributor tax under section 295.52.

EFFECTIVE DATE. This section is effective October 1, 2024.

Sec. 7. Minnesota Statutes 2023 Supplement, section 256B.0625, subdivision 13k, is amended to read:

Subd. 13k. **Value-based purchasing arrangements.** (a) The commissioner may enter into a value-based purchasing arrangement under medical assistance or MinnesotaCare, by written arrangement with a drug manufacturer based on agreed-upon metrics. The commissioner may contract with a vendor to implement and administer the value-based purchasing arrangement. A value-based purchasing arrangement may include but is not limited to rebates, discounts, price reductions, risk sharing, reimbursements, guarantees, shared savings payments, withholds, or bonuses. A value-based purchasing arrangement must provide at least the same value or discount in the aggregate as would claiming the mandatory federal drug rebate under the Federal Social Security Act, section 1927.

(b) Nothing in this section shall be interpreted as requiring a drug manufacturer or the commissioner to enter into an arrangement as described in paragraph (a).

(c) Nothing in this section shall be interpreted as altering or modifying medical assistance coverage requirements under the federal Social Security Act, section 1927.

(d) If the commissioner determines that a state plan amendment is necessary before implementing a value-based purchasing arrangement, the commissioner shall request the amendment and may delay implementing this provision until the amendment is approved.

(e) The commissioner may provide separate reimbursement to hospitals for drugs provided in the inpatient hospital setting as part of a value-based purchasing arrangement. This payment must be separate from the diagnostic related group reimbursement for the inpatient admission or discharge associated with a stay during which the patient received a drug under this section. For payments made under this section, the hospital must not be reimbursed for the drug under the payment methodology in section 256.969. The commissioner shall establish the separate reimbursement rate for drugs provided under this section based on the methodology used for drugs administered in an outpatient setting under section 256B.0625, subdivision 13e, paragraph (e).

EFFECTIVE DATE. This section is effective upon federal approval. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 8. Minnesota Statutes 2023 Supplement, section 256L.04, subdivision 10, is amended to read:

Subd. 10. **Citizenship requirements.** (a) Eligibility for MinnesotaCare is available to citizens or nationals of the United States; lawfully present noncitizens as defined in Code of Federal Regulations, ~~title 8, section 103.12~~ title 45, section 155.20; and undocumented noncitizens. For purposes of this subdivision, an undocumented noncitizen is an individual who resides in the United States without the approval or acquiescence of the United States Citizenship and Immigration Services. Families with children who are citizens or nationals of the United States must cooperate in obtaining satisfactory documentary evidence of citizenship or nationality according to the requirements of the federal Deficit Reduction Act of 2005, Public Law 109-171.

(b) Notwithstanding subdivisions 1 and 7, eligible persons include families and individuals who are ineligible for medical assistance by reason of immigration status and who have incomes equal to or less than 200 percent of federal poverty guidelines, except that these persons may be eligible for emergency medical assistance under section 256B.06, subdivision 4.

EFFECTIVE DATE. This section is effective November 1, 2024.

Sec. 9. **IMPLEMENTATION OF TEACHING HOSPITAL SURCHARGE AND GRADUATE MEDICAL EDUCATION SUPPLEMENTAL PAYMENT.**

(a) The commissioner of human services shall submit to the Centers for Medicare and Medicaid Services a request for federal approval to implement the teaching hospital surcharge under Minnesota Statutes, section 256.9657, subdivision 2a, and the graduate medical education supplemental payments under Minnesota Statutes, section 256.969, subdivisions 2b and 2g. At least 60 days before submitting the request for approval, the commissioner of human services shall make available to the public the draft surcharge requirements, draft supplemental payment rates, and an estimate of each nonexempt hospital's surcharge amount. The commissioner shall provide at least 60 days for public comment.

(b) During the design, and prior to submission, of the request for approval described in paragraph (a), the commissioner must consult with representatives of eligible hospitals, as defined in Minnesota Statutes, section 256.969, subdivision 2g.

(c) If federal approval is received under paragraph (a), the commissioner shall provide a 30-day public comment period on the federally approved terms and conditions for the surcharge and supplemental payments. If, during the 30-day comment period, the commissioner receives a documented, written statement of opposition from representatives of one or more eligible hospitals, as defined in Minnesota Statutes, section 256.9657, subdivision 2a, the commissioner shall publish the written statement and indefinitely suspend implementation of both the teaching hospital surcharge under Minnesota Statutes, section 256.9657, subdivision 2a, and the supplemental payments under Minnesota Statutes, section 256.969, subdivisions 2b and 2g.

(d) By December 15, 2024, the commissioner of health may make recommendations to the legislature for program modifications and conforming amendments to Minnesota Statutes, section 62J.692, that are necessary as a result of the amendments to Minnesota Statutes, section 256.969, subdivisions 2b and 2g. In developing the recommendations under this paragraph, the commissioner of health must consult with eligible hospitals, as defined in Minnesota Statutes, section 256.969, subdivision 2g.

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

Sec. 10. **COUNTY-ADMINISTERED RURAL MEDICAL ASSISTANCE MODEL.**

Subdivision 1. **Model development.** (a) The commissioner of human services, in collaboration with the Association of Minnesota Counties and county-based purchasing plans, shall develop a county-administered rural medical assistance (CARMA) model and a detailed plan for implementing the CARMA model.

(b) The CARMA model must be designed to achieve the following objectives:

(1) provide a distinct county owned and administered alternative to the prepaid medical assistance program;

(2) facilitate greater integration of health care and social services to address social determinants of health in rural communities, with the degree of integration of social services varying with each county's needs and resources;

(3) account for the smaller number of medical assistance enrollees and locally available providers of behavioral health, oral health, specialty and tertiary care, nonemergency medical transportation, and other health care services in rural communities; and

(4) promote greater accountability for health outcomes, health equity, customer service, community outreach, and cost of care.

Subd. 2. **County participation.** The CARMA model must give each rural county the option of applying to participate in the CARMA model as an alternative to participation in the prepaid medical assistance program. The CARMA model must include a process for the commissioner to determine whether and how a rural county can participate.

Subd. 3. **Report to the legislature.** (a) The commissioner shall report recommendations and an implementation plan for the CARMA model to the chairs and ranking minority members of the legislative committees with jurisdiction over health care policy and finance by January 15, 2025. The CARMA model and implementation plan must address the issues and consider the recommendations identified in the document titled "Recommendations Not Contingent on Outcome(s) of Current Litigation," attached to the September 13, 2022, e-filing to the Second Judicial District Court (Correspondence for Judicial Approval Index #102), that relates to the final contract decisions of the commissioner of human services regarding *South Country Health Alliance v. Minnesota Department of Human Services*, No. 62-CV-22-907 (Ramsey Cnty. Dist. Ct. 2022).

(b) The report must also identify the clarifications, approvals, and waivers that are needed from the Centers for Medicare and Medicaid Services and include any draft legislation necessary to implement the CARMA model.

ARTICLE 55

DEPARTMENT OF HUMAN SERVICES HEALTH CARE POLICY

Section 1. Minnesota Statutes 2022, section 62M.01, subdivision 3, is amended to read:

Subd. 3. **Scope.** (a) Nothing in this chapter applies to review of claims after submission to determine eligibility for benefits under a health benefit plan. The appeal procedure described in section 62M.06 applies to any complaint as defined under section 62Q.68, subdivision 2, that requires a medical determination in its resolution.

(b) Effective January 1, 2026, this chapter ~~does not apply~~ applies to managed care plans or county-based purchasing plans when the plan is providing coverage to state public health care program enrollees under chapter 256B or 256L.

(c) Effective January 1, 2026, the following sections of this chapter apply to services delivered under chapters 256B and 256L: 62M.02, subdivisions 1 to 5, 7 to 12, 13, 14 to 18, and 21; 62M.04; 62M.05, subdivisions 1 to 4; 62M.06, subdivisions 1 to 3; 62M.07; 62M.072; 62M.09; 62M.10; 62M.12; 62M.17, subdivision 2; and 62M.18.

Sec. 2. Minnesota Statutes 2023 Supplement, section 256.0471, subdivision 1, as amended by Laws 2024, chapter 80, article 1, section 76, is amended to read:

Subdivision 1. **Qualifying overpayment.** Any overpayment for state-funded medical assistance under chapter 256B and state-funded MinnesotaCare under chapter 256L granted pursuant to section 256.045, subdivision 10; ~~chapter 256B for state-funded medical assistance;~~ and for assistance granted under chapters 256D, 256I, and 256K, ~~and 256L for state-funded MinnesotaCare~~ except agency error claims, become a judgment by operation of law 90 days after the notice of overpayment is personally served upon the recipient in a manner that is sufficient under rule 4.03(a) of the Rules of Civil Procedure for district courts, or by certified mail, return receipt requested. This judgment shall be entitled to full faith and credit in this and any other state.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 3. Minnesota Statutes 2022, section 256.9657, subdivision 8, is amended to read:

Subd. 8. **Commissioner's duties.** ~~(a) Beginning October 1, 2023, the commissioner of human services shall annually report to the chairs and ranking minority members of the legislative committees with jurisdiction over health care policy and finance regarding the provider surcharge program. The report shall include information on total billings, total collections, and administrative expenditures for the previous fiscal year. This paragraph expires January 1, 2032.~~

~~(b)~~ (a) The surcharge shall be adjusted by inflationary and caseload changes in future bienniums to maintain reimbursement of health care providers in accordance with the requirements of the state and federal laws governing the medical assistance program, including the requirements of the Medicaid moratorium amendments of 1991 found in Public Law No. 102-234.

~~(c)~~ (b) The commissioner shall request the Minnesota congressional delegation to support a change in federal law that would prohibit federal disallowances for any state that makes a good faith effort to comply with Public Law 102-234 by enacting conforming legislation prior to the issuance of federal implementing regulations.

Sec. 4. Minnesota Statutes 2022, section 256.969, is amended by adding a subdivision to read:

Subd. 2h. **Alternate inpatient payment rate for a discharge.** (a) Effective retroactively from January 1, 2024, in any rate year in which a children's hospital discharge is included in the federally required disproportionate share hospital payment audit, where the patient discharged had resided in a children's hospital for over 20 years, the commissioner shall compute an alternate inpatient rate for the children's hospital. The alternate payment rate must be the rate computed under this section excluding the disproportionate share hospital payment under subdivision 9, paragraph (d), clause (1), increased by an amount equal to 99 percent of what the disproportionate share hospital payment would have been under subdivision 9, paragraph (d), clause (1), had the discharge been excluded.

(b) In any rate year in which payment to a children's hospital is made using this alternate payment rate, payments must not be made to the hospital under subdivisions 2e, 2f, and 9.

EFFECTIVE DATE. This section is effective upon federal approval. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 5. Minnesota Statutes 2022, section 256B.056, subdivision 1a, is amended to read:

Subd. 1a. **Income and assets generally.** (a)(1) Unless specifically required by state law or rule or federal law or regulation, the methodologies used in counting income and assets to determine eligibility for medical assistance for persons whose eligibility category is based on blindness, disability, or age of 65 or more years, the methodologies for the Supplemental Security Income program shall be used, except as provided ~~under~~ in clause (2) and subdivision 3, paragraph (a), clause (6).

(2) State tax credits, rebates, and refunds must not be counted as income. State tax credits, rebates, and refunds must not be counted as assets for a period of 12 months after the month of receipt.

~~(2)~~ (3) Increases in benefits under title II of the Social Security Act shall not be counted as income for purposes of this subdivision until July 1 of each year. Effective upon federal approval, for children eligible under section 256B.055, subdivision 12, or for home and community-based waiver services whose eligibility for medical assistance is determined without regard to parental income, child support payments, including any payments made by an obligor in satisfaction of or in addition to a temporary or permanent order for child support, and Social Security payments are not counted as income.

(b)(1) The modified adjusted gross income methodology as defined in United States Code, title 42, section 1396a(e)(14), shall be used for eligibility categories based on:

(i) children under age 19 and their parents and relative caretakers as defined in section 256B.055, subdivision 3a;

(ii) children ages 19 to 20 as defined in section 256B.055, subdivision 16;

(iii) pregnant women as defined in section 256B.055, subdivision 6;

(iv) infants as defined in sections 256B.055, subdivision 10, and 256B.057, subdivision 1; and

(v) adults without children as defined in section 256B.055, subdivision 15.

For these purposes, a "methodology" does not include an asset or income standard, or accounting method, or method of determining effective dates.

(2) For individuals whose income eligibility is determined using the modified adjusted gross income methodology in clause (1):

(i) the commissioner shall subtract from the individual's modified adjusted gross income an amount equivalent to five percent of the federal poverty guidelines; and

(ii) the individual's current monthly income and household size is used to determine eligibility for the 12-month eligibility period. If an individual's income is expected to vary month to month, eligibility is determined based on the income predicted for the 12-month eligibility period.

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

Sec. 6. Minnesota Statutes 2022, section 256B.056, subdivision 10, is amended to read:

Subd. 10. **Eligibility verification.** (a) The commissioner shall require women who are applying for the continuation of medical assistance coverage following the end of the 12-month postpartum period to update their income and asset information and to submit any required income or asset verification.

(b) The commissioner shall determine the eligibility of private-sector health care coverage for infants less than one year of age eligible under section 256B.055, subdivision 10, or 256B.057, subdivision 1, paragraph (c), and shall pay for private-sector coverage if this is determined to be cost-effective.

(c) The commissioner shall verify assets and income for all applicants, and for all recipients upon renewal.

(d) The commissioner shall utilize information obtained through the electronic service established by the secretary of the United States Department of Health and Human Services and other available electronic data sources in Code of Federal Regulations, title 42, sections 435.940 to 435.956, to verify eligibility requirements. The commissioner shall establish standards to define when information obtained electronically is reasonably compatible with information provided by applicants and enrollees, including use of self-attestation, to accomplish real-time eligibility determinations and maintain program integrity.

(e) Each person applying for or receiving medical assistance under section 256B.055, subdivision 7, and any other person whose resources are required by law to be disclosed to determine the applicant's or recipient's eligibility must authorize the commissioner to obtain information from financial institutions to ~~identify unreported accounts~~ verify assets as required in section 256.01, subdivision 18f. If a person refuses or revokes the authorization, the commissioner may determine that the applicant or recipient is ineligible for medical assistance. For purposes of this paragraph, an authorization to ~~identify unreported accounts~~ verify assets meets the requirements of the Right to Financial Privacy Act, United States Code, title 12, chapter 35, and need not be furnished to the financial institution.

(f) County and tribal agencies shall comply with the standards established by the commissioner for appropriate use of the asset verification system specified in section 256.01, subdivision 18f.

Sec. 7. Minnesota Statutes 2023 Supplement, section 256B.0622, subdivision 8, is amended to read:

Subd. 8. **Medical assistance payment for assertive community treatment and intensive residential treatment services.** (a) Payment for intensive residential treatment services and assertive community treatment in this section shall be based on one daily rate per provider inclusive of the following services received by an eligible client in a given calendar day: all rehabilitative services under this section, staff travel time to provide rehabilitative services under this section, and nonresidential crisis stabilization services under section 256B.0624.

(b) Except as indicated in paragraph (c), payment will not be made to more than one entity for each client for services provided under this section on a given day. If services under this section are provided by a team that includes staff from more than one entity, the team must determine how to distribute the payment among the members.

(c) The commissioner shall determine one rate for each provider that will bill medical assistance for residential services under this section and one rate for each assertive community treatment provider. If a single entity provides both services, one rate is established for the entity's residential services and another rate for the entity's nonresidential services under this section. A provider is not eligible for payment under this section without authorization from the commissioner. The commissioner shall develop rates using the following criteria:

(1) the provider's cost for services shall include direct services costs, other program costs, and other costs determined as follows:

(i) the direct services costs must be determined using actual costs of salaries, benefits, payroll taxes, and training of direct service staff and service-related transportation;

(ii) other program costs not included in item (i) must be determined as a specified percentage of the direct services costs as determined by item (i). The percentage used shall be determined by the commissioner based upon the average of percentages that represent the relationship of other program costs to direct services costs among the entities that provide similar services;

(iii) physical plant costs calculated based on the percentage of space within the program that is entirely devoted to treatment and programming. This does not include administrative or residential space;

(iv) assertive community treatment physical plant costs must be reimbursed as part of the costs described in item (ii); and

(v) subject to federal approval, up to an additional five percent of the total rate may be added to the program rate as a quality incentive based upon the entity meeting performance criteria specified by the commissioner;

(2) actual cost is defined as costs which are allowable, allocable, and reasonable, and consistent with federal reimbursement requirements under Code of Federal Regulations, title 48, chapter 1, part 31, relating to for-profit entities, and Office of Management and Budget Circular Number A-122, relating to nonprofit entities;

(3) the number of service units;

(4) the degree to which clients will receive services other than services under this section; and

(5) the costs of other services that will be separately reimbursed.

(d) The rate for intensive residential treatment services and assertive community treatment must exclude the medical assistance room and board rate, as defined in section 256B.056, subdivision 5d, and services not covered under this section, such as partial hospitalization, home care, and inpatient services.

(e) Physician services that are not separately billed may be included in the rate to the extent that a psychiatrist, or other health care professional providing physician services within their scope of practice, is a member of the intensive residential treatment services treatment team. Physician services, whether billed separately or included in the rate, may be delivered by telehealth. For purposes of this paragraph, "telehealth" has the meaning given to "mental health telehealth" in section 256B.0625, subdivision 46, when telehealth is used to provide intensive residential treatment services.

(f) When services under this section are provided by an assertive community treatment provider, case management functions must be an integral part of the team.

(g) The rate for a provider must not exceed the rate charged by that provider for the same service to other payors.

(h) The rates for existing programs must be established prospectively based upon the expenditures and utilization over a prior 12-month period using the criteria established in paragraph (c). The rates for new programs must be established based upon estimated expenditures and estimated utilization using the criteria established in paragraph (c).

(i) Effective for the rate years beginning on and after January 1, 2024, rates for assertive community treatment, adult residential crisis stabilization services, and intensive residential treatment services must be annually adjusted for inflation using the Centers for Medicare and Medicaid Services Medicare Economic Index, as forecasted in the ~~fourth~~ third quarter of the calendar year before the rate year. The inflation

adjustment must be based on the 12-month period from the midpoint of the previous rate year to the midpoint of the rate year for which the rate is being determined.

(j) Entities who discontinue providing services must be subject to a settle-up process whereby actual costs and reimbursement for the previous 12 months are compared. In the event that the entity was paid more than the entity's actual costs plus any applicable performance-related funding due the provider, the excess payment must be reimbursed to the department. If a provider's revenue is less than actual allowed costs due to lower utilization than projected, the commissioner may reimburse the provider to recover its actual allowable costs. The resulting adjustments by the commissioner must be proportional to the percent of total units of service reimbursed by the commissioner and must reflect a difference of greater than five percent.

(k) A provider may request of the commissioner a review of any rate-setting decision made under this subdivision.

Sec. 8. Minnesota Statutes 2023 Supplement, section 256B.0625, subdivision 9, is amended to read:

Subd. 9. **Dental services.** (a) Medical assistance covers medically necessary dental services.

(b) The following guidelines apply to dental services:

(1) posterior fillings are paid at the amalgam rate;

(2) application of sealants are covered once every five years per permanent molar; and

(3) application of fluoride varnish is covered once every six months.

(c) In addition to the services specified in paragraph ~~(b)~~ (a), medical assistance covers the following services:

(1) house calls or extended care facility calls for on-site delivery of covered services;

(2) behavioral management when additional staff time is required to accommodate behavioral challenges and sedation is not used;

(3) oral or IV sedation, if the covered dental service cannot be performed safely without it or would otherwise require the service to be performed under general anesthesia in a hospital or surgical center; and

(4) prophylaxis, in accordance with an appropriate individualized treatment plan, but no more than four times per year.

(d) The commissioner shall not require prior authorization for the services included in paragraph (c), clauses (1) to (3), and shall prohibit managed care and county-based purchasing plans from requiring prior authorization for the services included in paragraph (c), clauses (1) to (3), when provided under sections 256B.69, 256B.692, and 256L.12.

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

Sec. 9. Minnesota Statutes 2023 Supplement, section 256B.0625, subdivision 13e, as amended by Laws 2024, chapter 85, section 66, is amended to read:

Subd. 13e. **Payment rates.** (a) The basis for determining the amount of payment shall be the lower of the ingredient costs of the drugs plus the professional dispensing fee; or the usual and customary price

charged to the public. The usual and customary price means the lowest price charged by the provider to a patient who pays for the prescription by cash, check, or charge account and includes prices the pharmacy charges to a patient enrolled in a prescription savings club or prescription discount club administered by the pharmacy or pharmacy chain, unless the prescription savings club or prescription discount club is one in which an individual pays a recurring monthly access fee for unlimited access to a defined list of drugs for which the pharmacy does not bill the member or a payer on a per-standard-transaction basis. 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 professional dispensing fee shall be $10.77 for prescriptions filled with legend drugs meeting the definition of "covered outpatient drugs" according to United States Code, title 42, section 1396r-8(k)(2). The dispensing fee for intravenous solutions that must be compounded by the pharmacist shall be $10.77 per claim. The professional dispensing fee for prescriptions filled with over-the-counter drugs meeting the definition of covered outpatient drugs shall be $10.77 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 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 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 the wholesale acquisition cost minus two percent. The ingredient cost of a drug for a provider participating in the federal 340B Drug Pricing Program shall be either the 340B Drug Pricing Program ceiling price established by the Health Resources and Services Administration or NADAC, whichever is lower. 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 the actual acquisition cost of the drug product 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) 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) If a pharmacy dispenses a multisource drug, 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 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. The commissioner shall discount the payment rate for drugs obtained through the federal 340B Drug Pricing Program by 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 establish maximum allowable cost rates for specialty pharmacy products 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. 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 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 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.

(h) The commissioner shall contract with a vendor to conduct a cost of dispensing survey for all pharmacies that are physically located in the state of Minnesota that dispense outpatient drugs under medical assistance. The commissioner shall ensure that the vendor has prior experience in conducting cost of dispensing surveys. Each pharmacy enrolled with the department to dispense outpatient prescription drugs to fee-for-service members must respond to the cost of dispensing survey. The commissioner may sanction a pharmacy under section 256B.064 for failure to respond. The commissioner shall require the vendor to measure a single statewide cost of dispensing for specialty prescription drugs and a single statewide cost of dispensing for nonspecialty prescription drugs for all responding pharmacies to measure the mean, mean weighted by total prescription volume, mean weighted by medical assistance prescription volume, median, median weighted by total prescription volume, and median weighted by total medical assistance prescription volume. The commissioner shall post a copy of the final cost of dispensing survey report on the department's website. The initial survey must be completed no later than January 1, 2021, and repeated every three years. The commissioner shall provide a summary of the results of each cost of dispensing survey and provide recommendations for any changes to the dispensing fee to the chairs and ranking minority members of the

legislative committees with jurisdiction over medical assistance pharmacy reimbursement. Notwithstanding section 256.01, subdivision 42, this paragraph does not expire.

(i) The commissioner shall increase the ingredient cost reimbursement calculated in paragraphs (a) and (f) by 1.8 percent for prescription and nonprescription drugs subject to the wholesale drug distributor tax under section 295.52.

Sec. 10. Minnesota Statutes 2022, section 256B.0625, is amended by adding a subdivision to read:

Subd. 25c. **Applicability of utilization review provisions.** Effective January 1, 2026, the following provisions of chapter 62M apply to the commissioner when delivering services under chapters 256B and 256L: 62M.02, subdivisions 1 to 5, 7 to 12, 13, 14 to 18, and 21; 62M.04; 62M.05, subdivisions 1 to 4; 62M.06, subdivisions 1 to 3; 62M.07; 62M.072; 62M.09; 62M.10; 62M.12; 62M.17, subdivision 2; and 62M.18.

Sec. 11. Minnesota Statutes 2023 Supplement, section 256B.0701, subdivision 6, is amended to read:

Subd. 6. **Recuperative care facility rate.** (a) The recuperative care facility rate is for facility costs and must be paid from state money in an amount equal to the ~~medical assistance room and board~~ MSA equivalent rate as defined in section 256I.03, subdivision 11a, at the time the recuperative care services were provided. The eligibility standards in chapter 256I do not apply to the recuperative care facility rate. The recuperative care facility rate is only paid when the recuperative care services rate is paid to a provider. Providers may opt to only receive the recuperative care services rate.

(b) Before a recipient is discharged from a recuperative care setting, the provider must ensure that the recipient's medical condition is stabilized or that the recipient is being discharged to a setting that is able to meet that recipient's needs.

Sec. 12. Minnesota Statutes 2023 Supplement, section 256B.0947, subdivision 7, is amended to read:

Subd. 7. **Medical assistance payment and rate setting.** (a) Payment for services in this section must be based on one daily encounter rate per provider inclusive of the following services received by an eligible client in a given calendar day: all rehabilitative services, supports, and ancillary activities under this section, staff travel time to provide rehabilitative services under this section, and crisis response services under section 256B.0624.

(b) Payment must not be made to more than one entity for each client for services provided under this section on a given day. If services under this section are provided by a team that includes staff from more than one entity, the team shall determine how to distribute the payment among the members.

(c) The commissioner shall establish regional cost-based rates for entities that will bill medical assistance for nonresidential intensive rehabilitative mental health services. In developing these rates, the commissioner shall consider:

(1) the cost for similar services in the health care trade area;

(2) actual costs incurred by entities providing the services;

(3) the intensity and frequency of services to be provided to each client;

(4) the degree to which clients will receive services other than services under this section; and

(5) the costs of other services that will be separately reimbursed.

(d) The rate for a provider must not exceed the rate charged by that provider for the same service to other payers.

(e) Effective for the rate years beginning on and after January 1, 2024, rates must be annually adjusted for inflation using the Centers for Medicare and Medicaid Services Medicare Economic Index, as forecasted in the ~~fourth~~ third quarter of the calendar year before the rate year. The inflation adjustment must be based on the 12-month period from the midpoint of the previous rate year to the midpoint of the rate year for which the rate is being determined.

Sec. 13. Minnesota Statutes 2023 Supplement, section 256B.764, is amended to read:

256B.764 REIMBURSEMENT FOR FAMILY PLANNING SERVICES.

(a) Effective for services rendered on or after July 1, 2007, payment rates for family planning services shall be increased by 25 percent over the rates in effect June 30, 2007, when these services are provided by a community clinic as defined in section 145.9268, subdivision 1.

(b) Effective for services rendered on or after July 1, 2013, payment rates for family planning services shall be increased by 20 percent over the rates in effect June 30, 2013, when these services are provided by a community clinic as defined in section 145.9268, subdivision 1. The commissioner shall adjust capitation rates to managed care and county-based purchasing plans to reflect this increase, and shall require plans to pass on the full amount of the rate increase to eligible community clinics, in the form of higher payment rates for family planning services.

(c) Effective for services provided on or after January 1, 2024, payment rates for family planning, when such services are provided by an eligible community clinic as defined in section 145.9268, subdivision 1, and abortion services shall be increased by 20 percent. This increase does not apply to federally qualified health centers, rural health centers, or Indian health services.

Sec. 14. Minnesota Statutes 2023 Supplement, section 256L.03, subdivision 1, is amended to read:

Subdivision 1. **Covered health services.** (a) "Covered health services" means the health services reimbursed under chapter 256B, with the exception of special education services, home care nursing services, ~~adult dental care services other than services covered under section 256B.0625, subdivision 9, orthodontic services,~~ nonemergency medical transportation services, personal care assistance and case management services, community first services and supports under section 256B.85, behavioral health home services under section 256B.0757, housing stabilization services under section 256B.051, and nursing home or intermediate care facilities services.

(b) Covered health services shall be expanded as provided in this section.

(c) For the purposes of covered health services under this section, "child" means an individual younger than 19 years of age.

Sec. 15. Minnesota Statutes 2022, section 524.3-801, as amended by Laws 2024, chapter 79, article 9, section 20, is amended to read:

524.3-801 NOTICE TO CREDITORS.

(a) Unless notice has already been given under this section, upon appointment of a general personal representative in informal proceedings or upon the filing of a petition for formal appointment of a general personal representative, notice thereof, in the form prescribed by court rule, shall be given under the direction of the court administrator by publication once a week for two successive weeks in a legal newspaper in the county wherein the proceedings are pending giving the name and address of the general personal representative and notifying creditors of the estate to present their claims within four months after the date of the court administrator's notice which is subsequently published or be forever barred, unless they are entitled to further service of notice under paragraph (b) or (c).

(b) The personal representative shall, within three months after the date of the first publication of the notice, serve a copy of the notice upon each then known and identified creditor in the manner provided in paragraph (c). If the decedent or a predeceased spouse of the decedent received assistance for which a claim could be filed under section 246.53, 256B.15, 256D.16, or 261.04, notice to the commissioner of human services or direct care and treatment executive board, as applicable, must be given under paragraph (d) instead of under this paragraph or paragraph (c). A creditor is "known" if: (i) the personal representative knows that the creditor has asserted a claim that arose during the decedent's life against either the decedent or the decedent's estate; (ii) the creditor has asserted a claim that arose during the decedent's life and the fact is clearly disclosed in accessible financial records known and available to the personal representative; or (iii) the claim of the creditor would be revealed by a reasonably diligent search for creditors of the decedent in accessible financial records known and available to the personal representative. Under this section, a creditor is "identified" if the personal representative's knowledge of the name and address of the creditor will permit service of notice to be made under paragraph (c).

(c) Unless the claim has already been presented to the personal representative or paid, the personal representative shall serve a copy of the notice required by paragraph (b) upon each creditor of the decedent who is then known to the personal representative and identified either by delivery of a copy of the required notice to the creditor, or by mailing a copy of the notice to the creditor by certified, registered, or ordinary first class mail addressed to the creditor at the creditor's office or place of residence.

(d)(1) Effective for decedents dying on or after July 1, 1997, if the decedent or a predeceased spouse of the decedent received assistance for which a claim could be filed under section 246.53, 256B.15, 256D.16, or 261.04, the personal representative or the attorney for the personal representative shall serve the commissioner or executive board, as applicable, with notice in the manner prescribed in paragraph (c), or electronically in a manner prescribed by the commissioner or executive board, as soon as practicable after the appointment of the personal representative. The notice must state the decedent's full name, date of birth, and Social Security number and, to the extent then known after making a reasonably diligent inquiry, the full name, date of birth, and Social Security number for each of the decedent's predeceased spouses. The notice may also contain a statement that, after making a reasonably diligent inquiry, the personal representative has determined that the decedent did not have any predeceased spouses or that the personal representative has been unable to determine one or more of the previous items of information for a predeceased spouse of the decedent. A copy of the notice to creditors must be attached to and be a part of the notice to the commissioner or executive board.

(2) Notwithstanding a will or other instrument or law to the contrary, except as allowed in this paragraph, no property subject to administration by the estate may be distributed by the estate or the personal

representative until 70 days after the date the notice is served on the commissioner or executive board as provided in paragraph (c), unless the local agency consents as provided for in clause (6). This restriction on distribution does not apply to the personal representative's sale of real or personal property, but does apply to the net proceeds the estate receives from these sales. The personal representative, or any person with personal knowledge of the facts, may provide an affidavit containing the description of any real or personal property affected by this paragraph and stating facts showing compliance with this paragraph. If the affidavit describes real property, it may be filed or recorded in the office of the county recorder or registrar of titles for the county where the real property is located. This paragraph does not apply to proceedings under sections 524.3-1203 and 525.31, or when a duly authorized agent of a county is acting as the personal representative of the estate.

(3) At any time before an order or decree is entered under section 524.3-1001 or 524.3-1002, or a closing statement is filed under section 524.3-1003, the personal representative or the attorney for the personal representative may serve an amended notice on the commissioner or executive board to add variations or other names of the decedent or a predeceased spouse named in the notice, the name of a predeceased spouse omitted from the notice, to add or correct the date of birth or Social Security number of a decedent or predeceased spouse named in the notice, or to correct any other deficiency in a prior notice. The amended notice must state the decedent's name, date of birth, and Social Security number, the case name, case number, and district court in which the estate is pending, and the date the notice being amended was served on the commissioner or executive board. If the amendment adds the name of a predeceased spouse omitted from the notice, it must also state that spouse's full name, date of birth, and Social Security number. The amended notice must be served on the commissioner or executive board in the same manner as the original notice. Upon service, the amended notice relates back to and is effective from the date the notice it amends was served, and the time for filing claims arising under section 246.53, 256B.15, 256D.16 or 261.04 is extended by 60 days from the date of service of the amended notice. Claims filed during the 60-day period are undischarged and unbarred claims, may be prosecuted by the entities entitled to file those claims in accordance with section 524.3-1004, and the limitations in section 524.3-1006 do not apply. The personal representative or any person with personal knowledge of the facts may provide and file or record an affidavit in the same manner as provided for in clause (1).

(4) Within one year after the date an order or decree is entered under section 524.3-1001 or 524.3-1002 or a closing statement is filed under section 524.3-1003, any person who has an interest in property that was subject to administration by the estate may serve an amended notice on the commissioner or executive board to add variations or other names of the decedent or a predeceased spouse named in the notice, the name of a predeceased spouse omitted from the notice, to add or correct the date of birth or Social Security number of a decedent or predeceased spouse named in the notice, or to correct any other deficiency in a prior notice. The amended notice must be served on the commissioner or executive board in the same manner as the original notice and must contain the information required for amendments under clause (3). If the amendment adds the name of a predeceased spouse omitted from the notice, it must also state that spouse's full name, date of birth, and Social Security number. Upon service, the amended notice relates back to and is effective from the date the notice it amends was served. If the amended notice adds the name of an omitted predeceased spouse or adds or corrects the Social Security number or date of birth of the decedent or a predeceased spouse already named in the notice, then, notwithstanding any other laws to the contrary, claims against the decedent's estate on account of those persons resulting from the amendment and arising under section 246.53, 256B.15, 256D.16, or 261.04 are undischarged and unbarred claims, may be prosecuted by the entities entitled to file those claims in accordance with section 524.3-1004, and the limitations in section 524.3-1006 do not apply. The person filing the amendment or any other person with personal knowledge of the facts may provide and file or record an affidavit describing affected real or personal property in the same manner as clause (1).

(5) After one year from the date an order or decree is entered under section 524.3-1001 or 524.3-1002, or a closing statement is filed under section 524.3-1003, no error, omission, or defect of any kind in the notice to the commissioner or executive board required under this paragraph or in the process of service of the notice on the commissioner or executive board, or the failure to serve the commissioner or executive board with notice as required by this paragraph, makes any distribution of property by a personal representative void or voidable. The distributee's title to the distributed property shall be free of any claims based upon a failure to comply with this paragraph.

(6) The local agency may consent to a personal representative's request to distribute property subject to administration by the estate to distributees during the 70-day period after service of notice on the commissioner or executive board. The local agency may grant or deny the request in whole or in part and may attach conditions to its consent as it deems appropriate. When the local agency consents to a distribution, it shall give the estate a written certificate evidencing its consent to the early distribution of assets at no cost. The certificate must include the name, case number, and district court in which the estate is pending, the name of the local agency, describe the specific real or personal property to which the consent applies, state that the local agency consents to the distribution of the specific property described in the consent during the 70-day period following service of the notice on the commissioner or executive board, state that the consent is unconditional or list all of the terms and conditions of the consent, be dated, and may include other contents as may be appropriate. The certificate must be signed by the director of the local agency or the director's designees and is effective as of the date it is dated unless it provides otherwise. The signature of the director or the director's designee does not require any acknowledgment. The certificate shall be prima facie evidence of the facts it states, may be attached to or combined with a deed or any other instrument of conveyance and, when so attached or combined, shall constitute a single instrument. If the certificate describes real property, it shall be accepted for recording or filing by the county recorder or registrar of titles in the county in which the property is located. If the certificate describes real property and is not attached to or combined with a deed or other instrument of conveyance, it shall be accepted for recording or filing by the county recorder or registrar of titles in the county in which the property is located. The certificate constitutes a waiver of the 70-day period provided for in clause (2) with respect to the property it describes and is prima facie evidence of service of notice on the commissioner or executive board. The certificate is not a waiver or relinquishment of any claims arising under section 246.53, 256B.15, 256D.16, or 261.04, and does not otherwise constitute a waiver of any of the personal representative's duties under this paragraph. Distributees who receive property pursuant to a consent to an early distribution shall remain liable to creditors of the estate as provided for by law.

(7) All affidavits provided for under this paragraph:

(i) shall be provided by persons who have personal knowledge of the facts stated in the affidavit;

(ii) may be filed or recorded in the office of the county recorder or registrar of titles in the county in which the real property they describe is located for the purpose of establishing compliance with the requirements of this paragraph; and

(iii) are prima facie evidence of the facts stated in the affidavit.

(8) This paragraph applies to the estates of decedents dying on or after July 1, 1997. Clause (5) also applies with respect to all notices served on the commissioner of human services before July 1, 1997, under Laws 1996, chapter 451, article 2, section 55. All notices served on the commissioner before July 1, 1997, pursuant to Laws 1996, chapter 451, article 2, section 55, shall be deemed to be legally sufficient for the purposes for which they were intended, notwithstanding any errors, omissions or other defects.

Sec. 16. **DIRECTION TO COMMISSIONER; REIMBURSEMENT FOR EXTRACORPOREAL MEMBRANE OXYGENATION CANNULATION AS AN OUTPATIENT SERVICE.**

The commissioner of human services, in consultation with providers and hospitals, shall determine the feasibility of an outpatient reimbursement mechanism for medical assistance coverage of extracorporeal membrane oxygenation (ECMO) cannulation performed outside an inpatient hospital setting or in a self-contained mobile ECMO unit. If an outpatient reimbursement mechanism is feasible, then the commissioner of human services shall develop a recommended payment mechanism. By January 15, 2025, the commissioner of human services shall submit a recommendation and the required legislative language to the chairs and ranking minority members of the legislative committees with jurisdiction over health care finance. If such a payment mechanism is infeasible, the commissioner of human services shall submit an explanation as to why it is infeasible.

ARTICLE 56

HEALTH CARE

Section 1. Minnesota Statutes 2022, section 62V.05, subdivision 12, is amended to read:

Subd. 12. **Reports on interagency agreements and intra-agency transfers.** The MNsure Board shall provide ~~quarterly reports to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance on:~~ legislative reports on interagency agreements and intra-agency transfers according to section 15.0395.

~~(1) interagency agreements or service-level agreements and any renewals or extensions of existing interagency or service-level agreements with a state department under section 15.01, state agency under section 15.012, or the Department of Information Technology Services, with a value of more than $100,000, or related agreements with the same department or agency with a cumulative value of more than $100,000; and~~

~~(2) transfers of appropriations of more than $100,000 between accounts within or between agencies.~~

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

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

Sec. 2. Minnesota Statutes 2022, section 62V.08, is amended to read:

62V.08 REPORTS.

(a) MNsure shall submit a report to the legislature by ~~January 15, 2015~~ March 31, 2025, and each ~~January 15~~ March 31 thereafter, on: (1) the performance of MNsure operations; (2) meeting MNsure responsibilities; (3) an accounting of MNsure budget activities; (4) practices and procedures that have been implemented to ensure compliance with data practices laws, and a description of any violations of data practices laws or procedures; and (5) the effectiveness of the outreach and implementation activities of MNsure in reducing the rate of uninsurance.

(b) MNsure must publish its administrative and operational costs on a website to educate consumers on those costs. The information published must include: (1) the amount of premiums and federal premium subsidies collected; (2) the amount and source of revenue received under section 62V.05, subdivision 1,

paragraph (b), clause (3); (3) the amount and source of any other fees collected for purposes of supporting operations; and (4) any misuse of funds as identified in accordance with section 3.975. The website must be updated at least annually.

Sec. 3. Minnesota Statutes 2022, section 62V.11, subdivision 4, is amended to read:

Subd. 4. **Review of costs.** The board shall submit for review the annual budget of MNsure for the next fiscal year by March ~~15~~ 31 of each year, beginning March ~~15, 2014~~ 31, 2025.

Sec. 4. Minnesota Statutes 2023 Supplement, section 151.74, subdivision 3, is amended to read:

Subd. 3. **Access to urgent-need insulin.** (a) MNsure shall develop an application form to be used by an individual who is in urgent need of insulin. The application must ask the individual to attest to the eligibility requirements described in subdivision 2. The form shall be accessible through MNsure's website. MNsure shall also make the form available to pharmacies and health care providers who prescribe or dispense insulin, hospital emergency departments, urgent care clinics, and community health clinics. By submitting a completed, signed, and dated application to a pharmacy, the individual attests that the information contained in the application is correct.

(b) If the individual is in urgent need of insulin, the individual may present a completed, signed, and dated application form to a pharmacy. The individual must also:

(1) have a valid insulin prescription; and

(2) present the pharmacist with identification indicating Minnesota residency in the form of a valid Minnesota identification card, driver's license or permit, individual taxpayer identification number, or Tribal identification card as defined in section 171.072, paragraph (b). If the individual in urgent need of insulin is under the age of 18, the individual's parent or legal guardian must provide the pharmacist with proof of residency.

(c) Upon receipt of a completed and signed application, the pharmacist shall dispense the prescribed insulin in an amount that will provide the individual with a 30-day supply. The pharmacy must notify the health care practitioner who issued the prescription order no later than 72 hours after the insulin is dispensed.

(d) The pharmacy may submit to the manufacturer of the dispensed insulin product or to the manufacturer's vendor a claim for payment that is in accordance with the National Council for Prescription Drug Program standards for electronic claims processing, unless the manufacturer agrees to send to the pharmacy a replacement supply of the same insulin as dispensed in the amount dispensed. If the pharmacy submits an electronic claim to the manufacturer or the manufacturer's vendor, the manufacturer or vendor shall reimburse the pharmacy in an amount that covers the pharmacy's acquisition cost.

(e) The pharmacy may collect an insulin co-payment from the individual to cover the pharmacy's costs of processing and dispensing in an amount not to exceed $35 for the 30-day supply of insulin dispensed.

(f) The pharmacy shall also provide each eligible individual with the information sheet described in subdivision 7 and a list of trained navigators provided by the Board of Pharmacy for the individual to contact if the individual ~~is in need of accessing~~ needs to access ongoing insulin coverage options, including assistance in:

(1) applying for medical assistance or MinnesotaCare;

(2) applying for a qualified health plan offered through MNsure, subject to open and special enrollment periods;

(3) accessing information on providers who participate in prescription drug discount programs, including providers who are authorized to participate in the 340B program under section 340b of the federal Public Health Services Act, United States Code, title 42, section 256b; and

(4) accessing insulin manufacturers' patient assistance programs, co-payment assistance programs, and other foundation-based programs.

(g) The pharmacist shall retain a copy of the application form submitted by the individual to the pharmacy for reporting and auditing purposes.

(h) A manufacturer may submit to the commissioner of administration a request for reimbursement in an amount not to exceed $35 for each 30-day supply of insulin the manufacturer provides under paragraph (d). The commissioner of administration shall determine the manner and format for submitting and processing requests for reimbursement. After receiving a reimbursement request, the commissioner of administration shall reimburse the manufacturer in an amount not to exceed $35 for each 30-day supply of insulin the manufacturer provided under paragraph (d).

EFFECTIVE DATE. This section is effective December 1, 2024.

Sec. 5. Minnesota Statutes 2022, section 151.74, subdivision 6, is amended to read:

Subd. 6. **Continuing safety net program; process.** (a) The individual shall submit to a pharmacy the statement of eligibility provided by the manufacturer under subdivision 5, paragraph (b). Upon receipt of an individual's eligibility status, the pharmacy shall submit an order containing the name of the insulin product and the daily dosage amount as contained in a valid prescription to the product's manufacturer.

(b) The pharmacy must include with the order to the manufacturer the following information:

(1) the pharmacy's name and shipping address;

(2) the pharmacy's office telephone number, fax number, email address, and contact name; and

(3) any specific days or times when deliveries are not accepted by the pharmacy.

(c) Upon receipt of an order from a pharmacy and the information described in paragraph (b), the manufacturer shall send to the pharmacy a 90-day supply of insulin as ordered, unless a lesser amount is requested in the order, at no charge to the individual or pharmacy.

(d) Except as authorized under paragraph (e), the pharmacy shall provide the insulin to the individual at no charge to the individual. The pharmacy shall not provide insulin received from the manufacturer to any individual other than the individual associated with the specific order. The pharmacy shall not seek reimbursement for the insulin received from the manufacturer or from any third-party payer.

(e) The pharmacy may collect a co-payment from the individual to cover the pharmacy's costs for processing and dispensing in an amount not to exceed $50 for each 90-day supply if the insulin is sent to the pharmacy.

(f) The pharmacy may submit to a manufacturer a reorder for an individual if the individual's eligibility statement has not expired. Upon receipt of a reorder from a pharmacy, the manufacturer must send to the

pharmacy an additional 90-day supply of the product, unless a lesser amount is requested, at no charge to the individual or pharmacy if the individual's eligibility statement has not expired.

(g) Notwithstanding paragraph (c), a manufacturer may send the insulin as ordered directly to the individual if the manufacturer provides a mail order service option.

(h) A manufacturer may submit to the commissioner of administration a request for reimbursement in an amount not to exceed $105 for each 90-day supply of insulin the manufacturer provides under paragraphs (c) and (f). The commissioner of administration shall determine the manner and format for submitting and processing requests for reimbursement. After receiving a reimbursement request, the commissioner of administration shall reimburse the manufacturer in an amount not to exceed $105 for each 90-day supply of insulin the manufacturer provided under paragraphs (c) and (f). If the manufacturer provides less than a 90-day supply of insulin under paragraphs (c) and (f), the manufacturer may submit a request for reimbursement not to exceed $35 for each 30-day supply of insulin provided.

EFFECTIVE DATE. This section is effective December 1, 2024.

Sec. 6. **[151.741] INSULIN MANUFACTURER REGISTRATION FEE.**

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

(b) "Board" means the Minnesota Board of Pharmacy under section 151.02.

(c) "Manufacturer" means a manufacturer licensed under section 151.252 and engaged in the manufacturing of prescription insulin.

Subd. 2. **Assessment of registration fee.** (a) The board shall assess each manufacturer an annual registration fee of $100,000, except as provided in paragraph (b). The board shall notify each manufacturer of this requirement beginning November 1, 2024, and each November 1 thereafter.

(b) A manufacturer may request an exemption from the annual registration fee. The board shall exempt a manufacturer from the annual registration fee if the manufacturer can demonstrate to the board, in the form and manner specified by the board, that gross revenue from sales of prescription insulin produced by that manufacturer and sold or delivered within or into Minnesota was less than five percent of the total gross revenue from sales of prescription insulin produced by all manufacturers and sold or delivered within or into Minnesota in the previous calendar year.

Subd. 3. **Payment of the registration fee; deposit of fee.** (a) Each manufacturer must pay the registration fee by March 1, 2025, and by each March 1 thereafter. In the event of a change in ownership of the manufacturer, the new owner must pay the registration fee that the original owner would have been assessed had the original owner retained ownership. The board may assess a late fee of ten percent per month or any portion of a month that the registration fee is paid after the due date.

(b) The registration fee, including any late fees, must be deposited in the insulin safety net program account.

Subd. 4. **Insulin safety net program account.** The insulin safety net program account is established in the special revenue fund in the state treasury. Money in the account is appropriated each fiscal year to:

(1) the MNsure board in an amount sufficient to carry out assigned duties under section 151.74, subdivision 7; and

(2) the Board of Pharmacy in an amount sufficient to cover costs incurred by the board in assessing and collecting the registration fee under this section and in administering the insulin safety net program under section 151.74.

Subd. 5. **Insulin repayment account; annual transfer from health care access fund.** (a) The insulin repayment account is established in the special revenue fund in the state treasury. Money in the account is appropriated each fiscal year to the commissioner of administration to reimburse manufacturers for insulin dispensed under the insulin safety net program in section 151.74, in accordance with section 151.74, subdivisions 3, paragraph (h), and 6, paragraph (h), and to cover costs incurred by the commissioner in providing these reimbursement payments.

(b) By June 30, 2025, and each June 30 thereafter, the commissioner of administration shall certify to the commissioner of management and budget the total amount expended in the prior fiscal year for:

(1) reimbursement to manufacturers for insulin dispensed under the insulin safety net program in section 151.74, in accordance with section 151.74, subdivisions 3, paragraph (h), and 6, paragraph (h); and

(2) costs incurred by the commissioner of administration in providing the reimbursement payments described in clause (1).

(c) The commissioner of management and budget shall transfer from the health care access fund to the special revenue fund, beginning July 1, 2025, and each July 1 thereafter, an amount equal to the amount to which the commissioner of administration certified pursuant to paragraph (b).

Subd. 6. **Contingent transfer by commissioner.** If subdivisions 2 and 3, or the application of subdivisions 2 and 3 to any person or circumstance, are held invalid for any reason in a court of competent jurisdiction, the invalidity of subdivisions 2 and 3 does not affect other provisions of this act, and the commissioner of management and budget shall annually transfer from the health care access fund to the insulin safety net program account an amount sufficient to implement subdivision 4.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 7. Laws 2020, chapter 73, section 8, is amended to read:

Sec. 8. **APPROPRIATIONS.**

(a) $297,000 is appropriated in fiscal year 2020 from the health care access fund to the Board of Directors of MNsure ~~to train navigators to assist individuals and provide compensation as required~~ for the insulin safety net program under Minnesota Statutes, section 151.74~~, subdivision 7~~. ~~Of this appropriation, $108,000 is for implementing the training requirements for navigators and $189,000 is for application assistance bonus payments.~~ This is a onetime appropriation and is available until ~~December 31, 2024~~ June 30, 2027.

(b) $250,000 is appropriated in fiscal year 2020 from the health care access fund to the Board of Directors of MNsure for a public awareness campaign for the insulin safety net program established under Minnesota Statutes, section 151.74. This is a onetime appropriation and is available until December 31, 2024.

(c) $76,000 is appropriated in fiscal year 2021 from the health care access fund to the Board of Pharmacy to implement Minnesota Statutes, section 151.74. The base for this appropriation is $76,000 in fiscal year 2022; $76,000 in fiscal year 2023; $76,000 in fiscal year 2024; $38,000 in fiscal year 2025; and $0 in fiscal year 2026.

(d) $136,000 in fiscal year 2021 is appropriated from the health care access fund to the commissioner of health to implement the survey to assess program satisfaction in Minnesota Statutes, section 151.74, subdivision 12. The base for this appropriation is $80,000 in fiscal year 2022 and $0 in fiscal year 2023. This is a onetime appropriation.

Sec. 8. **REPEALER; SUNSET FOR THE LONG-TERM SAFETY NET INSULIN PROGRAM.**

Minnesota Statutes 2022, section 151.74, subdivision 16, is repealed.

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

ARTICLE 57

HEALTH INSURANCE

Section 1. Minnesota Statutes 2022, section 43A.24, is amended by adding a subdivision to read:

Subd. 4. **For-profit health maintenance organizations prohibited.** The commissioner must ensure that state paid hospital, medical, and dental benefits are not provided to eligible employees by a health maintenance organization which is not a nonprofit corporation organized under chapter 317A or a local governmental unit, as defined in section 62D.02.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 2. Minnesota Statutes 2022, section 62A.0411, is amended to read:

62A.0411 MATERNITY CARE.

Subdivision 1. **Minimum inpatient care.** Every health plan ~~as defined in section 62Q.01, subdivision 3, that provides maternity benefits~~ must~~, consistent with other coinsurance, co-payment, deductible, and related contract terms,~~ provide coverage of a minimum of 48 hours of inpatient care following a vaginal delivery and a minimum of 96 hours of inpatient care following a caesarean section for a mother and her newborn. The health plan shall not provide any compensation or other nonmedical remuneration to encourage a mother and newborn to leave inpatient care before the duration minimums specified in this section.

Subd. 1a. **Medical facility transfer.** (a) If a health care provider acting within the provider's scope of practice recommends that either the mother or newborn be transferred to a different medical facility, every health plan must provide the coverage required under subdivision 1 for the mother, newborn, and newborn siblings at both medical facilities. The coverage required under this subdivision includes but is not limited to expenses related to transferring all individuals from one medical facility to a different medical facility.

(b) The coverage required under this subdivision must be provided without cost sharing, including but not limited to deductible, co-pay, or coinsurance. The coverage required under this paragraph must be provided without any limitation that is not generally applicable to other coverages under the plan.

(c) Notwithstanding paragraph (b), a health plan that is a high-deductible health plan in conjunction with a health savings account must include cost-sharing for the coverage required under this subdivision at the minimum level necessary to preserve the enrollee's ability to make tax-exempt contributions and withdrawals from the health savings account as provided in section 223 of the Internal Revenue Code of 1986.

Subd. 2. **Minimum postdelivery outpatient care.** (a) The health plan must also provide coverage for postdelivery outpatient care to a mother and her newborn if the duration of inpatient care is less than the minimums provided in this section.

(b) Postdelivery care consists of a minimum of one home visit by a registered nurse. Services provided by the registered nurse include, but are not limited to, parent education, assistance and training in breast and bottle feeding, and conducting any necessary and appropriate clinical tests. The home visit must be conducted within four days following the discharge of the mother and her child.

Subd. 3. **Health plan defined.** For purposes of this section, "health plan" has the meaning given in section 62Q.01, subdivision 3, and county-based purchasing plans.

EFFECTIVE DATE. This section is effective January 1, 2025, and applies to all policies, plans, certificates, and contracts offered, issued, or renewed on or after that date.

Sec. 3. Minnesota Statutes 2022, section 62A.15, is amended by adding a subdivision to read:

Subd. 3d. **Pharmacist.** All benefits provided by a policy or contract referred to in subdivision 1 relating to expenses incurred for medical treatment or services provided by a licensed physician must include services provided by a licensed pharmacist, according to the requirements of section 151.01, to the extent a licensed pharmacist's services are within the pharmacist's scope of practice.

EFFECTIVE DATE. This section is effective January 1, 2025, and applies to policies or contracts offered, issued, or renewed on or after that date.

Sec. 4. Minnesota Statutes 2022, section 62A.15, subdivision 4, is amended to read:

Subd. 4. **Denial of benefits.** (a) No carrier referred to in subdivision 1 may, in the payment of claims to employees in this state, deny benefits payable for services covered by the policy or contract if the services are lawfully performed by a licensed chiropractor, a licensed optometrist, a registered nurse meeting the requirements of subdivision 3a, a licensed physician assistant, ~~or~~ a licensed acupuncture practitioner, or a licensed pharmacist.

(b) When carriers referred to in subdivision 1 make claim determinations concerning the appropriateness, quality, or utilization of chiropractic health care for Minnesotans, any of these determinations that are made by health care professionals must be made by, or under the direction of, or subject to the review of licensed doctors of chiropractic.

(c) When a carrier referred to in subdivision 1 makes a denial of payment claim determination concerning the appropriateness, quality, or utilization of acupuncture services for individuals in this state performed by a licensed acupuncture practitioner, a denial of payment claim determination that is made by a health professional must be made by, under the direction of, or subject to the review of a licensed acupuncture practitioner.

EFFECTIVE DATE. This section is effective January 1, 2025, and applies to policies or contracts offered, issued, or renewed on or after that date.

Sec. 5. Minnesota Statutes 2022, section 62A.28, subdivision 2, is amended to read:

Subd. 2. **Required coverage.** (a) Every policy, plan, certificate, or contract referred to in subdivision 1 ~~issued or renewed after August 1, 1987,~~ must provide coverage for scalp hair prostheses, including all

equipment and accessories necessary for regular use of scalp hair prostheses, worn for hair loss suffered as a result of a health condition, including but not limited to alopecia areata or the treatment for cancer, unless there is a clinical basis for limitation.

(b) The coverage required by this section is subject to the co-payment, coinsurance, deductible, and other enrollee cost-sharing requirements that apply to similar types of items under the policy, plan, certificate, or contract and may be limited to one prosthesis per benefit year.

(c) The coverage required by this section for scalp hair prostheses is limited to $1,000 per benefit year.

(d) A scalp hair prosthesis must be prescribed by a doctor to be covered under this section.

EFFECTIVE DATE. This section is effective January 1, 2025, and applies to all policies, plans, certificates, and contracts offered, issued, or renewed on or after that date.

Sec. 6. **[62A.3098] RAPID WHOLE GENOME SEQUENCING; COVERAGE.**

Subdivision 1. **Definition.** For purposes of this section, "rapid whole genome sequencing" or "rWGS" means an investigation of the entire human genome, including coding and noncoding regions and mitochondrial deoxyribonucleic acid, to identify disease-causing genetic changes that returns the final results in 14 days. Rapid whole genome sequencing includes patient-only whole genome sequencing and duo and trio whole genome sequencing of the patient and the patient's biological parent or parents.

Subd. 2. **Required coverage.** A health plan that provides coverage to Minnesota residents must cover rWGS testing if the enrollee:

(1) is 21 years of age or younger;

(2) has a complex or acute illness of unknown etiology that is not confirmed to have been caused by an environmental exposure, toxic ingestion, an infection with a normal response to therapy, or trauma; and

(3) is receiving inpatient hospital services in an intensive care unit or a neonatal or high acuity pediatric care unit.

Subd. 3. **Coverage criteria.** Coverage may be based on the following medical necessity criteria:

(1) the enrollee has symptoms that suggest a broad differential diagnosis that would require an evaluation by multiple genetic tests if rWGS testing is not performed;

(2) timely identification of a molecular diagnosis is necessary in order to guide clinical decision making, and the rWGS testing may aid in guiding the treatment or management of the enrollee's condition; and

(3) the enrollee's complex or acute illness of unknown etiology includes at least one of the following conditions:

(i) congenital anomalies involving at least two organ systems, or complex or multiple congenital anomalies in one organ system;

(ii) specific organ malformations that are highly suggestive of a genetic etiology;

(iii) abnormal laboratory tests or abnormal chemistry profiles suggesting the presence of a genetic disease, complex metabolic disorder, or inborn error of metabolism;

(iv) refractory or severe hypoglycemia or hyperglycemia;

(v) abnormal response to therapy related to an underlying medical condition affecting vital organs or bodily systems;

(vi) severe muscle weakness, rigidity, or spasticity;

(vii) refractory seizures;

(viii) a high-risk stratification on evaluation for a brief resolved unexplained event with any of the following features:

(A) a recurrent event without respiratory infection;

(B) a recurrent seizure-like event; or

(C) a recurrent cardiopulmonary resuscitation;

(ix) abnormal cardiac diagnostic testing results that are suggestive of possible channelopathies, arrhythmias, cardiomyopathies, myocarditis, or structural heart disease;

(x) abnormal diagnostic imaging studies that are suggestive of underlying genetic condition;

(xi) abnormal physiologic function studies that are suggestive of an underlying genetic etiology; or

(xii) family genetic history related to the patient's condition.

Subd. 4. **Cost sharing.** Coverage provided in this section is subject to the enrollee's health plan cost-sharing requirements, including any deductibles, co-payments, or coinsurance requirements that apply to diagnostic testing services.

Subd. 5. **Payment for services provided.** If the enrollee's health plan uses a capitated or bundled payment arrangement to reimburse a provider for services provided in an inpatient setting, reimbursement for services covered under this section must be paid separately and in addition to any reimbursement otherwise payable to the provider under the capitated or bundled payment arrangement, unless the health carrier and the provider have negotiated an increased capitated or bundled payment rate that includes the services covered under this section.

Subd. 6. **Genetic data.** Genetic data generated as a result of performing rWGS and covered under this section: (1) must be used for the primary purpose of assisting the ordering provider and treating care team to diagnose and treat the patient; (2) is protected health information as set forth under the Health Insurance Portability and Accountability Act (HIPAA), the Health Information Technology for Economic and Clinical Health Act, and any promulgated regulations, including but not limited to Code of Federal Regulations, title 45, parts 160 and 164, subparts A and E; and (3) is a protected health record under sections 144.291 to 144.298.

Subd. 7. **Reimbursement.** (a) The commissioner of commerce must reimburse health carriers for coverage under this section. Reimbursement is available only for coverage that would not have been provided by the health plan without the requirements of this section. Treatments and services covered by the health plan as of January 1, 2024, are ineligible for payments under this subdivision by the commissioner of commerce.

(b) Health carriers must report to the commissioner of commerce quantified costs attributable to the additional benefit under this section in a format developed by the commissioner. A health plan's coverage

as of January 1, 2024, must be used by the health carrier as the basis for determining whether coverage would not have been provided by the health plan for purposes of this subdivision.

(c) The commissioner of commerce must evaluate submissions and make payments to health carriers as provided in Code of Federal Regulations, title 45, section 155.170.

Subd. 8. **Appropriation.** Each fiscal year, an amount necessary to make payments to health carriers to defray the cost of providing coverage under this section is appropriated to the commissioner of commerce.

EFFECTIVE DATE. This section is effective January 1, 2025, and applies to a health plan offered, issued, or sold on or after that date.

Sec. 7. **[62A.59] COVERAGE OF SERVICE; PRIOR AUTHORIZATION.**

Subdivision 1. **Service for which prior authorization not required.** A health carrier must not retrospectively deny or limit coverage of a health care service for which prior authorization was not required by the health carrier, unless there is evidence that the health care service was provided based on fraud or misinformation.

Subd. 2. **Service for which prior authorization required but not obtained.** A health carrier must not deny or limit coverage of a health care service which the enrollee has already received solely on the basis of lack of prior authorization if the service would otherwise have been covered had the prior authorization been obtained.

EFFECTIVE DATE. This section is effective January 1, 2026, and applies to health plans offered, sold, issued, or renewed on or after that date.

Sec. 8. **[62C.045] APPLICATION OF OTHER LAW.**

Sections 145D.30 to 145D.37 apply to service plan corporations operating under this chapter.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 9. Minnesota Statutes 2022, section 62D.02, subdivision 7, is amended to read:

Subd. 7. **Comprehensive health maintenance services.** "Comprehensive health maintenance services" means a set of comprehensive health services which the enrollees might reasonably require to be maintained in good health including as a minimum, but not limited to, emergency care, emergency ground ambulance transportation services, inpatient hospital and physician care, outpatient health services and preventive health services. ~~Elective, induced abortion, except as medically necessary to prevent the death of the mother, whether performed in a hospital, other abortion facility or the office of a physician, shall not be mandatory for any health maintenance organization.~~

EFFECTIVE DATE. This section is effective January 1, 2025, and applies to health plans offered, sold, issued, or renewed on or after that date.

Sec. 10. Minnesota Statutes 2022, section 62D.04, subdivision 5, is amended to read:

Subd. 5. **Participation; government programs.** Health maintenance organizations that are a nonprofit corporation organized under chapter 317A or a local governmental unit shall, as a condition of receiving and retaining a certificate of authority, participate in the medical assistance and MinnesotaCare programs. A health maintenance organization governed by this subdivision is required to submit proposals in good

faith that meet the requirements of the request for proposal provided that the requirements can be reasonably met by a health maintenance organization to serve individuals eligible for the above programs in a geographic region of the state if, at the time of publication of a request for proposal, the percentage of recipients in the public programs in the region who are enrolled in the health maintenance organization is less than the health maintenance organization's percentage of the total number of individuals enrolled in health maintenance organizations in the same region. Geographic regions shall be defined by the commissioner of human services in the request for proposals.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 11. **[62D.1071] COVERAGE OF LICENSED PHARMACIST SERVICES.**

Subdivision 1. **Pharmacist.** All benefits provided by a health maintenance contract relating to expenses incurred for medical treatment or services provided by a licensed physician must include services provided by a licensed pharmacist to the extent a licensed pharmacist's services are within the pharmacist's scope of practice.

Subd. 2. **Denial of benefits.** When paying claims for enrollees in Minnesota, a health maintenance organization must not deny payment for medical services covered by an enrollee's health maintenance contract if the services are lawfully performed by a licensed pharmacist.

Subd. 3. **Exemptions.** (a) This section does not apply to or affect the coverage or reimbursement for medication therapy management services under section 62Q.676 or 256B.0625, subdivisions 5, 13h, and 28a.

(b) This section does not apply to managed care organizations or county-based purchasing plans when the plan provides coverage to public health care program enrollees under chapter 256B or 256L.

EFFECTIVE DATE. This section is effective January 1, 2025, and applies to health plans offered, issued, or renewed on or after that date.

Sec. 12. Minnesota Statutes 2022, section 62D.12, subdivision 19, is amended to read:

Subd. 19. **Coverage of service.** A health maintenance organization may not deny or limit coverage of a service which the enrollee has already received solely on the basis of lack of prior authorization or second opinion, to the extent that the service would otherwise have been covered under the member's contract by the health maintenance organization had prior authorization or second opinion been obtained. This subdivision expires December 31, 2025, for health plans offered, sold, issued, or renewed on or after that date.

Sec. 13. Minnesota Statutes 2022, section 62D.20, subdivision 1, is amended to read:

Subdivision 1. **Rulemaking.** The commissioner of health may, pursuant to chapter 14, promulgate such reasonable rules as are necessary or proper to carry out the provisions of sections 62D.01 to 62D.30. Included among such rules shall be those which provide minimum requirements for the provision of comprehensive health maintenance services, as defined in section 62D.02, subdivision 7, and reasonable exclusions therefrom. ~~Nothing in such rules shall force or require a health maintenance organization to provide elective, induced abortions, except as medically necessary to prevent the death of the mother, whether performed in a hospital, other abortion facility, or the office of a physician; the rules shall provide every health maintenance organization the option of excluding or including elective, induced abortions, except as medically necessary to prevent the death of the mother, as part of its comprehensive health maintenance services.~~

EFFECTIVE DATE. This section is effective January 1, 2025, and applies to health plans offered, sold, issued, or renewed on or after that date.

Sec. 14. Minnesota Statutes 2022, section 62D.22, subdivision 5, is amended to read:

Subd. 5. **Other state law.** Except as otherwise provided in sections 62A.01 to 62A.42 and 62D.01 to 62D.30, ~~and except as they eliminate elective, induced abortions, wherever performed, from health or maternity benefits,~~ provisions of the insurance laws and provisions of nonprofit health service plan corporation laws shall not be applicable to any health maintenance organization granted a certificate of authority under sections 62D.01 to 62D.30.

EFFECTIVE DATE. This section is effective January 1, 2025, and applies to health plans offered, sold, issued, or renewed on or after that date.

Sec. 15. Minnesota Statutes 2022, section 62D.22, is amended by adding a subdivision to read:

Subd. 5a. **Application of other law.** Effective July 1, 2025, sections 145D.30 to 145D.37 apply to nonprofit health maintenance organizations operating under this chapter.

Sec. 16. **[62D.221] OVERSIGHT OF TRANSACTIONS.**

Subdivision 1. **Insurance provisions applicable to health maintenance organizations.** Health maintenance organizations are subject to sections 60A.135, 60A.136, 60A.137, 60A.16, 60A.161, 60D.17, 60D.18, and 60D.20 and must comply with the provisions of these sections applicable to insurers. In applying these sections to health maintenance organizations, "commissioner" means the commissioner of health. Health maintenance organizations are subject to Minnesota Rules, chapter 2720, as applicable to sections 60D.17, 60D.18, and 60D.20, and must comply with the provisions of chapter 2720 applicable to insurers, unless the commissioner of health adopts rules to implement this subdivision.

Subd. 2. **Statement.** In addition to the conditions in section 60D.17, subdivision 1, subjecting a health maintenance organization to filing requirements, no person other than the issuer shall acquire all or substantially all of the assets of a domestic nonprofit health maintenance organization through any means unless at the time the offer, request, or invitation is made or the agreement is entered into the person has filed with the commissioner and has sent to the health maintenance organization a statement containing the information required in section 60D.17 and the offer, request, invitation, agreement, or acquisition has been approved by the commissioner of health in the manner prescribed in section 60D.17.

Sec. 17. Minnesota Statutes 2022, section 62M.02, subdivision 1a, is amended to read:

Subd. 1a. **Adverse determination.** "Adverse determination" means a decision by a utilization review organization relating to an admission, extension of stay, or health care service that is partially or wholly adverse to the enrollee, including:

(1) a decision to deny an admission, extension of stay, or health care service on the basis that it is not medically necessary; or

(2) an authorization for a health care service that is less intensive than the health care service specified in the original request for authorization.

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

Sec. 18. Minnesota Statutes 2022, section 62M.02, subdivision 5, is amended to read:

Subd. 5. **Authorization.** "Authorization" means a determination by a utilization review organization that an admission, extension of stay, or other health care service has been reviewed and that, based on the information provided, it satisfies the utilization review requirements of the applicable health benefit plan and the health plan company or commissioner will then pay for the covered benefit, provided the preexisting limitation provisions, the general exclusion provisions, and any deductible, co-payment, coinsurance, or other policy requirements have been met.

Sec. 19. Minnesota Statutes 2022, section 62M.02, is amended by adding a subdivision to read:

Subd. 8a. **Commissioner.** "Commissioner" means, effective January 1, 2026, for the sections specified in section 62M.01, subdivision 3, paragraph (c), the commissioner of human services, unless otherwise specified.

Sec. 20. Minnesota Statutes 2022, section 62M.02, subdivision 11, is amended to read:

Subd. 11. **Enrollee.** "Enrollee" means:

(1) an individual covered by a health benefit plan and includes an insured policyholder, subscriber, contract holder, member, covered person, or certificate holder; or

(2) effective January 1, 2026, for the sections specified in section 62M.01, subdivision 3, paragraph (c), a recipient receiving coverage through fee-for-service under chapters 256B and 256L.

Sec. 21. Minnesota Statutes 2022, section 62M.02, subdivision 12, is amended to read:

Subd. 12. **Health benefit plan.** (a) "Health benefit plan" means:

(1) a policy, contract, or certificate issued by a health plan company for the coverage of medical, dental, or hospital benefits; or

(2) effective January 1, 2026, for the sections specified in section 62M.01, subdivision 3, paragraph (c), coverage of medical, dental, or hospital benefits through fee-for-service under chapters 256B and 256L, as specified by the commissioner on the agency's public website or through other forms of recipient and provider guidance.

(b) A health benefit plan does not include coverage that is:

(1) limited to disability or income protection coverage;

(2) automobile medical payment coverage;

(3) supplemental to liability insurance;

(4) designed solely to provide payments on a per diem, fixed indemnity, or nonexpense incurred basis;

(5) credit accident and health insurance issued under chapter 62B;

(6) blanket accident and sickness insurance as defined in section 62A.11;

(7) accident only coverage issued by a licensed and tested insurance agent; or

(8) workers' compensation.

Sec. 22. Minnesota Statutes 2022, section 62M.02, subdivision 21, is amended to read:

Subd. 21. **Utilization review organization.** "Utilization review organization" means an entity including but not limited to an insurance company licensed under chapter 60A to offer, sell, or issue a policy of accident and sickness insurance as defined in section 62A.01; a prepaid limited health service organization issued a certificate of authority and operating under sections 62A.451 to 62A.4528; a health service plan licensed under chapter 62C; a health maintenance organization licensed under chapter 62D; a community integrated service network licensed under chapter 62N; an accountable provider network operating under chapter 62T; a fraternal benefit society operating under chapter 64B; a joint self-insurance employee health plan operating under chapter 62H; a multiple employer welfare arrangement, as defined in section 3 of the Employee Retirement Income Security Act of 1974 (ERISA), United States Code, title 29, section 1103, as amended; a third-party administrator licensed under section 60A.23, subdivision 8, which conducts utilization review and authorizes or makes adverse determinations regarding an admission, extension of stay, or other health care services for a Minnesota resident; effective January 1, 2026, for the sections specified in section 62M.01, subdivision 3, paragraph (c), the commissioner of human services for purposes of delivering services through fee-for-service under chapters 256B and 256L; any other entity that provides, offers, or administers hospital, outpatient, medical, prescription drug, or other health benefits to individuals treated by a health professional under a policy, plan, or contract; or any entity performing utilization review that is affiliated with, under contract with, or conducting utilization review on behalf of, a business entity in this state. Utilization review organization does not include a clinic or health care system acting pursuant to a written delegation agreement with an otherwise regulated utilization review organization that contracts with the clinic or health care system. The regulated utilization review organization is accountable for the delegated utilization review activities of the clinic or health care system.

Sec. 23. Minnesota Statutes 2022, section 62M.04, subdivision 1, is amended to read:

Subdivision 1. **Responsibility for obtaining authorization.** A health benefit plan that includes utilization review requirements must specify the process for notifying the utilization review organization in a timely manner and obtaining authorization for health care services. Each health plan company must provide a clear and concise description of this process to an enrollee as part of the policy, subscriber contract, or certificate of coverage. Effective January 1, 2026, the commissioner must provide a clear and concise description of this process to fee-for-service recipients receiving services under chapters 256B and 256L, through the agency's public website or through other forms of recipient guidance. In addition to the enrollee, the utilization review organization must allow any provider or provider's designee, or responsible patient representative, including a family member, to fulfill the obligations under the health benefit plan.

A claims administrator that contracts directly with providers for the provision of health care services to enrollees may, through contract, require the provider to notify the review organization in a timely manner and obtain authorization for health care services.

Sec. 24. Minnesota Statutes 2022, section 62M.05, subdivision 3a, is amended to read:

Subd. 3a. **Standard review determination.** (a) ~~Notwithstanding subdivision 3b, a standard review determination on all requests for utilization review must be communicated to the provider and enrollee in accordance with this subdivision within five business days after receiving the request if the request is received electronically, or within six business days if received through nonelectronic means, provided that all information reasonably necessary to make a determination on the request has been made available to the utilization review organization. Effective January 1, 2022,~~ A standard review determination on all requests for utilization review must be communicated to the provider and enrollee in accordance with this subdivision

within five business days after receiving the request, regardless of how the request was received, provided that all information reasonably necessary to make a determination on the request has been made available to the utilization review organization.

(b) When a determination is made to authorize, notification must be provided promptly by telephone to the provider. The utilization review organization shall send written notification to the provider or shall maintain an audit trail of the determination and telephone notification. For purposes of this subdivision, "audit trail" includes documentation of the telephone notification, including the date; the name of the person spoken to; the enrollee; the service, procedure, or admission authorized; and the date of the service, procedure, or admission. If the utilization review organization indicates authorization by use of a number, the number must be called the "authorization number." For purposes of this subdivision, notification may also be made by facsimile to a verified number or by electronic mail to a secure electronic mailbox. These electronic forms of notification satisfy the "audit trail" requirement of this paragraph.

(c) When an adverse determination is made, notification must be provided within the time periods specified in paragraph (a) by telephone, by facsimile to a verified number, or by electronic mail to a secure electronic mailbox to the attending health care professional and hospital or physician office as applicable. Written notification must also be sent to the hospital or physician office as applicable and attending health care professional if notification occurred by telephone. For purposes of this subdivision, notification may be made by facsimile to a verified number or by electronic mail to a secure electronic mailbox. Written notification must be sent to the enrollee and may be sent by United States mail, facsimile to a verified number, or by electronic mail to a secure mailbox. The written notification must include all reasons relied on by the utilization review organization for the determination and the process for initiating an appeal of the determination. Upon request, the utilization review organization shall provide the provider or enrollee with the criteria used to determine the necessity, appropriateness, and efficacy of the health care service and identify the database, professional treatment parameter, or other basis for the criteria. Reasons for an adverse determination may include, among other things, the lack of adequate information to authorize after a reasonable attempt has been made to contact the provider or enrollee.

(d) When an adverse determination is made, the written notification must inform the enrollee and the attending health care professional of the right to submit an appeal to the internal appeal process described in section 62M.06 and the procedure for initiating the internal appeal. The written notice shall be provided in a culturally and linguistically appropriate manner consistent with the provisions of the Affordable Care Act as defined under section 62A.011, subdivision 1a.

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

Sec. 25. Minnesota Statutes 2022, section 62M.07, subdivision 2, is amended to read:

Subd. 2. **Prior authorization of ~~emergency~~ certain services prohibited.** No utilization review organization, health plan company, or claims administrator may conduct or require prior authorization of:

(1) emergency confinement or an emergency service. The enrollee or the enrollee's authorized representative may be required to notify the health plan company, claims administrator, or utilization review organization as soon as reasonably possible after the beginning of the emergency confinement or emergency service.;

(2) outpatient mental health treatment or outpatient substance use disorder treatment, except for treatment which is a medication. Prior authorizations required for medications used for outpatient mental health

treatment or outpatient substance use disorder treatment must be processed according to section 62M.05, subdivision 3b, for initial determinations, and according to section 62M.06, subdivision 2, for appeals;

(3) antineoplastic cancer treatment that is consistent with guidelines of the National Comprehensive Cancer Network, except for treatment which is a medication. Prior authorizations required for medications used for antineoplastic cancer treatment must be processed according to section 62M.05, subdivision 3b, for initial determinations, and according to section 62M.06, subdivision 2, for appeals;

(4) services that currently have a rating of A or B from the United States Preventive Services Task Force, immunizations recommended by the Advisory Committee on Immunization Practices of the Centers for Disease Control and Prevention, or preventive services and screenings provided to women as described in Code of Federal Regulations, title 45, section 147.130;

(5) pediatric hospice services provided by a hospice provider licensed under sections 144A.75 to 144A.755; and

(6) treatment delivered through a neonatal abstinence program operated by pediatric pain or palliative care subspecialists.

Clauses (2) to (6) are effective January 1, 2026, and apply to health benefit plans offered, sold, issued, or renewed on or after that date.

Sec. 26. Minnesota Statutes 2022, section 62M.07, subdivision 4, is amended to read:

Subd. 4. **Submission of prior authorization requests.** (a) If prior authorization for a health care service is required, the utilization review organization, health plan company, or claim administrator must allow providers to submit requests for prior authorization of the health care services without unreasonable delay by telephone, facsimile, or voice mail or through an electronic mechanism 24 hours a day, seven days a week. This subdivision does not apply to dental service covered under MinnesotaCare or medical assistance.

(b) Effective January 1, 2027, for health benefit plans offered, sold, issued, or renewed on or after that date, utilization review organizations, health plan companies, and claims administrators must have and maintain a prior authorization application programming interface (API) that automates the prior authorization process for health care services, excluding prescription drugs and medications. The API must allow providers to determine whether a prior authorization is required for health care services, identify prior authorization information and documentation requirements, and facilitate the exchange of prior authorization requests and determinations from provider electronic health records or practice management systems. The API must use the Health Level Seven (HL7) Fast Healthcare Interoperability Resources (FHIR) standard in accordance with Code of Federal Regulations, title 45, section 170.215(a)(1), and the most recent standards and guidance adopted by the United States Department of Health and Human Services to implement that section. Prior authorization submission requests for prescription drugs and medications must comply with the requirements of section 62J.497.

Sec. 27. Minnesota Statutes 2022, section 62M.07, is amended by adding a subdivision to read:

Subd. 5. **Treatment of a chronic condition.** This subdivision is effective January 1, 2026, and applies to health benefit plans offered, sold, issued, or renewed on or after that date. An authorization for treatment of a chronic health condition does not expire unless the standard of treatment for that health condition changes. A chronic health condition is a condition that is expected to last one year or more and:

(1) requires ongoing medical attention to effectively manage the condition or prevent an adverse health event; or

(2) limits one or more activities of daily living.

Sec. 28. Minnesota Statutes 2022, section 62M.10, subdivision 7, is amended to read:

Subd. 7. **Availability of criteria.** (a) For utilization review determinations other than prior authorization, a utilization review organization shall, upon request, provide to an enrollee, a provider, and the commissioner of commerce the criteria used to determine the medical necessity, appropriateness, and efficacy of a procedure or service and identify the database, professional treatment guideline, or other basis for the criteria.

(b) For prior authorization determinations, a utilization review organization must submit the organization's current prior authorization requirements and restrictions, including written, evidence-based, clinical criteria used to make an authorization or adverse determination, to all health plan companies for which the organization performs utilization review. A health plan company must post on its public website the prior authorization requirements and restrictions of any utilization review organization that performs utilization review for the health plan company. These prior authorization requirements and restrictions must be detailed and written in language that is easily understandable to providers. This paragraph does not apply to the commissioner of human services when delivering services through fee-for-service under chapters 256B and 256L.

(c) Effective January 1, 2026, the commissioner of human services must post on the department's public website the prior authorization requirements and restrictions, including written, evidence-based, clinical criteria used to make an authorization or adverse determination, that apply to prior authorization determinations for fee-for-service under chapters 256B and 256L. These prior authorization requirements and restrictions must be detailed and written in language that is easily understandable to providers.

Sec. 29. Minnesota Statutes 2022, section 62M.10, subdivision 8, is amended to read:

Subd. 8. **Notice; new prior authorization requirements or restrictions; change to existing requirement or restriction.** (a) Before a utilization review organization may implement a new prior authorization requirement or restriction or amend an existing prior authorization requirement or restriction, the utilization review organization must submit the new or amended requirement or restriction to all health plan companies for which the organization performs utilization review. A health plan company must post on its website the new or amended requirement or restriction. This paragraph does not apply to the commissioner of human services when delivering services through fee-for-service under chapters 256B and 256L.

(b) At least 45 days before a new prior authorization requirement or restriction or an amended existing prior authorization requirement or restriction is implemented, the utilization review organization, health plan company, or claims administrator must provide written or electronic notice of the new or amended requirement or restriction to all Minnesota-based, in-network attending health care professionals who are subject to the prior authorization requirements and restrictions. This paragraph does not apply to the commissioner of human services when delivering services through fee-for-service under chapters 256B and 256L.

(c) Effective January 1, 2026, before the commissioner of human services may implement a new prior authorization requirement or restriction or amend an existing prior authorization requirement or restriction, the commissioner, at least 45 days before the new or amended requirement or restriction takes effect, must

provide written or electronic notice of the new or amended requirement or restriction, to all health care professionals participating as fee-for-service providers under chapters 256B and 256L who are subject to the prior authorization requirements and restrictions.

Sec. 30. Minnesota Statutes 2022, section 62M.17, subdivision 2, is amended to read:

Subd. 2. **Effect of change in prior authorization clinical criteria.** (a) If, during a plan year, a utilization review organization changes coverage terms for a health care service or the clinical criteria used to conduct prior authorizations for a health care service, the change in coverage terms or change in clinical criteria shall not apply until the next plan year for any enrollee who received prior authorization for a health care service using the coverage terms or clinical criteria in effect before the effective date of the change.

(b) Paragraph (a) does not apply if a utilization review organization changes coverage terms for a drug or device that has been deemed unsafe by the United States Food and Drug Administration (FDA); that has been withdrawn by either the FDA or the product manufacturer; or when an independent source of research, clinical guidelines, or evidence-based standards has issued drug- or device-specific warnings or recommended changes in drug or device usage.

(c) Paragraph (a) does not apply if a utilization review organization changes coverage terms for a service or the clinical criteria used to conduct prior authorizations for a service when an independent source of research, clinical guidelines, or evidence-based standards has recommended changes in usage of the service for reasons related to patient harm. This paragraph expires December 31, 2025, for health benefit plans offered, sold, issued, or renewed on or after that date.

(d) Effective January 1, 2026, and applicable to health benefit plans offered, sold, issued, or renewed on or after that date, paragraph (a) does not apply if a utilization review organization changes coverage terms for a service or the clinical criteria used to conduct prior authorizations for a service when an independent source of research, clinical guidelines, or evidence-based standards has recommended changes in usage of the service for reasons related to previously unknown and imminent patient harm.

~~(d)~~ (e) Paragraph (a) does not apply if a utilization review organization removes a brand name drug from its formulary or places a brand name drug in a benefit category that increases the enrollee's cost, provided the utilization review organization (1) adds to its formulary a generic or multisource brand name drug rated as therapeutically equivalent according to the FDA Orange Book, or a biologic drug rated as interchangeable according to the FDA Purple Book, at a lower cost to the enrollee, and (2) provides at least a 60-day notice to prescribers, pharmacists, and affected enrollees.

Sec. 31. **[62M.19] ANNUAL REPORT TO COMMISSIONER OF HEALTH; PRIOR AUTHORIZATIONS.**

On or before September 1 each year, each utilization review organization must report to the commissioner of health, in a form and manner specified by the commissioner, information on prior authorization requests for the previous calendar year. The report submitted under this subdivision must include the following data:

(1) the total number of prior authorization requests received;

(2) the number of prior authorization requests for which an authorization was issued;

(3) the number of prior authorization requests for which an adverse determination was issued;

(4) the number of adverse determinations reversed on appeal;

(5) the 25 codes with the highest number of prior authorization requests and the percentage of authorizations for each of these codes;

(6) the 25 codes with the highest percentage of prior authorization requests for which an authorization was issued and the total number of the requests;

(7) the 25 codes with the highest percentage of prior authorization requests for which an adverse determination was issued but which was reversed on appeal and the total number of the requests;

(8) the 25 codes with the highest percentage of prior authorization requests for which an adverse determination was issued and the total number of the requests; and

(9) the reasons an adverse determination to a prior authorization request was issued, expressed as a percentage of all adverse determinations. The reasons listed may include but are not limited to:

(i) the patient did not meet prior authorization criteria;

(ii) incomplete information was submitted by the provider to the utilization review organization;

(iii) the treatment program changed; and

(iv) the patient is no longer covered by the health benefit plan.

Sec. 32. Minnesota Statutes 2022, section 62Q.097, is amended by adding a subdivision to read:

Subd. 3. **Prohibited application questions.** An application for provider credentialing must not:

(1) require the provider to disclose past health conditions;

(2) require the provider to disclose current health conditions, if the provider is being treated so that the condition does not affect the provider's ability to practice medicine; or

(3) require the disclosure of any health conditions that would not affect the provider's ability to practice medicine in a competent, safe, and ethical manner.

EFFECTIVE DATE. This section applies to applications for provider credentialing submitted to a health plan company on or after January 1, 2025.

Sec. 33. Minnesota Statutes 2022, section 62Q.14, is amended to read:

62Q.14 RESTRICTIONS ON ENROLLEE SERVICES.

No health plan company may restrict the choice of an enrollee as to where the enrollee receives services related to:

(1) the voluntary planning of the conception and bearing of children~~, provided that this clause does not refer to abortion services~~;

(2) the diagnosis of infertility;

(3) the testing and treatment of a sexually transmitted disease; and

(4) the testing for AIDS or other HIV-related conditions.

EFFECTIVE DATE. This section is effective January 1, 2025, and applies to health plans offered, sold, issued, or renewed on or after that date.

Sec. 34. Minnesota Statutes 2022, section 62Q.19, subdivision 3, is amended to read:

Subd. 3. **Health plan company affiliation.** A health plan company must offer a provider contract to ~~any~~ all designated essential community ~~provider~~ providers located within the area served by the health plan company. A health plan company must include all essential community providers that have accepted a contract in each of the company's provider networks. A health plan company shall not restrict enrollee access to services designated to be provided by the essential community provider for the population that the essential community provider is certified to serve. A health plan company may also make other providers available for these services. A health plan company may require an essential community provider to meet all data requirements, utilization review, and quality assurance requirements on the same basis as other health plan providers.

EFFECTIVE DATE. This section is effective January 1, 2025, and applies to health plans offered, issued, or renewed on or after that date.

Sec. 35. Minnesota Statutes 2022, section 62Q.19, is amended by adding a subdivision to read:

Subd. 4a. **Contract payment rates; private.** An essential community provider and a health plan company may negotiate the payment rate for covered services provided by the essential community provider. This rate must be at least the same rate per unit of service as is paid by the health plan company to the essential community provider under the provider contract between the two with the highest number of enrollees receiving health care services from the provider or, if there is no provider contract between the health plan company and the essential community provider, the rate must be at least the same rate per unit of service as is paid to other plan providers for the same or similar services. The provider contract used to set the rate under this subdivision must be in relation to an individual, small group, or large group health plan. This subdivision applies only to provider contracts in relation to individual, small employer, and large group health plans.

Sec. 36. Minnesota Statutes 2022, section 62Q.19, subdivision 5, is amended to read:

Subd. 5. **Contract payment rates; public.** An essential community provider and a health plan company may negotiate the payment rate for covered services provided by the essential community provider. This rate must be at least the same rate per unit of service as is paid to other health plan providers for the same or similar services. This subdivision applies only to provider contracts in relation to health plans offered through the State Employee Group Insurance Program, medical assistance, and MinnesotaCare.

Sec. 37. Minnesota Statutes 2023 Supplement, section 62Q.473, is amended by adding a subdivision to read:

Subd. 3. **Reimbursement.** (a) The commissioner of commerce must reimburse health plan companies for coverage under this section. Reimbursement is available only for coverage that would not have been provided by the health plan without the requirements of this section. Treatments and services covered by the health plan as of January 1, 2023, are ineligible for payment under this subdivision by the commissioner of commerce.

(b) Health plan companies must report to the commissioner of commerce quantified costs attributable to the additional benefit under this section in a format developed by the commissioner. A health plan's

coverage as of January 1, 2023, must be used by the health plan company as the basis for determining whether coverage would not have been provided by the health plan for purposes of this subdivision.

(c) The commissioner of commerce must evaluate submissions and make payments to health plan companies as provided in Code of Federal Regulations, title 45, section 155.170.

EFFECTIVE DATE. This section is effective January 1, 2025, and applies to health plans offered, issued, or renewed on or after that date.

Sec. 38. Minnesota Statutes 2023 Supplement, section 62Q.473, is amended by adding a subdivision to read:

Subd. 4. **Appropriation.** Each fiscal year, an amount necessary to make payments to health plan companies to defray the cost of providing coverage under this section is appropriated to the commissioner of commerce.

EFFECTIVE DATE. This section is effective January 1, 2025, and applies to health plans offered, issued, or renewed on or after that date.

Sec. 39. **[62Q.524] COVERAGE OF ABORTIONS AND ABORTION-RELATED SERVICES.**

Subdivision 1. **Definition.** For purposes of this section, "abortion" means any medical treatment intended to induce the termination of a pregnancy with a purpose other than producing a live birth.

Subd. 2. **Required coverage.** (a) A health plan must provide coverage for abortions and abortion-related services, including preabortion services and follow-up services.

(b) A health plan must not impose on the coverage under this section any co-payment, coinsurance, deductible, or other enrollee cost-sharing that is greater than the cost-sharing that applies to similar services covered under the health plan.

(c) A health plan must not impose any limitation on the coverage under this section, including but not limited to any utilization review, prior authorization, referral requirements, restrictions, or delays, that is not generally applicable to other coverages under the plan.

Subd. 3. **Exclusion.** This section does not apply to managed care organizations or county-based purchasing plans when the plan provides coverage to public health care program enrollees under chapter 256B or 256L.

Subd. 4. **Reimbursement.** (a) The commissioner of commerce must reimburse health plan companies for coverage under this section. Reimbursement is available only for coverage that would not have been provided by the health plan without the requirements of this section. Treatments and services covered by the health plan as of January 1, 2024, are ineligible for payment under this subdivision by the commissioner of commerce.

(b) Health plan companies must report to the commissioner of commerce quantified costs attributable to the additional benefit under this section in a format developed by the commissioner. A health plan's coverage as of January 1, 2024, must be used by the health plan company as the basis for determining whether coverage would not have been provided by the health plan for purposes of this subdivision.

(c) The commissioner of commerce must evaluate submissions and make payments to health plan companies as provided in Code of Federal Regulations, title 45, section 155.170.

Subd. 5. **Appropriation.** Each fiscal year, an amount necessary to make payments to health plan companies to defray the cost of providing coverage under this section is appropriated to the commissioner of commerce.

EFFECTIVE DATE. This section is effective January 1, 2025, and applies to health plans offered, sold, issued, or renewed on or after that date.

Sec. 40. **[62Q.531] AMINO ACID-BASED FORMULA COVERAGE.**

Subdivision 1. **Definition.** (a) For purposes of this section, the following term has the meaning given.

(b) "Formula" means an amino acid-based elemental formula.

Subd. 2. **Required coverage.** A health plan company must provide coverage for formula when formula is medically necessary.

Subd. 3. **Covered conditions.** Conditions for which formula is medically necessary include but are not limited to:

(1) cystic fibrosis;

(2) amino acid, organic acid, and fatty acid metabolic and malabsorption disorders;

(3) IgE mediated allergies to food proteins;

(4) food protein-induced enterocolitis syndrome;

(5) eosinophilic esophagitis;

(6) eosinophilic gastroenteritis;

(7) eosinophilic colitis; and

(8) mast cell activation syndrome.

EFFECTIVE DATE. This section is effective January 1, 2025, and applies to health plans offered, issued, or sold on or after that date.

Sec. 41. **[62Q.665] COVERAGE FOR ORTHOTIC AND PROSTHETIC DEVICES.**

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

(b) "Accredited facility" means any entity that is accredited to provide comprehensive orthotic or prosthetic devices or services by a Centers for Medicare and Medicaid Services approved accrediting agency.

(c) "Orthosis" means:

(1) an external medical device that is:

(i) custom-fabricated or custom-fitted to a specific patient based on the patient's unique physical condition;

(ii) applied to a part of the body to correct a deformity, provide support and protection, restrict motion, improve function, or relieve symptoms of a disease, syndrome, injury, or postoperative condition; and

(iii) deemed medically necessary by a prescribing physician or licensed health care provider who has authority in Minnesota to prescribe orthotic and prosthetic devices, supplies, and services; and

(2) any provision, repair, or replacement of a device that is furnished or performed by:

(i) an accredited facility in comprehensive orthotic services; or

(ii) a health care provider licensed in Minnesota and operating within the provider's scope of practice which allows the provider to provide orthotic or prosthetic devices, supplies, or services.

(d) "Orthotics" means:

(1) the science and practice of evaluating, measuring, designing, fabricating, assembling, fitting, adjusting, or servicing and providing the initial training necessary to accomplish the fitting of an orthotic device for the support, correction, or alleviation of a neuromuscular or musculoskeletal dysfunction, disease, injury, or deformity;

(2) evaluation, treatment, and consultation related to an orthotic device;

(3) basic observation of gait and postural analysis;

(4) assessing and designing orthosis to maximize function and provide support and alignment necessary to prevent or correct a deformity or to improve the safety and efficiency of mobility and locomotion;

(5) continuing patient care to assess the effect of an orthotic device on the patient's tissues; and

(6) proper fit and function of the orthotic device by periodic evaluation.

(e) "Prosthesis" means:

(1) an external medical device that is:

(i) used to replace or restore a missing limb, appendage, or other external human body part; and

(ii) deemed medically necessary by a prescribing physician or licensed health care provider who has authority in Minnesota to prescribe orthotic and prosthetic devices, supplies, and services; and

(2) any provision, repair, or replacement of a device that is furnished or performed by:

(i) an accredited facility in comprehensive prosthetic services; or

(ii) a health care provider licensed in Minnesota and operating within the provider's scope of practice which allows the provider to provide orthotic or prosthetic devices, supplies, or services.

(f) "Prosthetics" means:

(1) the science and practice of evaluating, measuring, designing, fabricating, assembling, fitting, aligning, adjusting, or servicing, as well as providing the initial training necessary to accomplish the fitting of, a prosthesis through the replacement of external parts of a human body lost due to amputation or congenital deformities or absences;

(2) the generation of an image, form, or mold that replicates the patient's body segment and that requires rectification of dimensions, contours, and volumes for use in the design and fabrication of a socket to accept a residual anatomic limb to, in turn, create an artificial appendage that is designed either to support body weight or to improve or restore function or anatomical appearance, or both;

(3) observational gait analysis and clinical assessment of the requirements necessary to refine and mechanically fix the relative position of various parts of the prosthesis to maximize function, stability, and safety of the patient;

(4) providing and continuing patient care in order to assess the prosthetic device's effect on the patient's tissues; and

(5) assuring proper fit and function of the prosthetic device by periodic evaluation.

Subd. 2. **Coverage.** (a) A health plan must provide coverage for orthotic and prosthetic devices, supplies, and services, including repair and replacement, at least equal to the coverage provided under federal law for health insurance for the aged and disabled under sections 1832, 1833, and 1834 of the Social Security Act, United States Code, title 42, sections 1395k, 1395l, and 1395m, but only to the extent consistent with this section.

(b) A health plan must not subject orthotic and prosthetic benefits to separate financial requirements that apply only with respect to those benefits. A health plan may impose co-payment and coinsurance amounts on those benefits, except that any financial requirements that apply to such benefits must not be more restrictive than the financial requirements that apply to the health plan's medical and surgical benefits, including those for internal restorative devices.

(c) A health plan may limit the benefits for, or alter the financial requirements for, out-of-network coverage of prosthetic and orthotic devices, except that the restrictions and requirements that apply to those benefits must not be more restrictive than the financial requirements that apply to the out-of-network coverage for the health plan's medical and surgical benefits.

(d) A health plan must cover orthoses and prostheses when furnished under an order by a prescribing physician or licensed health care prescriber who has authority in Minnesota to prescribe orthoses and prostheses, and that coverage for orthotic and prosthetic devices, supplies, accessories, and services must include those devices or device systems, supplies, accessories, and services that are customized to the covered individual's needs.

(e) A health plan must cover orthoses and prostheses determined by the enrollee's provider to be the most appropriate model that meets the medical needs of the enrollee for purposes of performing physical activities, as applicable, including but not limited to running, biking, and swimming, and maximizing the enrollee's limb function.

(f) A health plan must cover orthoses and prostheses for showering or bathing.

Subd. 3. **Prior authorization.** A health plan may require prior authorization for orthotic and prosthetic devices, supplies, and services in the same manner and to the same extent as prior authorization is required for any other covered benefit.

Subd. 4. **Reimbursement.** (a) The commissioner of commerce must reimburse health plan companies for coverage under this section. Reimbursement is available only for coverage that would not have been provided by the health plan without the requirements of this section. Treatments and services covered by the health plan as of January 1, 2024, are ineligible for payment under this subdivision by the commissioner of commerce.

(b) Health plan companies must report to the commissioner of commerce quantified costs attributable to the additional benefit under this section in a format developed by the commissioner. A health plan's

coverage as of January 1, 2024, must be used by the health plan company as the basis for determining whether coverage would not have been provided by the health plan for purposes of this subdivision.

(c) The commissioner of commerce must evaluate submissions and make payments to health plan companies as provided in Code of Federal Regulations, title 45, section 155.170.

Subd. 5. **Appropriation.** Each fiscal year, an amount necessary to make payments to health plan companies to defray the cost of providing coverage under this section is appropriated to the commissioner of commerce.

EFFECTIVE DATE. This section is effective January 1, 2025, and applies to all health plans offered, issued, or renewed on or after that date.

Sec. 42. **[62Q.6651] MEDICAL NECESSITY AND NONDISCRIMINATION STANDARDS FOR COVERAGE OF PROSTHETICS OR ORTHOTICS.**

(a) When performing a utilization review for a request for coverage of prosthetic or orthotic benefits, a health plan company shall apply the most recent version of evidence-based treatment and fit criteria as recognized by relevant clinical specialists.

(b) A health plan company shall render utilization review determinations in a nondiscriminatory manner and shall not deny coverage for habilitative or rehabilitative benefits, including prosthetics or orthotics, solely on the basis of an enrollee's actual or perceived disability.

(c) A health plan company shall not deny a prosthetic or orthotic benefit for an individual with limb loss or absence that would otherwise be covered for a nondisabled person seeking medical or surgical intervention to restore or maintain the ability to perform the same physical activity.

(d) A health plan offered, issued, or renewed in Minnesota that offers coverage for prosthetics and custom orthotic devices shall include language describing an enrollee's rights pursuant to paragraphs (b) and (c) in its evidence of coverage and any benefit denial letters.

(e) A health plan that provides coverage for prosthetic or orthotic services shall ensure access to medically necessary clinical care and to prosthetic and custom orthotic devices and technology from not less than two distinct prosthetic and custom orthotic providers in the plan's provider network located in Minnesota. In the event that medically necessary covered orthotics and prosthetics are not available from an in-network provider, the health plan company shall provide processes to refer a member to an out-of-network provider and shall fully reimburse the out-of-network provider at a mutually agreed upon rate less member cost sharing determined on an in-network basis.

(f) If coverage for prosthetic or custom orthotic devices is provided, payment shall be made for the replacement of a prosthetic or custom orthotic device or for the replacement of any part of the devices, without regard to continuous use or useful lifetime restrictions, if an ordering health care provider determines that the provision of a replacement device, or a replacement part of a device, is necessary because:

(1) of a change in the physiological condition of the patient;

(2) of an irreparable change in the condition of the device or in a part of the device; or

(3) the condition of the device, or the part of the device, requires repairs and the cost of the repairs would be more than 60 percent of the cost of a replacement device or of the part being replaced.

(g) Confirmation from a prescribing health care provider may be required if the prosthetic or custom orthotic device or part being replaced is less than three years old.

EFFECTIVE DATE. This section is effective January 1, 2025, and applies to all health plans offered, issued, or renewed on or after that date.

Sec. 43. **[62Q.666] INTERMITTENT CATHETERS.**

Subdivision 1. **Required coverage.** A health plan must provide coverage for intermittent urinary catheters and insertion supplies if intermittent catheterization is recommended by the enrollee's health care provider. At least 180 intermittent catheters per month with insertion supplies must be covered unless a lesser amount is prescribed by the enrollee's health care provider. A health plan providing coverage under the medical assistance program may be required to provide coverage for more than 180 intermittent catheters per month with insertion supplies.

Subd. 2. **Cost-sharing requirements.** A health plan is prohibited from imposing a deductible, co-payment, coinsurance, or other restriction on intermittent catheters and insertion supplies that the health plan does not apply to durable medical equipment in general.

EFFECTIVE DATE. This section is effective for any health plan issued or renewed on or after January 1, 2025.

Sec. 44. **[62Q.679] RELIGIOUS OBJECTIONS.**

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

(b) "Closely held for-profit entity" means an entity that is not a nonprofit entity, has more than 50 percent of the value of its ownership interest owned directly or indirectly by five or fewer owners, and has no publicly traded ownership interest. For purposes of this paragraph:

(1) ownership interests owned by a corporation, partnership, limited liability company, estate, trust, or similar entity are considered owned by that entity's shareholders, partners, members, or beneficiaries in proportion to their interest held in the corporation, partnership, limited liability company, estate, trust, or similar entity;

(2) ownership interests owned by a nonprofit entity are considered owned by a single owner;

(3) ownership interests owned by all individuals in a family are considered held by a single owner. For purposes of this clause, "family" means brothers and sisters, including half-brothers and half-sisters, a spouse, ancestors, and lineal descendants; and

(4) if an individual or entity holds an option, warrant, or similar right to purchase an ownership interest, the individual or entity is considered to be the owner of those ownership interests.

(c) "Eligible organization" means an organization that opposes covering some or all health benefits under section 62Q.522, 62Q.524, or 62Q.585 on account of religious objections and that is:

(1) organized as a nonprofit entity and holds itself out to be religious; or

(2) organized and operates as a closely held for-profit entity, and the organization's owners or highest governing body has adopted, under the organization's applicable rules of governance and consistent with state law, a resolution or similar action establishing that the organization objects to covering some or all

health benefits under section 62Q.522, 62Q.524, or 62Q.585 on account of the owners' sincerely held religious beliefs.

(d) "Exempt organization" means an organization that is organized and operates as a nonprofit entity and meets the requirements of section 6033(a)(3)(A)(i) or (iii) of the Internal Revenue Code of 1986, as amended.

Subd. 2. **Exemption.** (a) An exempt organization is not required to provide coverage under section 62Q.522, 62Q.524, or 62Q.585 if the exempt organization has religious objections to the coverage. An exempt organization that chooses to not provide coverage pursuant to this paragraph must notify employees as part of the hiring process and must notify all employees at least 30 days before:

(1) an employee enrolls in the health plan; or

(2) the effective date of the health plan, whichever occurs first.

(b) If the exempt organization provides partial coverage under section 62Q.522, 62Q.524, or 62Q.585, the notice required under paragraph (a) must provide a list of the portions of such coverage which the organization refuses to cover.

Subd. 3. **Accommodation for eligible organizations.** (a) A health plan established or maintained by an eligible organization complies with the coverage requirements of section 62Q.522, 62Q.524, or 62Q.585, with respect to the health benefits identified in the notice under this paragraph, if the eligible organization provides notice to any health plan company with which the eligible organization contracts that it is an eligible organization and that the eligible organization has a religious objection to coverage for all or a subset of the health benefits under section 62Q.522, 62Q.524, or 62Q.585.

(b) The notice from an eligible organization to a health plan company under paragraph (a) must include: (1) the name of the eligible organization; (2) a statement that it objects to coverage for some or all of the health benefits under section 62Q.522, 62Q.524, or 62Q.585, including a list of the health benefits to which the eligible organization objects, if applicable; and (3) the health plan name. The notice must be executed by a person authorized to provide notice on behalf of the eligible organization.

(c) An eligible organization must provide a copy of the notice under paragraph (a) to prospective employees as part of the hiring process and to all employees at least 30 days before:

(1) an employee enrolls in the health plan; or

(2) the effective date of the health plan, whichever occurs first.

(d) A health plan company that receives a copy of the notice under paragraph (a) with respect to a health plan established or maintained by an eligible organization must, for all future enrollments in the health plan:

(1) expressly exclude coverage for those health benefits identified in the notice under paragraph (a) from the health plan; and

(2) provide separate payments for any health benefits required to be covered under section 62Q.522, 62Q.524, or 62Q.585 for enrollees as long as the enrollee remains enrolled in the health plan.

(e) The health plan company must not impose any cost-sharing requirements, including co-pays, deductibles, or coinsurance, or directly or indirectly impose any premium, fee, or other charge for the health benefits under section 62Q.522 on the enrollee. The health plan company must not directly or indirectly

impose any premium, fee, or other charge for the health benefits under section 62Q.522, 62Q.524, or 62Q.585 on the eligible organization or health plan.

(f) On January 1, 2025, and every year thereafter a health plan company must notify the commissioner, in a manner determined by the commissioner, of the number of eligible organizations granted an accommodation under this subdivision.

EFFECTIVE DATE. This section is effective January 1, 2025, and applies to health plans offered, sold, issued, or renewed on or after that date.

Sec. 45. Minnesota Statutes 2022, section 62Q.73, subdivision 2, is amended to read:

Subd. 2. **Exception.** (a) This section does not apply to governmental programs except as permitted under paragraph (b). For purposes of this subdivision, "governmental programs" means the prepaid medical assistance program~~,~~; effective January 1, 2026, the medical assistance fee-for-service program; the MinnesotaCare program~~,~~; the demonstration project for people with disabilities~~,~~; and the federal Medicare program.

(b) In the course of a recipient's appeal of a medical determination to the commissioner of human services under section 256.045, the recipient may request an expert medical opinion be arranged by the external review entity under contract to provide independent external reviews under this section. If such a request is made, the cost of the review shall be paid by the commissioner of human services. Any medical opinion obtained under this paragraph shall only be used by a state human services judge as evidence in the recipient's appeal to the commissioner of human services under section 256.045.

(c) Nothing in this subdivision shall be construed to limit or restrict the appeal rights provided in section 256.045 for governmental program recipients.

Sec. 46. Minnesota Statutes 2023 Supplement, section 145D.01, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For purposes of this ~~chapter~~ section and section 145D.02, the following terms have the meanings given.

(b) "Captive professional entity" means a professional corporation, limited liability company, or other entity formed to render professional services in which a beneficial owner is a health care provider employed by, controlled by, or subject to the direction of a hospital or hospital system.

(c) "Commissioner" means the commissioner of health.

(d) "Control," including the terms "controlling," "controlled by," and "under common control with," means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a health care entity, whether through the ownership of voting securities, membership in an entity formed under chapter 317A, by contract other than a commercial contract for goods or nonmanagement services, or otherwise, unless the power is the result of an official position with, corporate office held by, or court appointment of, the person. Control is presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing 40 percent or more of the voting securities of any other person, or if any person, directly or indirectly, constitutes 40 percent or more of the membership of an entity formed under chapter 317A. The attorney general may determine that control exists in fact, notwithstanding the absence of a presumption to that effect.

(e) "Health care entity" means:

(1) a hospital;

(2) a hospital system;

(3) a captive professional entity;

(4) a medical foundation;

(5) a health care provider group practice;

(6) an entity organized or controlled by an entity listed in clauses (1) to (5); or

(7) an entity that owns or exercises control over an entity listed in clauses (1) to (5).

(f) "Health care provider" means a physician licensed under chapter 147, a physician assistant licensed under chapter 147A, or an advanced practice registered nurse as defined in section 148.171, subdivision 3, who provides health care services, including but not limited to medical care, consultation, diagnosis, or treatment.

(g) "Health care provider group practice" means two or more health care providers legally organized in a partnership, professional corporation, limited liability company, medical foundation, nonprofit corporation, faculty practice plan, or other similar entity:

(1) in which each health care provider who is a member of the group provides services that a health care provider routinely provides, including but not limited to medical care, consultation, diagnosis, and treatment, through the joint use of shared office space, facilities, equipment, or personnel;

(2) for which substantially all services of the health care providers who are group members are provided through the group and are billed in the name of the group practice and amounts so received are treated as receipts of the group; or

(3) in which the overhead expenses of, and the income from, the group are distributed in accordance with methods previously determined by members of the group.

An entity that otherwise meets the definition of health care provider group practice in this paragraph shall be considered a health care provider group practice even if its shareholders, partners, members, or owners include a professional corporation, limited liability company, or other entity in which any beneficial owner is a health care provider and that is formed to render professional services.

(h) "Hospital" means a health care facility licensed as a hospital under sections 144.50 to 144.56.

(i) "Medical foundation" means a nonprofit legal entity through which health care providers perform research or provide medical services.

(j) "Transaction" means a single action, or a series of actions within a five-year period, which occurs in part within the state of Minnesota or involves a health care entity formed or licensed in Minnesota, that constitutes:

(1) a merger or exchange of a health care entity with another entity;

(2) the sale, lease, or transfer of 40 percent or more of the assets of a health care entity to another entity;

(3) the granting of a security interest of 40 percent or more of the property and assets of a health care entity to another entity;

(4) the transfer of 40 percent or more of the shares or other ownership of a health care entity to another entity;

(5) an addition, removal, withdrawal, substitution, or other modification of one or more members of the health care entity's governing body that transfers control, responsibility for, or governance of the health care entity to another entity;

(6) the creation of a new health care entity;

(7) an agreement or series of agreements that results in the sharing of 40 percent or more of the health care entity's revenues with another entity, including affiliates of such other entity;

(8) an addition, removal, withdrawal, substitution, or other modification of the members of a health care entity formed under chapter 317A that results in a change of 40 percent or more of the membership of the health care entity; or

(9) any other transfer of control of a health care entity to, or acquisition of control of a health care entity by, another entity.

(k) A transaction as defined in paragraph (j) does not include:

(1) an action or series of actions that meets one or more of the criteria set forth in paragraph (j), clauses (1) to (9), if, immediately prior to all such actions, the health care entity directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, all other parties to the action or series of actions;

(2) a mortgage or other secured loan for business improvement purposes entered into by a health care entity that does not directly affect delivery of health care or governance of the health care entity;

(3) a clinical affiliation of health care entities formed solely for the purpose of collaborating on clinical trials or providing graduate medical education;

(4) the mere offer of employment to, or hiring of, a health care provider by a health care entity;

(5) contracts between a health care entity and a health care provider primarily for clinical services; or

(6) a single action or series of actions within a five-year period involving only entities that operate solely as a nursing home licensed under chapter 144A; a boarding care home licensed under sections 144.50 to 144.56; a supervised living facility licensed under sections 144.50 to 144.56; an assisted living facility licensed under chapter 144G; a foster care setting licensed under Minnesota Rules, parts 9555.5105 to 9555.6265, for a physical location that is not the primary residence of the license holder; a community residential setting as defined in section 245D.02, subdivision 4a; or a home care provider licensed under sections 144A.471 to 144A.483.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 47. **[145D.30] DEFINITIONS.**

Subdivision 1. **Application.** For purposes of sections 145D.30 to 145D.37, the following terms have the meanings given unless the context clearly indicates otherwise.

Subd. 2. **Commissioner** "Commissioner" means the commissioner of commerce for a nonprofit health coverage entity that is a nonprofit health service plan corporation operating under chapter 62C or the

commissioner of health for a nonprofit health coverage entity that is a nonprofit health maintenance organization operating under chapter 62D.

Subd. 3. **Control.** "Control," including the terms "controlling," "controlled by," and "under common control with," means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a nonprofit health coverage entity, whether through the ownership of voting securities, through membership in an entity formed under chapter 317A, by contract other than a commercial contract for goods or nonmanagement services, or otherwise, unless the power is the result of an official position with, corporate office held by, or court appointment of the person. Control is presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing 40 percent or more of the voting securities of any other person or if any person, directly or indirectly, constitutes 40 percent or more of the membership of an entity formed under chapter 317A. The attorney general may determine that control exists in fact, notwithstanding the absence of a presumption to that effect.

Subd. 4. **Conversion transaction.** "Conversion transaction" means a transaction otherwise permitted under applicable law in which a nonprofit health coverage entity:

(1) merges, consolidates, converts, or transfers all or substantially all of its assets to any entity except a corporation that is exempt under United States Code, title 26, section 501(c)(3);

(2) makes a series of separate transfers within a 60-month period that in the aggregate constitute a transfer of all or substantially all of the nonprofit health coverage entity's assets to any entity except a corporation that is exempt under United States Code, title 26, section 501(c)(3); or

(3) adds or substitutes one or more directors or officers that effectively transfer the control of, responsibility for, or governance of the nonprofit health coverage entity to any entity except a corporation that is exempt under United States Code, title 26, section 501(c)(3).

Subd. 5. **Corporation.** "Corporation" has the meaning given in section 317A.011, subdivision 6, and also includes a nonprofit limited liability company organized under section 322C.1101.

Subd. 6. **Director.** "Director" has the meaning given in section 317A.011, subdivision 7.

Subd. 7. **Family member.** "Family member" means a spouse, parent, child, spouse of a child, brother, sister, or spouse of a brother or sister.

Subd. 8. **Full and fair value.** "Full and fair value" means at least the amount that the public benefit assets of the nonprofit health coverage entity would be worth if the assets were equal to stock in the nonprofit health coverage entity, if the nonprofit health coverage entity was a for-profit corporation and if the nonprofit health coverage entity had 100 percent of its stock authorized by the corporation and available for purchase without transfer restrictions. The valuation shall consider market value, investment or earning value, net asset value, goodwill, amount of donations received, and control premium, if any.

Subd. 9. **Nonprofit health coverage entity.** "Nonprofit health coverage entity" means a domestic nonprofit health service plan corporation operating under chapter 62C or a domestic nonprofit health maintenance organization operating under chapter 62D.

Subd. 10. **Officer.** "Officer" has the meaning given in section 317A.011, subdivision 15.

Subd. 11. **Public benefit assets.** "Public benefit assets" means the entirety of a nonprofit health coverage entity's assets, whether tangible or intangible, including but not limited to its goodwill and anticipated future revenue.

Subd. 12. **Related organization.** "Related organization" has the meaning given in section 317A.011, subdivision 18.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 48. **[145D.31] CERTAIN CONVERSION TRANSACTIONS PROHIBITED.**

A nonprofit health coverage entity must not enter into a conversion transaction if:

(1) doing so would result in less than the full and fair value of all public benefit assets remaining dedicated to the public benefit; or

(2) an individual who has been an officer, director, or other executive of the nonprofit health coverage entity or of a related organization, or a family member of such an individual:

(i) has held or will hold, whether guaranteed or contingent, an ownership stake, stock, securities, investment, or other financial interest in an entity to which the nonprofit health coverage entity transfers public benefit assets in connection with the conversion transaction;

(ii) has received or will receive any type of compensation or other financial benefit, except for salary or wages paid for employment, from an entity to which the nonprofit health coverage entity transfers public benefit assets in connection with the conversion transaction;

(iii) has held or will hold, whether guaranteed or contingent, an ownership stake, stock, securities, investment, or other financial interest in an entity that has or will have a business relationship with an entity to which the nonprofit health coverage entity transfers public benefit assets in connection with the conversion transaction; or

(iv) has received or will receive any type of compensation or other financial benefit, except for salary or wages paid for employment, from an entity that has or will have a business relationship with an entity to which the nonprofit health coverage entity transfers public benefit assets in connection with the conversion transaction.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 49. **[145D.32] REQUIREMENTS FOR NONPROFIT HEALTH COVERAGE ENTITY CONVERSION TRANSACTIONS.**

Subdivision 1. **Notice.** (a) Before entering into a conversion transaction, a nonprofit health coverage entity must notify the attorney general according to section 317A.811. In addition to the elements listed in section 317A.811, subdivision 1, the notice required by this subdivision must also include: (1) an itemization of the nonprofit health coverage entity's public benefit assets and an independent third-party valuation of the nonprofit health coverage entity's public benefit assets; and (2) other information contained in forms provided by the attorney general.

(b) When the nonprofit health coverage entity provides the attorney general with the notice and other information required under paragraph (a), the nonprofit health coverage entity must also provide a copy of this notice and other information to the applicable commissioner.

Subd. 2. **Nonprofit health coverage entity requirements.** Before entering into a conversion transaction, a nonprofit health coverage entity must ensure that:

(1) the proposed conversion transaction complies with chapters 317A and 501B and other applicable laws;

(2) the proposed conversion transaction does not involve or constitute a breach of charitable trust;

(3) the nonprofit health coverage entity shall receive full and fair value for its public benefit assets;

(4) the value of the public benefit assets to be transferred has not been manipulated in a manner that causes or caused the value of the assets to decrease;

(5) the proceeds of the proposed conversion transaction shall be used in a manner consistent with the public benefit for which the assets are held by the nonprofit health coverage entity; and

(6) the proposed conversion transaction shall not result in a breach of fiduciary duty.

Subd. 3. **Listening sessions and public comment.** The attorney general or the commissioner may hold public listening sessions or forums and may solicit public comments regarding the proposed conversion transaction.

Subd. 4. **Waiting period.** (a) Subject to paragraphs (b) and (c), a nonprofit health coverage entity must not enter into a conversion transaction until 60 days after the nonprofit health coverage entity has given written notice as required in subdivision 1.

(b) The attorney general may waive all or part of the waiting period or may extend the waiting period for an additional 60 days by notifying the nonprofit health coverage entity of the extension in writing.

(c) The time periods specified in this subdivision shall be suspended while an investigation into the conversion transaction is pending or while a request from the attorney general for additional information is outstanding.

Subd. 5. **Funds restricted for a particular purpose.** Nothing in this section relieves a nonprofit health coverage entity from complying with requirements for funds that are restricted for a particular purpose. Funds restricted for a particular purpose must continue to be used in accordance with the purpose for which they were restricted under sections 317A.671 and 501B.31. A nonprofit health coverage entity may not convert, transfer, or sell assets if the transaction would result in the use of the assets conflicting with their restricted purpose.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 50. **[145D.34] ENFORCEMENT AND REMEDIES.**

Subdivision 1. **Investigation.** The attorney general has the powers in section 8.31. Nothing in this subdivision limits the powers, remedies, or responsibilities of the attorney general under this chapter; chapter 8, 309, 317A, or 501B; or any other chapter. For purposes of this section, an approval by the commissioner for regulatory purposes does not impair or inform the attorney general's authority.

Subd. 2. **Enforcement and penalties.** (a) The attorney general may bring an action in district court to enjoin or unwind a conversion transaction or seek other equitable relief necessary to protect the public interest if:

(1) a nonprofit health coverage entity or conversion transaction violates sections 145D.30 to 145D.32; or

(2) the conversion transaction is contrary to the public interest.

In seeking injunctive relief, the attorney general must not be required to establish irreparable harm but must instead establish that a violation of sections 145D.30 to 145D.32 occurred or that the requested order promotes the public interest.

(b) Factors informing whether a conversion transaction is contrary to the public interest include but are not limited to whether:

(1) the conversion transaction shall result in increased health care costs for patients; and

(2) the conversion transaction shall adversely impact provider cost trends and containment of total health care spending.

(c) The attorney general may enforce sections 145D.30 to 145D.32 under section 8.31.

(d) Failure of the entities involved in a conversion transaction to provide timely information as required by the attorney general or the commissioner shall be an independent and sufficient ground for a court to enjoin or unwind the transaction or provide other equitable relief, provided the attorney general notifies the entities of the inadequacy of the information provided and provides the entities with a reasonable opportunity to remedy the inadequacy.

(e) An officer, director, or other executive found to have violated sections 145D.30 to 145D.32 shall be subject to a civil penalty of up to $100,000 for each violation. A corporation or other entity which is a party to or materially participated in a conversion transaction found to have violated sections 145D.30 to 145D.32 shall be subject to a civil penalty of up to $1,000,000. A court may also award reasonable attorney fees and costs of investigation and litigation.

Subd. 3. **Commissioner of health; data and research.** The commissioner of health must provide the attorney general, upon request, with data and research on broader market trends, impacts on prices and outcomes, public health and population health considerations, and health care access, for the attorney general to use when evaluating whether a conversion transaction is contrary to public interest. The commissioner of health may share with the attorney general, according to section 13.05, subdivision 9, any not public data, as defined in section 13.02, subdivision 8a, held by the commissioner to aid in the investigation and review of the conversion transaction, and the attorney general must maintain this data with the same classification according to section 13.03, subdivision 4, paragraph (c).

Subd. 4. **Failure to take action.** Failure by the attorney general to take action with respect to a conversion transaction under this section does not constitute approval of the conversion transaction or waiver, nor shall failure prevent the attorney general from taking action in the same, similar, or subsequent circumstances.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 51. **[145D.35] DATA PRACTICES.**

Data provided by a nonprofit health coverage entity to the commissioner or the attorney general under sections 145D.30 to 145D.32 are, for data on individuals, confidential data on individuals as defined under section 13.02, subdivision 3, and, for data not on individuals, protected nonpublic data as defined under section 13.02, subdivision 13. The provided data are not subject to subpoena and shall not be subject to discovery or admissible in evidence in any private civil action. The attorney general or the commissioner may provide access to any data classified as confidential or protected nonpublic under this section to any

law enforcement agency if the attorney general or commissioner determines that the access aids the law enforcement process. This section shall not be construed to limit the attorney general's authority to use the data in furtherance of any legal action brought according to section 145D.34.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 52. **[145D.36] COMMISSIONER OF HEALTH; REPORTS AND ANALYSIS.**

Notwithstanding any law to the contrary, the commissioner of health may use data or information submitted under sections 60A.135 to 60A.137, 60A.17, 60D.18, 60D.20, 62D.221, and 145D.32 to conduct analyses of the aggregate impact of transactions within nonprofit health coverage entities and organizations which include nonprofit health coverage entities or their affiliates on access to or the cost of health care services, health care market consolidation, and health care quality. The commissioner of health must issue periodic public reports on the number and types of conversion transactions subject to sections 145D.30 to 145D.35 and on the aggregate impact of conversion transactions on health care costs, quality, and competition in Minnesota.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 53. **[145D.37] RELATION TO OTHER LAW.**

(a) Sections 145D.30 to 145D.36 are in addition to and do not affect or limit any power, remedy, or responsibility of a health maintenance organization, a service plan corporation, the attorney general, the commissioner of health, or the commissioner of commerce under this chapter; chapter 8, 62C, 62D, 309, 317A, or 501B; or other law.

(b) Nothing in sections 145D.03 to 145D.36 authorizes a nonprofit health coverage entity to enter into a conversion transaction not otherwise permitted under chapter 317A or 501B or other law.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 54. **[214.41] PHYSICIAN WELLNESS PROGRAM.**

Subdivision 1. **Definition.** For the purposes of this section, "physician wellness program" means a program of evaluation, counseling, or other modality to address an issue related to career fatigue or wellness related to work stress for physicians licensed under chapter 147 that is administered by a statewide association that is exempt from taxation under United States Code, title 26, section 501(c)(6), and that primarily represents physicians and osteopaths of multiple specialties. Physician wellness program does not include the provision of services intended to monitor for impairment under the authority of section 214.31.

Subd. 2. **Confidentiality.** Any record of a person's participation in a physician wellness program is confidential and not subject to discovery, subpoena, or a reporting requirement to the applicable board, unless the person voluntarily provides for written release of the information or the disclosure is required to meet the licensee's obligation to report according to section 147.111.

Subd. 3. **Civil liability.** Any person, agency, institution, facility, or organization employed by, contracting with, or operating a physician wellness program is immune from civil liability for any action related to their duties in connection with a physician wellness program when acting in good faith.

Sec. 55. Minnesota Statutes 2022, section 256B.035, is amended to read:

256B.035 MANAGED CARE.

The commissioner of human services may contract with public or private entities or operate a preferred provider program to deliver health care services to medical assistance and MinnesotaCare program recipients. The commissioner may enter into risk-based and non-risk-based contracts. The commissioner must not enter into a contract with a health maintenance organization, as defined in section 62D.02, which is not a nonprofit corporation organized under chapter 317A or a local governmental unit, as defined in section 62D.02. Contracts may be for the full range of health services, or a portion thereof, for medical assistance populations to determine the effectiveness of various provider reimbursement and care delivery mechanisms. The commissioner may seek necessary federal waivers and implement projects when approval of the waivers is obtained from the Centers for Medicare and Medicaid Services of the United States Department of Health and Human Services.

EFFECTIVE DATE. This section is effective January 1, 2025, and applies to managed care contracts under medical assistance and MinnesotaCare that take effect on or after that date.

Sec. 56. Minnesota Statutes 2023 Supplement, section 256B.0625, subdivision 3a, is amended to read:

Subd. 3a. **Gender-affirming ~~services~~ care.** Medical assistance covers gender-affirming ~~services~~ care, as defined in section 62Q.585.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 57. Minnesota Statutes 2022, section 256B.0625, subdivision 12, is amended to read:

Subd. 12. **Eyeglasses~~, dentures, and prosthetic and orthotic devices~~.** ~~(a)~~ Medical assistance covers eyeglasses~~, dentures, and prosthetic and orthotic devices~~ if prescribed by a licensed practitioner.

~~(b) For purposes of prescribing prosthetic and orthotic devices, "licensed practitioner" includes a physician, an advanced practice registered nurse, a physician assistant, or a podiatrist.~~

EFFECTIVE DATE. This section is effective January 1, 2025, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 58. Minnesota Statutes 2023 Supplement, section 256B.0625, subdivision 16, is amended to read:

Subd. 16. **Abortion services.** Medical assistance covers ~~abortion services determined to be medically necessary by the treating provider and delivered in accordance with all applicable Minnesota laws~~ abortions and abortion-related services, including preabortion services and follow-up services.

EFFECTIVE DATE. This section is effective January 1, 2025, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 59. Minnesota Statutes 2022, section 256B.0625, subdivision 32, is amended to read:

Subd. 32. **Nutritional products.** Medical assistance covers nutritional products needed for nutritional supplementation because solid food or nutrients thereof cannot be properly absorbed by the body or needed for treatment of phenylketonuria, hyperlysinemia, maple syrup urine disease, a combined allergy to human

milk, cow's milk, and soy formula, or any other childhood or adult diseases, conditions, or disorders identified by the commissioner as requiring a similarly necessary nutritional product. Medical assistance covers amino acid-based elemental formulas in the same manner as is required under section 62Q.531. Nutritional products needed for the treatment of a combined allergy to human milk, cow's milk, and soy formula require prior authorization. Separate payment shall not be made for nutritional products for residents of long-term care facilities. Payment for dietary requirements is a component of the per diem rate paid to these facilities.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 60. Minnesota Statutes 2022, section 256B.0625, is amended by adding a subdivision to read:

Subd. 72. **Orthotic and prosthetic devices.** Medical assistance covers orthotic and prosthetic devices, supplies, and services according to section 256B.066.

EFFECTIVE DATE. This section is effective January 1, 2025, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 61. Minnesota Statutes 2022, section 256B.0625, is amended by adding a subdivision to read:

Subd. 73. **Rapid whole genome sequencing.** Medical assistance covers rapid whole genome sequencing (rWGS) testing. Coverage and eligibility for rWGS testing, and the use of genetic data, must meet the requirements specified in section 62A.3098, subdivisions 1 to 3 and 6.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 62. Minnesota Statutes 2022, section 256B.0625, is amended by adding a subdivision to read:

Subd. 74. **Intermittent catheters.** Medical assistance covers intermittent urinary catheters and insertion supplies if intermittent catheterization is recommended by the enrollee's health care provider. Medical assistance must meet the requirements that would otherwise apply to a health plan under section 62Q.666.

Sec. 63. Minnesota Statutes 2022, section 256B.0625, is amended by adding a subdivision to read:

Subd. 75. **Scalp hair prostheses.** Medical assistance covers scalp hair prostheses and all equipment and accessories necessary for their regular use under the conditions and in compliance with the requirements specified in section 62A.28, except that the limitation on coverage required per benefit year set forth in section 62A.28, subdivision 2, paragraph (c), does not apply.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 64. Minnesota Statutes 2022, section 256B.0625, is amended by adding a subdivision to read:

Subd. 76. **Transfer of mothers and newborns.** Medical assistance covers the transfer of mothers or newborns between medical facilities. Medical assistance must meet the same requirements that would otherwise apply to a health plan under section 62A.0411.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 65. **[256B.066] ORTHOTIC AND PROSTHETIC DEVICES, SUPPLIES, AND SERVICES.**

Subdivision 1. **Definitions.** All terms used in this section have the meanings given them in section 62Q.665, subdivision 1.

Subd. 2. **Coverage requirements.** (a) Medical assistance covers orthotic and prosthetic devices, supplies, and services:

(1) furnished under an order by a prescribing physician or licensed health care prescriber who has authority in Minnesota to prescribe orthoses and prostheses. Coverage for orthotic and prosthetic devices, supplies, accessories, and services under this clause includes those devices or device systems, supplies, accessories, and services that are customized to the enrollee's needs;

(2) determined by the enrollee's provider to be the most appropriate model that meets the medical needs of the enrollee for purposes of performing physical activities, as applicable, including but not limited to running, biking, and swimming, and maximizing the enrollee's limb function; or

(3) for showering or bathing.

(b) The coverage set forth in paragraph (a) includes the repair and replacement of those orthotic and prosthetic devices, supplies, and services described therein.

(c) Coverage of a prosthetic or orthotic benefit must not be denied for an individual with limb loss or absence that would otherwise be covered for a nondisabled person seeking medical or surgical intervention to restore or maintain the ability to perform the same physical activity.

(d) If coverage for prosthetic or custom orthotic devices is provided, payment must be made for the replacement of a prosthetic or custom orthotic device or for the replacement of any part of the devices, without regard to useful lifetime restrictions, if an ordering health care provider determines that the provision of a replacement device, or a replacement part of a device, is necessary because:

(1) of a change in the physiological condition of the enrollee;

(2) of an irreparable change in the condition of the device or in a part of the device; or

(3) the condition of the device, or the part of the device, requires repairs and the cost of the repairs would be more than 60 percent of the cost of a replacement device or of the part being replaced.

Subd. 3. **Restrictions on coverage.** (a) Prior authorization may be required for orthotic and prosthetic devices, supplies, and services.

(b) A utilization review for a request for coverage of prosthetic or orthotic benefits must apply the most recent version of evidence-based treatment and fit criteria as recognized by relevant clinical specialists.

(c) Utilization review determinations must be rendered in a nondiscriminatory manner and must not deny coverage for habilitative or rehabilitative benefits, including prosthetics or orthotics, solely on the basis of an enrollee's actual or perceived disability.

(d) Evidence of coverage and any benefit denial letters must include language describing an enrollee's rights pursuant to paragraphs (b) and (c).

(e) Confirmation from a prescribing health care provider may be required if the prosthetic or custom orthotic device or part being replaced is less than three years old.

Subd. 4. **Managed care plan access to care.** (a) Managed care plans and county-based purchasing plans subject to this section must ensure access to medically necessary clinical care and to prosthetic and custom orthotic devices and technology from at least two distinct prosthetic and custom orthotic providers in the plan's provider network located in Minnesota.

(b) In the event that medically necessary covered orthotics and prosthetics are not available from an in-network provider, the plan must provide processes to refer an enrollee to an out-of-network provider and must fully reimburse the out-of-network provider at a mutually agreed upon rate less enrollee cost sharing determined on an in-network basis.

EFFECTIVE DATE. This section is effective January 1, 2025, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 66. Minnesota Statutes 2022, section 256B.69, subdivision 2, is amended to read:

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

(a) "Commissioner" means the commissioner of human services. For the remainder of this section, the commissioner's responsibilities for methods and policies for implementing the project will be proposed by the project advisory committees and approved by the commissioner.

(b) "Demonstration provider" means a nonprofit health maintenance organization, community integrated service network, or accountable provider network authorized and operating under chapter 62D, 62N, or 62T that participates in the demonstration project according to criteria, standards, methods, and other requirements established for the project and approved by the commissioner. For purposes of this section, a county board, or group of county boards operating under a joint powers agreement, is considered a demonstration provider if the county or group of county boards meets the requirements of section 256B.692.

(c) "Eligible individuals" means those persons eligible for medical assistance benefits as defined in sections 256B.055, 256B.056, and 256B.06.

(d) "Limitation of choice" means suspending freedom of choice while allowing eligible individuals to choose among the demonstration providers.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 67. Minnesota Statutes 2022, section 256L.12, subdivision 7, is amended to read:

Subd. 7. **Managed care plan vendor requirements.** (a) The following requirements apply to all counties or vendors who contract with the Department of Human Services to serve MinnesotaCare recipients. Managed care plan contractors:

(1) shall authorize and arrange for the provision of the full range of services listed in section 256L.03 in order to ensure appropriate health care is delivered to enrollees;

(2) shall accept the prospective, per capita payment or other contractually defined payment from the commissioner in return for the provision and coordination of covered health care services for eligible individuals enrolled in the program;

(3) may contract with other health care and social service practitioners to provide services to enrollees;

(4) shall provide for an enrollee grievance process as required by the commissioner and set forth in the contract with the department;

(5) shall retain all revenue from enrollee co-payments;

(6) shall accept all eligible MinnesotaCare enrollees, without regard to health status or previous utilization of health services;

(7) shall demonstrate capacity to accept financial risk according to requirements specified in the contract with the department. A health maintenance organization licensed under chapter 62D, or a nonprofit health plan licensed under chapter 62C, is not required to demonstrate financial risk capacity, beyond that which is required to comply with chapters 62C and 62D; and

(8) shall submit information as required by the commissioner, including data required for assessing enrollee satisfaction, quality of care, cost, and utilization of services.

(b) A health maintenance organization must be a nonprofit corporation organized under chapter 317A to serve as a managed care contractor under this section and section 256L.121.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 68. Minnesota Statutes 2022, section 317A.811, subdivision 1, is amended to read:

Subdivision 1. **When required.** (a) Except as provided in subdivision 6, the following corporations shall notify the attorney general of their intent to dissolve, merge, consolidate, or convert, or to transfer all or substantially all of their assets:

(1) a corporation that holds assets for a charitable purpose as defined in section 501B.35, subdivision 2; ~~or~~

(2) a corporation that is exempt under section 501(c)(3) of the Internal Revenue Code of 1986, or any successor section~~.~~; or

(3) effective July 1, 2025, a nonprofit health coverage entity as defined in section 145D.30.

(b) The notice must include:

(1) the purpose of the corporation that is giving the notice;

(2) a list of assets owned or held by the corporation for charitable purposes;

(3) a description of restricted assets and purposes for which the assets were received;

(4) a description of debts, obligations, and liabilities of the corporation;

(5) a description of tangible assets being converted to cash and the manner in which they will be sold;

(6) anticipated expenses of the transaction, including attorney fees;

(7) a list of persons to whom assets will be transferred, if known, or the name of the converted organization;

(8) the purposes of persons receiving the assets or of the converted organization; and

(9) the terms, conditions, or restrictions, if any, to be imposed on the transferred or converted assets.

The notice must be signed on behalf of the corporation by an authorized person.

Sec. 69. **SUPERSEDING EFFECT.**

Minnesota Statutes, section 62Q.679, in this article shall supersede Minnesota Statutes, section 62Q.679, in 2024 S.F. No. 4097, article 1, section 8, if enacted.

Sec. 70. **INITIAL REPORTS TO COMMISSIONER OF HEALTH; PRIOR AUTHORIZATIONS.**

Utilization review organizations must submit initial reports to the commissioner of health under Minnesota Statutes, section 62M.19, by September 1, 2025.

Sec. 71. **REPEALER.**

(a) Minnesota Statutes 2022, section 62A.041, subdivision 3, is repealed.

(b) Minnesota Statutes 2023 Supplement, section 62Q.522, subdivisions 3 and 4, are repealed.

EFFECTIVE DATE. This section is effective January 1, 2025, and applies to health plans offered, sold, issued, or renewed on or after that date.

ARTICLE 58

DEPARTMENT OF HEALTH FINANCE

Section 1. Minnesota Statutes 2022, section 103I.621, subdivision 1, is amended to read:

Subdivision 1. **Permit.** (a) Notwithstanding any department or agency rule to the contrary, the commissioner shall issue, on request by the owner of the property and payment of the permit fee, permits for the reinjection of water by a properly constructed well into the same aquifer from which the water was drawn for the operation of a groundwater thermal exchange device.

(b) As a condition of the permit, an applicant must agree to allow inspection by the commissioner during regular working hours for department inspectors.

(c) Not more than 200 permits may be issued for small systems having maximum capacities of 20 gallons per minute or less and that are compliant with the natural resource water-use requirements under subdivision 2. ~~The small systems are subject to inspection twice a year.~~

(d) Not more than ~~ten~~ 100 permits may be issued for larger systems having maximum capacities ~~from~~ over 20 ~~to 50~~ gallons per minute and that are compliant with the natural resource water-use requirements under subdivision 2. ~~The larger systems are subject to inspection four times a year.~~

(e) A person issued a permit must comply with this section and permit conditions deemed necessary to protect public health and safety of the groundwater ~~for the permit to be valid~~. The permit conditions may include but are not limited to requirements for:

(1) notification to the commissioner at intervals specified in the permit conditions;

(2) system operation and maintenance;

(3) system location and construction;

(4) well location and construction;

(5) signage;

(6) reports of system construction, performance, operation, and maintenance;

(7) removal of the system upon termination of its use or system failure;

(8) disclosure of the system at the time of property transfer;

(9) obtaining approval from the commissioner prior to deviation from the approval plan and conditions;

(10) groundwater level monitoring; and

(11) groundwater quality monitoring.

(f) The property owner or the property owner's agent must submit to the commissioner a permit application on a form provided by the commissioner, or in a format approved by the commissioner, that provides any information necessary to protect public health and safety of the groundwater.

(g) A permit granted under this section is not valid if a water-use permit is required for the project and is not approved by the commissioner of natural resources.

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

Sec. 2. Minnesota Statutes 2022, section 103I.621, subdivision 2, is amended to read:

Subd. 2. **Water-use requirements apply.** Water-use permit requirements and penalties under chapter ~~103F~~ 103G and related rules adopted and enforced by the commissioner of natural resources apply to groundwater thermal exchange permit recipients. A person who violates a provision of this section is subject to enforcement or penalties for the noncomplying activity that are available to the commissioner and the Pollution Control Agency.

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

Sec. 3. Minnesota Statutes 2023 Supplement, section 144.1501, subdivision 2, is amended to read:

Subd. 2. ~~**Creation of account**~~ **Availability.** (a) ~~A health professional education loan forgiveness program account is established.~~ The commissioner of health shall use money ~~from the account to establish a~~ appropriated for health professional education loan forgiveness ~~program~~ in this section:

(1) for medical residents, physicians, mental health professionals, and alcohol and drug counselors agreeing to practice in designated rural areas or underserved urban communities or specializing in the area of pediatric psychiatry;

(2) for midlevel practitioners agreeing to practice in designated rural areas or to teach at least 12 credit hours, or 720 hours per year in the nursing field in a postsecondary program at the undergraduate level or the equivalent at the graduate level;

(3) for nurses who agree to practice in a Minnesota nursing home; in an intermediate care facility for persons with developmental disability; in a hospital if the hospital owns and operates a Minnesota nursing home and a minimum of 50 percent of the hours worked by the nurse is in the nursing home; in an assisted living facility as defined in section 144G.08, subdivision 7; or for a home care provider as defined in section

144A.43, subdivision 4; or agree to teach at least 12 credit hours, or 720 hours per year in the nursing field in a postsecondary program at the undergraduate level or the equivalent at the graduate level;

(4) for other health care technicians agreeing to teach at least 12 credit hours, or 720 hours per year in their designated field in a postsecondary program at the undergraduate level or the equivalent at the graduate level. The commissioner, in consultation with the Healthcare Education-Industry Partnership, shall determine the health care fields where the need is the greatest, including, but not limited to, respiratory therapy, clinical laboratory technology, radiologic technology, and surgical technology;

(5) for pharmacists, advanced dental therapists, dental therapists, and public health nurses who agree to practice in designated rural areas;

(6) for dentists agreeing to deliver at least 25 percent of the dentist's yearly patient encounters to state public program enrollees or patients receiving sliding fee schedule discounts through a formal sliding fee schedule meeting the standards established by the United States Department of Health and Human Services under Code of Federal Regulations, title 42, section ~~51, chapter 303~~ 51c.303; and

(7) for nurses employed as a hospital nurse by a nonprofit hospital and providing direct care to patients at the nonprofit hospital.

(b) Appropriations made ~~to the account~~ for health professional education loan forgiveness in this section do not cancel and are available until expended, except that at the end of each biennium, any remaining balance in the account that is not committed by contract and not needed to fulfill existing commitments shall cancel to the fund.

Sec. 4. Minnesota Statutes 2022, section 144.1501, subdivision 5, is amended to read:

Subd. 5. **Penalty for nonfulfillment.** If a participant does not fulfill the required minimum commitment of service according to subdivision 3, the commissioner of health shall collect from the participant the total amount paid to the participant under the loan forgiveness program plus interest at a rate established according to section 270C.40. The commissioner shall deposit the money collected in ~~the health care access fund to be credited to~~ a dedicated account in the special revenue fund. The balance of the account is appropriated annually to the commissioner for the health professional education loan forgiveness program ~~account~~ established in subdivision 2. The commissioner shall allow waivers of all or part of the money owed the commissioner as a result of a nonfulfillment penalty if emergency circumstances prevented fulfillment of the minimum service commitment.

Sec. 5. Minnesota Statutes 2022, section 144.555, subdivision 1a, is amended to read:

Subd. 1a. **Notice of closing, curtailing operations, relocating services, or ceasing to offer certain services; hospitals.** (a) The controlling persons of a hospital licensed under sections 144.50 to 144.56 or a hospital campus must notify the commissioner of health ~~and~~, the public, and others at least ~~120~~ 182 days before the hospital or hospital campus voluntarily plans to implement one of the ~~following~~ scheduled actions listed in paragraph (b), unless the controlling persons can demonstrate to the commissioner that meeting the advanced notice requirement is not feasible and the commissioner approves a shorter advanced notice.

(b) The following scheduled actions require advanced notice under paragraph (a):

(1) ~~cease~~ ceasing operations;

(2) ~~curtail~~ curtailing operations to the extent that patients must be relocated;

(3) ~~relocate~~ relocating the provision of health services to another hospital or another hospital campus; or

(4) ~~cease offering~~ ceasing to offer maternity care and newborn care services, intensive care unit services, inpatient mental health services, or inpatient substance use disorder treatment services.

(c) A notice required under this subdivision must comply with the requirements in subdivision 1d.

~~(b)~~ (d) The commissioner shall cooperate with the controlling persons and advise them about relocating the patients.

Sec. 6. Minnesota Statutes 2022, section 144.555, subdivision 1b, is amended to read:

Subd. 1b. **Public hearing.** Within ~~45~~ 30 days after receiving notice under subdivision 1a, the commissioner shall conduct a public hearing on the scheduled cessation of operations, curtailment of operations, relocation of health services, or cessation in offering health services. The commissioner must provide adequate public notice of the hearing in a time and manner determined by the commissioner. The controlling persons of the hospital or hospital campus must participate in the public hearing. The public hearing must be held at a location that is within ten miles of the hospital or hospital campus or with the commissioner's approval as close as is practicable, and that is provided or arranged by the hospital or hospital campus. Video conferencing technology must be used to allow members of the public to view and participate in the hearing. The public hearing must include:

(1) an explanation by the controlling persons of the reasons for ceasing or curtailing operations, relocating health services, or ceasing to offer any of the listed health services;

(2) a description of the actions that controlling persons will take to ensure that residents in the hospital's or campus's service area have continued access to the health services being eliminated, curtailed, or relocated;

(3) an opportunity for public testimony on the scheduled cessation or curtailment of operations, relocation of health services, or cessation in offering any of the listed health services, and on the hospital's or campus's plan to ensure continued access to those health services being eliminated, curtailed, or relocated; and

(4) an opportunity for the controlling persons to respond to questions from interested persons.

Sec. 7. Minnesota Statutes 2022, section 144.555, is amended by adding a subdivision to read:

Subd. 1d. **Methods of providing notice; content of notice.** (a) A notice required under subdivision 1a must be provided to patients, hospital personnel, the public, local units of government, and the commissioner of health using at least the following methods:

(1) posting a notice of the proposed cessation of operations, curtailment, relocation of health services, or cessation in offering health services at the main public entrance of the hospital or hospital campus;

(2) providing written notice to the commissioner of health, to the city council in the city where the hospital or hospital campus is located, and to the county board in the county where the hospital or hospital campus is located;

(3) providing written notice to the local health department as defined in section 145A.02, subdivision 8b, for the community where the hospital or hospital campus is located;

(4) providing notice to the public through a written public announcement which must be distributed to local media outlets;

(5) providing written notice to existing patients of the hospital or hospital campus; and

(6) notifying all personnel currently employed in the unit, hospital, or hospital campus impacted by the proposed cessation, curtailment, or relocation.

(b) A notice required under subdivision 1a must include:

(1) a description of the proposed cessation of operations, curtailment, relocation of health services, or cessation in offering health services. The description must include:

(i) the number of beds, if any, that will be eliminated, repurposed, reassigned, or otherwise reconfigured to serve populations or patients other than those currently served;

(ii) the current number of beds in the impacted unit, hospital, or hospital campus, and the number of beds in the impacted unit, hospital, or hospital campus after the proposed cessation, curtailment, or relocation takes place;

(iii) the number of existing patients who will be impacted by the proposed cessation, curtailment, or relocation;

(iv) any decrease in personnel, or relocation of personnel to a different unit, hospital, or hospital campus, caused by the proposed cessation, curtailment, or relocation;

(v) a description of the health services provided by the unit, hospital, or hospital campus impacted by the proposed cessation, curtailment, or relocation; and

(vi) identification of the three nearest available health care facilities where patients may obtain the health services provided by the unit, hospital, or hospital campus impacted by the proposed cessation, curtailment, or relocation, and any potential barriers to seamlessly transition patients to receive services at one of these facilities. If the unit, hospital, or hospital campus impacted by the proposed cessation, curtailment, or relocation serves medical assistance or Medicare enrollees, the information required under this item must specify whether any of the three nearest available facilities serves medical assistance or Medicare enrollees; and

(2) a telephone number, email address, and address for each of the following, to which interested parties may offer comments on the proposed cessation, curtailment, or relocation:

(i) the hospital or hospital campus; and

(ii) the parent entity, if any, or the entity under contract, if any, that acts as the corporate administrator of the hospital or hospital campus.

Sec. 8. Minnesota Statutes 2022, section 144.555, subdivision 2, is amended to read:

Subd. 2. **Penalty; facilities other than hospitals.** Failure to notify the commissioner under subdivision 1~~, 1a, or 1c or failure to participate in a public hearing under subdivision 1b~~ may result in issuance of a correction order under section 144.653, subdivision 5.

Sec. 9. Minnesota Statutes 2022, section 144.555, is amended by adding a subdivision to read:

Subd. 3. **Penalties; hospitals.** (a) Failure to participate in a public hearing under subdivision 1b or failure to notify the commissioner under subdivision 1c may result in issuance of a correction order under section 144.653, subdivision 5.

(b) Notwithstanding any law to the contrary, the commissioner must impose on the controlling persons of a hospital or hospital campus a fine of $20,000 for each failure to provide notice to an individual or entity or at a location required under subdivision 1d, paragraph (a). The cumulative fines imposed under this paragraph must not exceed $60,000 for any scheduled action requiring notice under subdivision 1a. The commissioner is not required to issue a correction order before imposing a fine under this paragraph. Section 144.653, subdivision 8, applies to fines imposed under this paragraph.

Sec. 10. **[144.556] RIGHT OF FIRST REFUSAL; SALE OF HOSPITAL OR HOSPITAL CAMPUS.**

(a) The controlling persons of a hospital licensed under sections 144.50 to 144.56 or a hospital campus must not sell or convey the hospital or hospital campus, offer to sell or convey the hospital or hospital campus to a person other than a local unit of government listed in this paragraph, or voluntarily cease operations of the hospital or hospital campus unless the controlling persons have first made a good faith offer to sell or convey the hospital or hospital campus to the home rule charter or statutory city, county, town, or hospital district in which the hospital or hospital campus is located.

(b) The offer to sell or convey the hospital or hospital campus to a local unit of government under paragraph (a) must be at a price that does not exceed the current fair market value of the hospital or hospital campus. A party to whom an offer is made under paragraph (a) must accept or decline the offer within 60 days of receipt. If the party to whom the offer is made fails to respond within 60 days of receipt, the offer is deemed declined.

Sec. 11. Minnesota Statutes 2022, section 144A.61, subdivision 3a, is amended to read:

Subd. 3a. **Competency evaluation program.** (a) The commissioner of health shall approve the competency evaluation program.

(b) A competency evaluation must be administered to persons who desire to be listed in the nursing assistant registry. The tests may only be administered by technical colleges, community colleges, or other organizations approved by the ~~Department of Health~~ commissioner of health. The commissioner must ensure any written portions of the competency evaluation are available in languages other than English that are commonly spoken by persons who desire to be listed in the nursing assistant registry. The commissioner may consult with the state demographer or the commissioner of employment and economic development when identifying languages that are commonly spoken by persons who desire to be listed in the nursing assistant registry.

(c) The commissioner of health shall approve a nursing assistant for the registry without requiring a competency evaluation if the nursing assistant is in good standing on a nursing assistant registry in another state.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 12. Minnesota Statutes 2022, section 144A.70, subdivision 3, is amended to read:

Subd. 3. **Controlling person.** "Controlling person" means a business entity or entities, officer, program administrator, or director, whose responsibilities include ~~the direction of the management or policies of a supplemental nursing services agency~~ the management and decision-making authority to establish or control business policy and all other policies of a supplemental nursing services agency. Controlling person also means an individual who, directly or indirectly, beneficially owns an interest in a corporation, partnership, or other business association that is a controlling person.

Sec. 13. Minnesota Statutes 2022, section 144A.70, subdivision 5, is amended to read:

Subd. 5. **Person.** "Person" includes an individual, ~~firm,~~ corporation, partnership, limited liability company, or association.

Sec. 14. Minnesota Statutes 2022, section 144A.70, subdivision 6, is amended to read:

Subd. 6. **Supplemental nursing services agency.** "Supplemental nursing services agency" means a person, ~~firm,~~ corporation, partnership, limited liability company, or association engaged for hire in the business of providing or procuring temporary employment in health care facilities for nurses, nursing assistants, nurse aides, and orderlies. Supplemental nursing services agency does not include an individual who only engages in providing the individual's services on a temporary basis to health care facilities. Supplemental nursing services agency does not include a professional home care agency licensed under section 144A.471 that only provides staff to other home care providers.

Sec. 15. Minnesota Statutes 2022, section 144A.70, subdivision 7, is amended to read:

Subd. 7. **Oversight.** The commissioner is responsible for the oversight of supplemental nursing services agencies through ~~annual~~ semiannual unannounced surveys and follow-up surveys, complaint investigations under sections 144A.51 to 144A.53, and other actions necessary to ensure compliance with sections 144A.70 to 144A.74.

Sec. 16. Minnesota Statutes 2022, section 144A.71, subdivision 2, is amended to read:

Subd. 2. **Application information and fee.** The commissioner shall establish forms and procedures for processing each supplemental nursing services agency registration application. An application for a supplemental nursing services agency registration must include at least the following:

(1) the names and addresses of ~~the owner or owners~~ all owners and controlling persons of the supplemental nursing services agency;

(2) if the owner is a corporation, copies of its articles of incorporation and current bylaws, together with the names and addresses of its officers and directors;

(3) ~~satisfactory proof of compliance with section 144A.72, subdivision 1, clauses (5) to (7)~~ if the owner is a limited liability company, copies of its articles of organization and operating agreement, together with the names and addresses of its officers and directors;

(4) documentation that the supplemental nursing services agency has medical malpractice insurance to insure against the loss, damage, or expense of a claim arising out of the death or injury of any person as the result of negligence or malpractice in the provision of health care services by the supplemental nursing services agency or by any employee of the agency;

(5) documentation that the supplemental nursing services agency has an employee dishonesty bond in the amount of $10,000;

(6) documentation that the supplemental nursing services agency has insurance coverage for workers' compensation for all nurses, nursing assistants, nurse aides, and orderlies provided or procured by the agency;

(7) documentation that the supplemental nursing services agency filed with the commissioner of revenue: (i) the name and address of the bank, savings bank, or savings association in which the supplemental nursing services agency deposits all employee income tax withholdings; and (ii) the name and address of any nurse, nursing assistant, nurse aide, or orderly whose income is derived from placement by the agency, if the agency purports the income is not subject to withholding;

~~(4)~~ (8) any other relevant information that the commissioner determines is necessary to properly evaluate an application for registration;

~~(5)~~ (9) a policy and procedure that describes how the supplemental nursing services agency's records will be immediately available at all times to the commissioner and facility; and

~~(6)~~ (10) a nonrefundable registration fee of $2,035.

If a supplemental nursing services agency fails to provide the items in this subdivision to the department, the commissioner shall immediately suspend or refuse to issue the supplemental nursing services agency registration. The supplemental nursing services agency may appeal the commissioner's findings according to section 144A.475, subdivisions 3a and 7, except that the hearing must be conducted by an administrative law judge within 60 calendar days of the request for hearing assignment.

Sec. 17. Minnesota Statutes 2022, section 144A.71, is amended by adding a subdivision to read:

Subd. 2a. **Renewal applications.** An applicant for registration renewal must complete the registration application form supplied by the department. An application must be submitted at least 60 days before the expiration of the current registration.

Sec. 18. **[144A.715] PENALTIES.**

Subdivision 1. **Authority.** The fines imposed under this section are in accordance with section 144.653, subdivision 6.

Subd. 2. **Fines.** Each violation of sections 144A.70 to 144A.74, not corrected at the time of a follow-up survey, is subject to a fine. A fine must be assessed according to the schedules established in the sections violated.

Subd. 3. **Failure to correct.** If, upon a subsequent follow-up survey after a fine has been imposed under subdivision 2, a violation is still not corrected, another fine shall be assessed. The fine shall be double the amount of the previous fine.

Subd. 4. **Payment of fines.** Payment of fines is due 15 business days from the registrant's receipt of notice of the fine from the department.

Sec. 19. Minnesota Statutes 2022, section 144A.72, subdivision 1, is amended to read:

Subdivision 1. **Minimum criteria.** (a) The commissioner shall require that, as a condition of registration:

(1) all owners and controlling persons must complete a background study under section 144.057 and receive a clearance or set aside of any disqualification;

~~(1)~~ (2) the supplemental nursing services agency shall document that each temporary employee provided to health care facilities currently meets the minimum licensing, training, and continuing education standards for the position in which the employee will be working and verifies competency for the position. A supplemental nursing services agency that violates this clause may be subject to a fine of $3,000;

~~(2)~~ (3) the supplemental nursing services agency shall comply with all pertinent requirements relating to the health and other qualifications of personnel employed in health care facilities;

~~(3)~~ (4) the supplemental nursing services agency must not restrict in any manner the employment opportunities of its employees~~;~~. A supplemental nursing services agency that violates this clause may be subject to a fine of $3,000;

~~(4) the supplemental nursing services agency shall carry medical malpractice insurance to insure against the loss, damage, or expense incident to a claim arising out of the death or injury of any person as the result of negligence or malpractice in the provision of health care services by the supplemental nursing services agency or by any employee of the agency;~~

~~(5) the supplemental nursing services agency shall carry an employee dishonesty bond in the amount of $10,000;~~

~~(6) the supplemental nursing services agency shall maintain insurance coverage for workers' compensation for all nurses, nursing assistants, nurse aides, and orderlies provided or procured by the agency;~~

~~(7) the supplemental nursing services agency shall file with the commissioner of revenue: (i) the name and address of the bank, savings bank, or savings association in which the supplemental nursing services agency deposits all employee income tax withholdings; and (ii) the name and address of any nurse, nursing assistant, nurse aide, or orderly whose income is derived from placement by the agency, if the agency purports the income is not subject to withholding;~~

~~(8)~~ (5) the supplemental nursing services agency must not, in any contract with any employee or health care facility, require the payment of liquidated damages, employment fees, or other compensation should the employee be hired as a permanent employee of a health care facility~~;~~. A supplemental nursing services agency that violates this clause may be subject to a fine of $3,000;

~~(9)~~ (6) the supplemental nursing services agency shall document that each temporary employee provided to health care facilities is an employee of the agency and is not an independent contractor; and

~~(10)~~ (7) the supplemental nursing services agency shall retain all records for five calendar years. All records of the supplemental nursing services agency must be immediately available to the department.

(b) In order to retain registration, the supplemental nursing services agency must provide services to a health care facility ~~during the year~~ in Minnesota within the past 12 months preceding the supplemental nursing services agency's registration renewal date.

Sec. 20. Minnesota Statutes 2022, section 144A.73, is amended to read:

144A.73 COMPLAINT SYSTEM.

The commissioner shall establish a system for reporting complaints against a supplemental nursing services agency or its employees. Complaints may be made by any member of the public. Complaints against

a supplemental nursing services agency shall be investigated by the ~~Office of Health Facility Complaints~~ commissioner of health under sections 144A.51 to 144A.53.

Sec. 21. Minnesota Statutes 2022, section 149A.02, subdivision 3, is amended to read:

Subd. 3. **Arrangements for disposition.** "Arrangements for disposition" means any action normally taken by a funeral provider in anticipation of or preparation for the entombment, burial in a cemetery, alkaline hydrolysis, ~~or~~ cremation, or, effective July 1, 2025, natural organic reduction of a dead human body.

Sec. 22. Minnesota Statutes 2022, section 149A.02, subdivision 16, is amended to read:

Subd. 16. **Final disposition.** "Final disposition" means the acts leading to and the entombment, burial in a cemetery, alkaline hydrolysis, ~~or~~ cremation, or, effective July 1, 2025, natural organic reduction of a dead human body.

Sec. 23. Minnesota Statutes 2022, section 149A.02, subdivision 26a, is amended to read:

Subd. 26a. **Inurnment.** "Inurnment" means placing hydrolyzed or cremated remains in a hydrolyzed or cremated remains container suitable for placement, burial, or shipment. Effective July 1, 2025, inurnment also includes placing naturally reduced remains in a naturally reduced remains container suitable for placement, burial, or shipment.

Sec. 24. Minnesota Statutes 2022, section 149A.02, subdivision 27, is amended to read:

Subd. 27. **Licensee.** "Licensee" means any person or entity that has been issued a license to practice mortuary science, to operate a funeral establishment, to operate an alkaline hydrolysis facility, ~~or~~ to operate a crematory, or, effective July 1, 2025, to operate a natural organic reduction facility by the Minnesota commissioner of health.

Sec. 25. Minnesota Statutes 2022, section 149A.02, is amended by adding a subdivision to read:

Subd. 30b. **Natural organic reduction or naturally reduce.** "Natural organic reduction" or "naturally reduce" means the contained, accelerated conversion of a dead human body to soil. This subdivision is effective July 1, 2025.

Sec. 26. Minnesota Statutes 2022, section 149A.02, is amended by adding a subdivision to read:

Subd. 30c. **Natural organic reduction facility.** "Natural organic reduction facility" means a structure, room, or other space in a building or real property where natural organic reduction of a dead human body occurs. This subdivision is effective July 1, 2025.

Sec. 27. Minnesota Statutes 2022, section 149A.02, is amended by adding a subdivision to read:

Subd. 30d. **Natural organic reduction vessel.** "Natural organic reduction vessel" means the enclosed container in which natural organic reduction takes place. This subdivision is effective July 1, 2025.

Sec. 28. Minnesota Statutes 2022, section 149A.02, is amended by adding a subdivision to read:

Subd. 30e. **Naturally reduced remains.** "Naturally reduced remains" means the soil remains following the natural organic reduction of a dead human body and the accompanying plant material. This subdivision is effective July 1, 2025.

Sec. 29. Minnesota Statutes 2022, section 149A.02, is amended by adding a subdivision to read:

Subd. 30f. **Naturally reduced remains container.** "Naturally reduced remains container" means a receptacle in which naturally reduced remains are placed. This subdivision is effective July 1, 2025.

Sec. 30. Minnesota Statutes 2022, section 149A.02, subdivision 35, is amended to read:

Subd. 35. **Processing.** "Processing" means the removal of foreign objects, drying or cooling, and the reduction of the hydrolyzed ~~or~~ remains, cremated remains, or, effective July 1, 2025, naturally reduced remains by mechanical means including, but not limited to, grinding, crushing, or pulverizing, to a granulated appearance appropriate for final disposition or the final reduction to naturally reduced remains.

Sec. 31. Minnesota Statutes 2022, section 149A.02, subdivision 37c, is amended to read:

Subd. 37c. **Scattering.** "Scattering" means the authorized dispersal of hydrolyzed ~~or~~ remains, cremated remains, or, effective July 1, 2025, naturally reduced remains in a defined area of a dedicated cemetery or in areas where no local prohibition exists provided that the hydrolyzed ~~or~~, cremated, or naturally reduced remains are not distinguishable to the public, are not in a container, and that the person who has control over disposition of the hydrolyzed ~~or~~, cremated, or naturally reduced remains has obtained written permission of the property owner or governing agency to scatter on the property.

Sec. 32. Minnesota Statutes 2022, section 149A.03, is amended to read:

149A.03 DUTIES OF COMMISSIONER.

The commissioner shall:

(1) enforce all laws and adopt and enforce rules relating to the:

(i) removal, preparation, transportation, arrangements for disposition, and final disposition of dead human bodies;

(ii) licensure and professional conduct of funeral directors, morticians, interns, practicum students, and clinical students;

(iii) licensing and operation of a funeral establishment;

(iv) licensing and operation of an alkaline hydrolysis facility; ~~and~~

(v) licensing and operation of a crematory; and

(vi) effective July 1, 2025, licensing and operation of a natural organic reduction facility;

(2) provide copies of the requirements for licensure and permits to all applicants;

(3) administer examinations and issue licenses and permits to qualified persons and other legal entities;

(4) maintain a record of the name and location of all current licensees and interns;

(5) perform periodic compliance reviews and premise inspections of licensees;

(6) accept and investigate complaints relating to conduct governed by this chapter;

(7) maintain a record of all current preneed arrangement trust accounts;

(8) maintain a schedule of application, examination, permit, and licensure fees, initial and renewal, sufficient to cover all necessary operating expenses;

(9) educate the public about the existence and content of the laws and rules for mortuary science licensing and the removal, preparation, transportation, arrangements for disposition, and final disposition of dead human bodies to enable consumers to file complaints against licensees and others who may have violated those laws or rules;

(10) evaluate the laws, rules, and procedures regulating the practice of mortuary science in order to refine the standards for licensing and to improve the regulatory and enforcement methods used; and

(11) initiate proceedings to address and remedy deficiencies and inconsistencies in the laws, rules, or procedures governing the practice of mortuary science and the removal, preparation, transportation, arrangements for disposition, and final disposition of dead human bodies.

Sec. 33. **[149A.56] LICENSE TO OPERATE A NATURAL ORGANIC REDUCTION FACILITY.**

Subdivision 1. **License requirement.** This section is effective July 1, 2025. Except as provided in section 149A.01, subdivision 3, no person shall maintain, manage, or operate a place or premises devoted to or used in the holding and natural organic reduction of a dead human body without possessing a valid license to operate a natural organic reduction facility issued by the commissioner of health.

Subd. 2. **Requirements for natural organic reduction facility.** (a) A natural organic reduction facility licensed under this section must consist of:

(1) a building or structure that complies with applicable local and state building codes, zoning laws and ordinances, and environmental standards, and that contains one or more natural organic reduction vessels for the natural organic reduction of dead human bodies;

(2) a motorized mechanical device for processing the remains in natural reduction; and

(3) an appropriate refrigerated holding facility for dead human bodies awaiting natural organic reduction.

(b) A natural organic reduction facility licensed under this section may also contain a display room for funeral goods.

Subd. 3. **Application procedure; documentation; initial inspection.** (a) An applicant for a license to operate a natural organic reduction facility shall submit a completed application to the commissioner. A completed application includes:

(1) a completed application form, as provided by the commissioner;

(2) proof of business form and ownership; and

(3) proof of liability insurance coverage or other financial documentation, as determined by the commissioner, that demonstrates the applicant's ability to respond in damages for liability arising from the ownership, maintenance, management, or operation of a natural organic reduction facility.

(b) Upon receipt of the application and appropriate fee, the commissioner shall review and verify all information. Upon completion of the verification process and resolution of any deficiencies in the application information, the commissioner shall conduct an initial inspection of the premises to be licensed. After the inspection and resolution of any deficiencies found and any reinspections as may be necessary, the commissioner shall make a determination, based on all the information available, to grant or deny licensure. If the commissioner's determination is to grant the license, the applicant shall be notified and the license shall issue and remain valid for a period prescribed on the license, but not to exceed one calendar year from the date of issuance of the license. If the commissioner's determination is to deny the license, the commissioner must notify the applicant, in writing, of the denial and provide the specific reason for denial.

Subd. 4. **Nontransferability of license.** A license to operate a natural organic reduction facility is not assignable or transferable and shall not be valid for any entity other than the one named. Each license issued to operate a natural organic reduction facility is valid only for the location identified on the license. A 50 percent or more change in ownership or location of the natural organic reduction facility automatically terminates the license. Separate licenses shall be required of two or more persons or other legal entities operating from the same location.

Subd. 5. **Display of license.** Each license to operate a natural organic reduction facility must be conspicuously displayed in the natural organic reduction facility at all times. "Conspicuous display" means in a location where a member of the general public within the natural organic reduction facility is able to observe and read the license.

Subd. 6. **Period of licensure.** All licenses to operate a natural organic reduction facility issued by the commissioner are valid for a period of one calendar year beginning on July 1 and ending on June 30, regardless of the date of issuance.

Subd. 7. **Reporting changes in license information.** Any change of license information must be reported to the commissioner, on forms provided by the commissioner, no later than 30 calendar days after the change occurs. Failure to report changes is grounds for disciplinary action.

Subd. 8. **Licensing information.** Section 13.41 applies to data collected and maintained by the commissioner pursuant to this section.

Sec. 34. **[149A.57] RENEWAL OF LICENSE TO OPERATE A NATURAL ORGANIC REDUCTION FACILITY.**

Subdivision 1. **Renewal required.** This section is effective July 1, 2025. All licenses to operate a natural organic reduction facility issued by the commissioner expire on June 30 following the date of issuance of the license and must be renewed to remain valid.

Subd. 2. **Renewal procedure and documentation.** (a) Licensees who wish to renew their licenses must submit to the commissioner a completed renewal application no later than June 30 following the date the license was issued. A completed renewal application includes:

(1) a completed renewal application form, as provided by the commissioner; and

(2) proof of liability insurance coverage or other financial documentation, as determined by the commissioner, that demonstrates the applicant's ability to respond in damages for liability arising from the ownership, maintenance, management, or operation of a natural organic reduction facility.

(b) Upon receipt of the completed renewal application, the commissioner shall review and verify the information. Upon completion of the verification process and resolution of any deficiencies in the renewal application information, the commissioner shall make a determination, based on all the information available, to reissue or refuse to reissue the license. If the commissioner's determination is to reissue the license, the applicant shall be notified and the license shall issue and remain valid for a period prescribed on the license, but not to exceed one calendar year from the date of issuance of the license. If the commissioner's determination is to refuse to reissue the license, section 149A.09, subdivision 2, applies.

Subd. 3. **Penalty for late filing.** Renewal applications received after the expiration date of a license will result in the assessment of a late filing penalty. The late filing penalty must be paid before the reissuance of the license and received by the commissioner no later than 31 calendar days after the expiration date of the license.

Subd. 4. **Lapse of license.** A license to operate a natural organic reduction facility shall automatically lapse when a completed renewal application is not received by the commissioner within 31 calendar days after the expiration date of a license, or a late filing penalty assessed under subdivision 3 is not received by the commissioner within 31 calendar days after the expiration of a license.

Subd. 5. **Effect of lapse of license.** Upon the lapse of a license, the person to whom the license was issued is no longer licensed to operate a natural organic reduction facility in Minnesota. The commissioner shall issue a cease and desist order to prevent the lapsed license holder from operating a natural organic reduction facility in Minnesota and may pursue any additional lawful remedies as justified by the case.

Subd. 6. **Restoration of lapsed license.** The commissioner may restore a lapsed license upon receipt and review of a completed renewal application, receipt of the late filing penalty, and reinspection of the premises, provided that the receipt is made within one calendar year from the expiration date of the lapsed license and the cease and desist order issued by the commissioner has not been violated. If a lapsed license is not restored within one calendar year from the expiration date of the lapsed license, the holder of the lapsed license cannot be relicensed until the requirements in section 149A.56 are met.

Subd. 7. **Reporting changes in license information.** Any change of license information must be reported to the commissioner, on forms provided by the commissioner, no later than 30 calendar days after the change occurs. Failure to report changes is grounds for disciplinary action.

Subd. 8. **Licensing information.** Section 13.41 applies to data collected and maintained by the commissioner pursuant to this section.

Sec. 35. Minnesota Statutes 2022, section 149A.65, is amended by adding a subdivision to read:

Subd. 6a. **Natural organic reduction facilities.** This subdivision is effective July 1, 2025. The initial and renewal fee for a natural organic reduction facility is $425. The late fee charge for a license renewal is $100.

Sec. 36. Minnesota Statutes 2022, section 149A.70, subdivision 1, is amended to read:

Subdivision 1. **Use of titles.** Only a person holding a valid license to practice mortuary science issued by the commissioner may use the title of mortician, funeral director, or any other title implying that the

licensee is engaged in the business or practice of mortuary science. Only the holder of a valid license to operate an alkaline hydrolysis facility issued by the commissioner may use the title of alkaline hydrolysis facility, water cremation, water-reduction, biocremation, green-cremation, resomation, dissolution, or any other title, word, or term implying that the licensee operates an alkaline hydrolysis facility. Only the holder of a valid license to operate a funeral establishment issued by the commissioner may use the title of funeral home, funeral chapel, funeral service, or any other title, word, or term implying that the licensee is engaged in the business or practice of mortuary science. Only the holder of a valid license to operate a crematory issued by the commissioner may use the title of crematory, crematorium, green-cremation, or any other title, word, or term implying that the licensee operates a crematory or crematorium. Effective July 1, 2025, only the holder of a valid license to operate a natural organic reduction facility issued by the commissioner may use the title of natural organic reduction facility, human composting, or any other title, word, or term implying that the licensee operates a natural organic reduction facility.

Sec. 37. Minnesota Statutes 2022, section 149A.70, subdivision 2, is amended to read:

Subd. 2. **Business location.** A funeral establishment, alkaline hydrolysis facility, ~~or~~ crematory, or, effective July 1, 2025, natural organic reduction facility shall not do business in a location that is not licensed as a funeral establishment, alkaline hydrolysis facility, ~~or~~ crematory, or natural organic reduction facility and shall not advertise a service that is available from an unlicensed location.

Sec. 38. Minnesota Statutes 2022, section 149A.70, subdivision 3, is amended to read:

Subd. 3. **Advertising.** No licensee, clinical student, practicum student, or intern shall publish or disseminate false, misleading, or deceptive advertising. False, misleading, or deceptive advertising includes, but is not limited to:

(1) identifying, by using the names or pictures of, persons who are not licensed to practice mortuary science in a way that leads the public to believe that those persons will provide mortuary science services;

(2) using any name other than the names under which the funeral establishment, alkaline hydrolysis facility, ~~or~~ crematory, or, effective July 1, 2025, natural organic reduction facility is known to or licensed by the commissioner;

(3) using a surname not directly, actively, or presently associated with a licensed funeral establishment, alkaline hydrolysis facility, ~~or~~ crematory, or, effective July 1, 2025, natural organic reduction facility, unless the surname had been previously and continuously used by the licensed funeral establishment, alkaline hydrolysis facility, ~~or~~ crematory, or natural organic reduction facility; and

(4) using a founding or establishing date or total years of service not directly or continuously related to a name under which the funeral establishment, alkaline hydrolysis facility, ~~or~~ crematory, or, effective July 1, 2025, natural organic reduction facility is currently or was previously licensed.

Any advertising or other printed material that contains the names or pictures of persons affiliated with a funeral establishment, alkaline hydrolysis facility, ~~or~~ crematory, or, effective July 1, 2025, natural organic reduction facility shall state the position held by the persons and shall identify each person who is licensed or unlicensed under this chapter.

Sec. 39. Minnesota Statutes 2022, section 149A.70, subdivision 5, is amended to read:

Subd. 5. **Reimbursement prohibited.** No licensee, clinical student, practicum student, or intern shall offer, solicit, or accept a commission, fee, bonus, rebate, or other reimbursement in consideration for

recommending or causing a dead human body to be disposed of by a specific body donation program, funeral establishment, alkaline hydrolysis facility, crematory, mausoleum, ~~or~~ cemetery, or, effective July 1, 2025, natural organic reduction facility.

Sec. 40. Minnesota Statutes 2022, section 149A.71, subdivision 2, is amended to read:

Subd. 2. **Preventive requirements.** (a) To prevent unfair or deceptive acts or practices, the requirements of this subdivision must be met. This subdivision applies to natural organic reduction and naturally reduced remains goods and services effective July 1, 2025.

(b) Funeral providers must tell persons who ask by telephone about the funeral provider's offerings or prices any accurate information from the price lists described in paragraphs (c) to (e) and any other readily available information that reasonably answers the questions asked.

(c) Funeral providers must make available for viewing to people who inquire in person about the offerings or prices of funeral goods or burial site goods, separate printed or typewritten price lists using a ten-point font or larger. Each funeral provider must have a separate price list for each of the following types of goods that are sold or offered for sale:

(1) caskets;

(2) alternative containers;

(3) outer burial containers;

(4) alkaline hydrolysis containers;

(5) cremation containers;

(6) hydrolyzed remains containers;

(7) cremated remains containers;

(8) markers; ~~and~~

(9) headstones~~.~~; and

(10) naturally reduced remains containers.

(d) Each separate price list must contain the name of the funeral provider's place of business, address, and telephone number and a caption describing the list as a price list for one of the types of funeral goods or burial site goods described in paragraph (c), clauses (1) to ~~(9)~~ (10). The funeral provider must offer the list upon beginning discussion of, but in any event before showing, the specific funeral goods or burial site goods and must provide a photocopy of the price list, for retention, if so asked by the consumer. The list must contain, at least, the retail prices of all the specific funeral goods and burial site goods offered which do not require special ordering, enough information to identify each, and the effective date for the price list. However, funeral providers are not required to make a specific price list available if the funeral providers place the information required by this paragraph on the general price list described in paragraph (e).

(e) Funeral providers must give a printed price list, for retention, to persons who inquire in person about the funeral goods, funeral services, burial site goods, or burial site services or prices offered by the funeral provider. The funeral provider must give the list upon beginning discussion of either the prices of or the overall type of funeral service or disposition or specific funeral goods, funeral services, burial site goods,

or burial site services offered by the provider. This requirement applies whether the discussion takes place in the funeral establishment or elsewhere. However, when the deceased is removed for transportation to the funeral establishment, an in-person request for authorization to embalm does not, by itself, trigger the requirement to offer the general price list. If the provider, in making an in-person request for authorization to embalm, discloses that embalming is not required by law except in certain special cases, the provider is not required to offer the general price list. Any other discussion during that time about prices or the selection of funeral goods, funeral services, burial site goods, or burial site services triggers the requirement to give the consumer a general price list. The general price list must contain the following information:

(1) the name, address, and telephone number of the funeral provider's place of business;

(2) a caption describing the list as a "general price list";

(3) the effective date for the price list;

(4) the retail prices, in any order, expressed either as a flat fee or as the prices per hour, mile, or other unit of computation, and other information described as follows:

(i) forwarding of remains to another funeral establishment, together with a list of the services provided for any quoted price;

(ii) receiving remains from another funeral establishment, together with a list of the services provided for any quoted price;

(iii) separate prices for each alkaline hydrolysis, natural organic reduction, or cremation offered by the funeral provider, with the price including an alternative container or alkaline hydrolysis facility or cremation container~~,~~; any alkaline hydrolysis, natural organic reduction facility, or crematory charges~~,~~; and a description of the services and container included in the price, where applicable, and the price of alkaline hydrolysis or cremation where the purchaser provides the container;

(iv) separate prices for each immediate burial offered by the funeral provider, including a casket or alternative container, and a description of the services and container included in that price, and the price of immediate burial where the purchaser provides the casket or alternative container;

(v) transfer of remains to the funeral establishment or other location;

(vi) embalming;

(vii) other preparation of the body;

(viii) use of facilities, equipment, or staff for viewing;

(ix) use of facilities, equipment, or staff for funeral ceremony;

(x) use of facilities, equipment, or staff for memorial service;

(xi) use of equipment or staff for graveside service;

(xii) hearse or funeral coach;

(xiii) limousine; and

(xiv) separate prices for all cemetery-specific goods and services, including all goods and services associated with interment and burial site goods and services and excluding markers and headstones;

(5) the price range for the caskets offered by the funeral provider, together with the statement "A complete price list will be provided at the funeral establishment or casket sale location." or the prices of individual caskets, as disclosed in the manner described in paragraphs (c) and (d);

(6) the price range for the alternative containers or shrouds offered by the funeral provider, together with the statement "A complete price list will be provided at the funeral establishment or alternative container sale location." or the prices of individual alternative containers, as disclosed in the manner described in paragraphs (c) and (d);

(7) the price range for the outer burial containers offered by the funeral provider, together with the statement "A complete price list will be provided at the funeral establishment or outer burial container sale location." or the prices of individual outer burial containers, as disclosed in the manner described in paragraphs (c) and (d);

(8) the price range for the alkaline hydrolysis container offered by the funeral provider, together with the statement "A complete price list will be provided at the funeral establishment or alkaline hydrolysis container sale location." or the prices of individual alkaline hydrolysis containers, as disclosed in the manner described in paragraphs (c) and (d);

(9) the price range for the hydrolyzed remains container offered by the funeral provider, together with the statement "A complete price list will be provided at the funeral establishment or hydrolyzed remains container sale location." or the prices of individual hydrolyzed remains container, as disclosed in the manner described in paragraphs (c) and (d);

(10) the price range for the cremation containers offered by the funeral provider, together with the statement "A complete price list will be provided at the funeral establishment or cremation container sale location." or the prices of individual cremation containers, as disclosed in the manner described in paragraphs (c) and (d);

(11) the price range for the cremated remains containers offered by the funeral provider, together with the statement, "A complete price list will be provided at the funeral establishment or cremated remains container sale location," or the prices of individual cremation containers as disclosed in the manner described in paragraphs (c) and (d);

(12) the price range for the naturally reduced remains containers offered by the funeral provider, together with the statement, "A complete price list will be provided at the funeral establishment or naturally reduced remains container sale location," or the prices of individual naturally reduced remains containers as disclosed in the manner described in paragraphs (c) and (d);

~~(12)~~ (13) the price for the basic services of funeral provider and staff, together with a list of the principal basic services provided for any quoted price and, if the charge cannot be declined by the purchaser, the statement "This fee for our basic services will be added to the total cost of the funeral arrangements you select. (This fee is already included in our charges for alkaline hydrolysis, natural organic reduction, direct cremations, immediate burials, and forwarding or receiving remains.)" If the charge cannot be declined by the purchaser, the quoted price shall include all charges for the recovery of unallocated funeral provider overhead, and funeral providers may include in the required disclosure the phrase "and overhead" after the word "services." This services fee is the only funeral provider fee for services, facilities, or unallocated overhead permitted by this subdivision to be nondeclinable, unless otherwise required by law;

~~(13)~~ (14) the price range for the markers and headstones offered by the funeral provider, together with the statement "A complete price list will be provided at the funeral establishment or marker or headstone

sale location." or the prices of individual markers and headstones, as disclosed in the manner described in paragraphs (c) and (d); and

~~(14)~~ (15) any package priced funerals offered must be listed in addition to and following the information required in paragraph (e) and must clearly state the funeral goods and services being offered, the price being charged for those goods and services, and the discounted savings.

(f) Funeral providers must give an itemized written statement, for retention, to each consumer who arranges an at-need funeral or other disposition of human remains at the conclusion of the discussion of the arrangements. The itemized written statement must be signed by the consumer selecting the goods and services as required in section 149A.80. If the statement is provided by a funeral establishment, the statement must be signed by the licensed funeral director or mortician planning the arrangements. If the statement is provided by any other funeral provider, the statement must be signed by an authorized agent of the funeral provider. The statement must list the funeral goods, funeral services, burial site goods, or burial site services selected by that consumer and the prices to be paid for each item, specifically itemized cash advance items (these prices must be given to the extent then known or reasonably ascertainable if the prices are not known or reasonably ascertainable, a good faith estimate shall be given and a written statement of the actual charges shall be provided before the final bill is paid), and the total cost of goods and services selected. At the conclusion of an at-need arrangement, the funeral provider is required to give the consumer a copy of the signed itemized written contract that must contain the information required in this paragraph.

(g) Upon receiving actual notice of the death of an individual with whom a funeral provider has entered a preneed funeral agreement, the funeral provider must provide a copy of all preneed funeral agreement documents to the person who controls final disposition of the human remains or to the designee of the person controlling disposition. The person controlling final disposition shall be provided with these documents at the time of the person's first in-person contact with the funeral provider, if the first contact occurs in person at a funeral establishment, alkaline hydrolysis facility, crematory, natural organic reduction facility, or other place of business of the funeral provider. If the contact occurs by other means or at another location, the documents must be provided within 24 hours of the first contact.

Sec. 41. Minnesota Statutes 2022, section 149A.71, subdivision 4, is amended to read:

Subd. 4. **Casket, alternate container, alkaline hydrolysis container, naturally reduced remains container, and cremation container sales; records; required disclosures.** Any funeral provider who sells or offers to sell a casket, alternate container, alkaline hydrolysis container, hydrolyzed remains container, cremation container, ~~or~~ cremated remains container, or, effective July 1, 2025, naturally reduced remains container to the public must maintain a record of each sale that includes the name of the purchaser, the purchaser's mailing address, the name of the decedent, the date of the decedent's death, and the place of death. These records shall be open to inspection by the regulatory agency. Any funeral provider selling a casket, alternate container, or cremation container to the public, and not having charge of the final disposition of the dead human body, shall provide a copy of the statutes and rules controlling the removal, preparation, transportation, arrangements for disposition, and final disposition of a dead human body. This subdivision does not apply to morticians, funeral directors, funeral establishments, crematories, or wholesale distributors of caskets, alternate containers, alkaline hydrolysis containers, or cremation containers.

Sec. 42. Minnesota Statutes 2022, section 149A.72, subdivision 3, is amended to read:

Subd. 3. **Casket for alkaline hydrolysis, natural organic reduction, or cremation provisions; deceptive acts or practices.** In selling or offering to sell funeral goods or funeral services to the public, it

is a deceptive act or practice for a funeral provider to represent that a casket is required for alkaline hydrolysis ~~or~~, cremations, or, effective July 1, 2025, natural organic reduction by state or local law or otherwise.

Sec. 43. Minnesota Statutes 2022, section 149A.72, subdivision 9, is amended to read:

Subd. 9. **Deceptive acts or practices.** In selling or offering to sell funeral goods, funeral services, burial site goods, or burial site services to the public, it is a deceptive act or practice for a funeral provider to represent that federal, state, or local laws, or particular cemeteries, alkaline hydrolysis facilities, ~~or~~ crematories, or, effective July 1, 2025, natural organic reduction facilities require the purchase of any funeral goods, funeral services, burial site goods, or burial site services when that is not the case.

Sec. 44. Minnesota Statutes 2022, section 149A.73, subdivision 1, is amended to read:

Subdivision 1. **Casket for alkaline hydrolysis, natural organic reduction, or cremation provisions; deceptive acts or practices.** In selling or offering to sell funeral goods, funeral services, burial site goods, or burial site services to the public, it is a deceptive act or practice for a funeral provider to require that a casket be purchased for alkaline hydrolysis ~~or~~, cremation, or, effective July 1, 2025, natural organic reduction.

Sec. 45. Minnesota Statutes 2022, section 149A.74, subdivision 1, is amended to read:

Subdivision 1. **Services provided without prior approval; deceptive acts or practices.** In selling or offering to sell funeral goods or funeral services to the public, it is a deceptive act or practice for any funeral provider to embalm a dead human body unless state or local law or regulation requires embalming in the particular circumstances regardless of any funeral choice which might be made, or prior approval for embalming has been obtained from an individual legally authorized to make such a decision. In seeking approval to embalm, the funeral provider must disclose that embalming is not required by law except in certain circumstances; that a fee will be charged if a funeral is selected which requires embalming, such as a funeral with viewing; and that no embalming fee will be charged if the family selects a service which does not require embalming, such as direct alkaline hydrolysis, direct cremation, ~~or~~ immediate burial, or, effective July 1, 2025, natural organic reduction.

Sec. 46. Minnesota Statutes 2022, section 149A.93, subdivision 3, is amended to read:

Subd. 3. **Disposition permit.** A disposition permit is required before a body can be buried, entombed, alkaline hydrolyzed, ~~or~~ cremated, or, effective July 1, 2025, naturally reduced. No disposition permit shall be issued until a fact of death record has been completed and filed with the state registrar of vital records.

Sec. 47. Minnesota Statutes 2022, section 149A.94, subdivision 1, is amended to read:

Subdivision 1. **Generally.** Every dead human body lying within the state, except unclaimed bodies delivered for dissection by the medical examiner, those delivered for anatomical study pursuant to section 149A.81, subdivision 2, or lawfully carried through the state for the purpose of disposition elsewhere; and the remains of any dead human body after dissection or anatomical study, shall be decently buried or entombed in a public or private cemetery, alkaline hydrolyzed, ~~or~~ cremated, or, effective July 1, 2025, naturally reduced within a reasonable time after death. Where final disposition of a body will not be accomplished, or, effective July 1, 2025, when natural organic reduction will not be initiated, within 72 hours following death or release of the body by a competent authority with jurisdiction over the body, the body must be properly embalmed, refrigerated, or packed with dry ice. A body may not be kept in refrigeration for a period exceeding six

calendar days, or packed in dry ice for a period that exceeds four calendar days, from the time of death or release of the body from the coroner or medical examiner.

Sec. 48. Minnesota Statutes 2022, section 149A.94, subdivision 3, is amended to read:

Subd. 3. **Permit required.** No dead human body shall be buried, entombed, ~~or~~ cremated, alkaline hydrolyzed, or, effective July 1, 2025, naturally reduced without a disposition permit. The disposition permit must be filed with the person in charge of the place of final disposition. Where a dead human body will be transported out of this state for final disposition, the body must be accompanied by a certificate of removal.

Sec. 49. Minnesota Statutes 2022, section 149A.94, subdivision 4, is amended to read:

Subd. 4. **Alkaline hydrolysis ~~or~~, cremation, or natural organic reduction.** Inurnment of alkaline hydrolyzed ~~or~~ remains, cremated remains, or, effective July 1, 2025, naturally reduced remains and release to an appropriate party is considered final disposition and no further permits or authorizations are required for transportation, interment, entombment, or placement of the ~~cremated~~ remains, except as provided in section 149A.95, subdivision 16.

Sec. 50. **[149A.955] NATURAL ORGANIC REDUCTION FACILITIES AND NATURAL ORGANIC REDUCTION.**

Subdivision 1. **License required.** This section is effective July 1, 2025. A dead human body may only undergo natural organic reduction in this state at a natural organic reduction facility licensed by the commissioner of health.

Subd. 2. **General requirements.** Any building to be used as a natural organic reduction facility must comply with all applicable local and state building codes, zoning laws and ordinances, and environmental standards. A natural organic reduction facility must have on site a natural organic reduction system approved by the commissioner and a motorized mechanical device for processing the remains in natural reduction and must have in the building a refrigerated holding facility for the retention of dead human bodies awaiting natural organic reduction. The holding facility must be secure from access by anyone except the authorized personnel of the natural organic reduction facility, preserve the dignity of the remains, and protect the health and safety of the natural organic reduction facility personnel.

Subd. 3. **Aerobic reduction vessel.** A natural organic reduction facility must use as a natural organic reduction vessel a contained reduction vessel that is designed to promote aerobic reduction and that minimizes odors.

Subd. 4. **Any room where body is prepared.** Any room where the deceased will be prepared for natural organic reduction must be properly lit and ventilated with an exhaust fan. It must be equipped with a functional sink with hot and cold running water. It must have nonporous flooring, such that a sanitary condition is provided. The walls and ceiling of the room must run from floor to ceiling and be covered with tile, or by plaster or sheetrock painted with washable paint or other appropriate material, such that a sanitary condition is provided. The doors, walls, ceiling, and windows must be constructed to prevent odors from entering any other part of the building.

Subd. 5. **Access and privacy.** (a) The room where a licensed mortician prepares a body must be private and must not have a general passageway through it. All windows or other openings to the outside must be treated in a manner that prevents viewing into the room where the deceased will be prepared for natural

organic reduction. A viewing window for authorized family members or their designees is not a violation of this subdivision.

(b) The room must, at all times, be secure from the entrance of unauthorized persons.

(c) For purposes of this section, "authorized persons" are:

(1) licensed morticians;

(2) registered interns or students as described in section 149A.91, subdivision 6;

(3) public officials or representatives in the discharge of their official duties;

(4) trained natural organic reduction facility operators; and

(5) the person or persons with the right to control the dead human body as defined in section 149A.80, subdivision 2, and their designees.

(d) Each door allowing ingress or egress must carry a sign that indicates that the room is private and access is limited. All authorized persons who are present in or enter the room while a body is being prepared for final disposition must be attired according to all applicable state and federal regulations regarding the control of infectious disease and occupational and workplace health and safety.

Subd. 6. **Areas for vessels or naturally organic reduction operations.** Any rooms or areas where the vessels reside or where any operation takes place involving the handling of the vessels or the remains must be ventilated with exhaust fans. The doors, walls, ceiling, and windows shall be constructed to prevent odors from entering any other part of the building. All windows must be treated in a manner that maintains privacy when the remains are handled. A sanitary condition must be provided. Any area where human remains are transferred, prepared, or processed must have nonpourous flooring, and the walls and ceiling of the rooms must run from floor to ceiling and be covered with tile, or by plaster, sheetrock, or concrete painted with washable paint or other appropriate material, such that a sanitary condition is provided. Access to the vessel holding area must only be granted to individuals outlined in subdivision 5 and to authorized visitors at the discretion of the licensed facility under the direct supervision of trained facility staff, provided that such access does not violate subdivision 18.

Subd. 7. **Equipment and supplies.** The natural organic reduction facility must have a functional emergency eye wash and quick drench shower.

Subd. 8. **Sanitary conditions and permitted use.** The room where the deceased will be prepared for natural organic reduction, the area where the natural organic reduction vessels are located or where the natural organic reduction operations are undertaken, and all fixtures, equipment, instruments, receptacles, clothing, and other appliances or supplies stored or used in these operations must be maintained in a clean and sanitary condition at all times.

Subd. 9. **Occupational and workplace safety.** All applicable provisions of state and federal regulations regarding exposure to workplace hazards and accidents must be followed to protect the health and safety of all authorized persons at the natural organic reduction facility.

Subd. 10. **Unlicensed personnel.** A licensed natural organic reduction facility may employ unlicensed personnel, provided that all applicable provisions of this chapter are followed. It is the duty of the licensed natural organic reduction facility to provide proper training for all unlicensed personnel, and the licensed natural organic reduction facility shall be strictly accountable for compliance with this chapter and other applicable state and federal regulations regarding occupational and workplace health and safety.

Subd. 11. **Authorization to naturally reduce.** No natural organic reduction facility shall naturally reduce or cause to be naturally reduced any dead human body or identifiable body part without receiving written authorization to do so from the person or persons who have the legal right to control disposition as described in section 149A.80 or the person's legal designee. The written authorization must include:

(1) the name of the deceased and the date of death of the deceased;

(2) a statement authorizing the natural organic reduction facility to naturally reduce the body;

(3) the name, address, phone number, relationship to the deceased, and signature of the person or persons with the legal right to control final disposition or a legal designee;

(4) directions for the disposition of any non-naturally reduced materials or items recovered from the natural organic reduction vessel;

(5) acknowledgment that some of the remains will be mechanically reduced to a granulated appearance and returned to the natural reduction vessel with the remains for final reduction; and

(6) directions for the ultimate disposition of the naturally reduced remains.

Subd. 12. **Limitation of liability.** The limitations in section 149A.95, subdivision 5, apply to natural organic reduction facilities.

Subd. 13. **Acceptance of delivery of body.** (a) No dead human body shall be accepted for final disposition by natural organic reduction unless the body is:

(1) wrapped in a container, such as a pouch, that is impermeable or leak-resistant;

(2) accompanied by a disposition permit issued pursuant to section 149A.93, subdivision 3, including a photocopy of the complete death record or a signed release authorizing natural organic reduction received from a coroner or medical examiner; and

(3) accompanied by a natural organic reduction authorization that complies with subdivision 5.

(b) A natural organic reduction facility shall refuse to accept delivery of the dead human body:

(1) where there is a known dispute concerning natural organic reduction of the body delivered;

(2) where there is a reasonable basis for questioning any of the representations made on the written authorization to naturally reduce; or

(3) for any other lawful reason.

(c) When a container or pouch containing a dead human body shows evidence of leaking bodily fluid, the container or pouch and the body must be returned to the contracting funeral establishment, or the body must be transferred to a new container or pouch by a licensed mortician.

(d) If a dead human body is delivered to a natural organic reduction facility in a container or pouch that is not suitable for placement in a natural organic reduction vessel, the transfer of the body to the vessel must be performed by a licensed mortician.

Subd. 14. **Bodies awaiting natural organic reduction.** A dead human body must be placed in the natural organic reduction vessel to initiate the natural reduction process within 24 hours after the natural organic reduction facility accepts legal and physical custody of the body.

Subd. 15. **Handling of dead human bodies.** All natural organic reduction facility employees handling the containers or pouches for dead human bodies shall use universal precautions and otherwise exercise all reasonable precautions to minimize the risk of transmitting any communicable disease from the body. No dead human body shall be removed from the container or pouch in which it is delivered to the natural organic reduction facility without express written authorization of the person or persons with legal right to control the disposition and only by a licensed mortician. The remains shall be considered a dead human body until after the final reduction. The person or persons with the legal right to control the body may be involved with preparation of the body pursuant to section 149A.01, subdivision 3, paragraph (c).

Subd. 16. **Identification of the body.** All licensed natural organic reduction facilities shall develop, implement, and maintain an identification procedure whereby dead human bodies can be identified from the time the natural organic reduction facility accepts delivery of the body until the naturally reduced remains are released to an authorized party. After natural organic reduction, an identifying disk, tab, or other permanent label shall be placed within the naturally reduced remains container or containers before the remains are released from the natural organic reduction facility. Each identification disk, tab, or label shall have a number that shall be recorded on all paperwork regarding the decedent. This procedure shall be designed to reasonably ensure that the proper body is naturally reduced and that the remains are returned to the appropriate party. Loss of all or part of the remains or the inability to individually identify the remains is a violation of this subdivision.

Subd. 17. **Natural organic reduction vessel for human remains.** A licensed natural organic reduction facility shall knowingly naturally reduce only dead human bodies or human remains in a natural organic reduction vessel.

Subd. 18. **Natural organic reduction procedures; privacy.** The final disposition of dead human bodies by natural organic reduction shall be done in privacy. Unless there is written authorization from the person with the legal right to control the final disposition, only authorized natural organic reduction facility personnel shall be permitted in the natural organic reduction area while any human body is awaiting placement or being placed in a natural organic reduction vessel, being removed from the vessel, or being processed for placement for final reduction. This does not prohibit an in-person laying-in ceremony to honor the deceased and the transition prior to the placement.

Subd. 19. **Natural organic reduction procedures; commingling of bodies prohibited.** Except with the express written permission of the person with the legal right to control the final disposition, no natural organic reduction facility shall naturally reduce more than one dead human body at the same time and in the same natural organic reduction vessel or introduce a second dead human body into same natural organic reduction vessel until reasonable efforts have been employed to remove all fragments of remains from the preceding natural organic reduction. This subdivision does not apply where commingling of human remains during natural organic reduction is otherwise provided by law. The fact that there is incidental and unavoidable residue in the natural organic reduction vessel used in a prior natural organic reduction is not a violation of this subdivision.

Subd. 20. **Natural organic reduction procedures; removal from natural organic reduction vessel.** Upon completion of the natural organic reduction process, reasonable efforts shall be made to remove from the natural organic reduction vessel all the recoverable remains. The remains shall be transported to the processing area, and any non-naturally reducible materials or items shall be separated from the remains and disposed of, in any lawful manner, by the natural organic reduction facility.

Subd. 21. **Natural organic reduction procedures; processing remains.** The remains that remain intact shall be reduced by a motorized mechanical processor to a granulated appearance. The granulated

remains and the rest of the naturally reduced remains shall be returned to a natural organic reduction vessel for final reduction. The remains shall be considered a dead human body until after the final reduction.

Subd. 22. **Natural organic reduction procedures; commingling of remains prohibited.** Except with the express written permission of the person with the legal right to control the final deposition or otherwise provided by law, no natural organic reduction facility shall mechanically process the remains of more than one body at a time in the same mechanical processor or introduce the remains of a second body into a mechanical processor until reasonable efforts have been employed to remove all fragments of remains already in the processor. The fact that there is incidental and unavoidable residue in the mechanical processor is not a violation of this subdivision.

Subd. 23. **Natural organic reduction procedures; testing naturally reduced remains.** A natural organic reduction facility must:

(1) ensure that the material in the natural organic reduction vessel naturally reaches and maintains a minimum temperature of 131 degrees Fahrenheit for a minimum of 72 consecutive hours during the process of natural organic reduction;

(2) analyze each instance of the naturally reduced remains for physical contaminants, including but not limited to intact bone, dental fillings, and medical implants, and ensure naturally reduced remains have less than 0.01 mg/kg dry weight of any physical contaminants;

(3) collect material samples for analysis that are representative of each instance of natural organic reduction, using a sampling method such as those described in the U.S. Composting Council 2002 Test Methods for the Examination of Composting and Compost, method 02.01-A through E;

(4) develop and use a natural organic reduction process in which the naturally reduced remains from the process do not exceed the following limits:

Metals and other testing parameters	**Limit (mg/kg dry weight), unless otherwise specified**
Fecal coliform	Less than 1,000 most probable number per gram of total solids (dry weight)
Salmonella	Less than 3 most probable number per 4 grams of total solids (dry weight)
Arsenic	Less than or equal to 11 ppm
Cadmium	Less than or equal to 7.1 ppm
Lead	Less than or equal to 150 ppm
Mercury	Less than or equal to 5 ppm
Selenium	Less than or equal to 18 ppm;

(5) analyze, using a third-party laboratory, the natural organic reduction facility's material samples of naturally reduced remains according to the following schedule:

(i) the natural organic reduction facility must analyze each of the first 20 instances of naturally reduced remains for the parameters in clause (4);

(ii) if any of the first 20 instances of naturally reduced remains yield results exceeding the limits in clause (4), the natural organic reduction facility must conduct appropriate processes to correct the levels of the substances in clause (4) and have the resultant remains tested to ensure they fall within the identified limits;

(iii) if any of the first 20 instances of naturally reduced remains yield results exceeding the limits in clause (4), the natural organic reduction facility must analyze each additional instance of naturally reduced remains for the parameters in clause (4) until a total of 20 samples, not including those from remains that were reprocessed as required in item (ii), have yielded results within the limits in clause (4) on initial testing;

(iv) after 20 material samples of naturally reduced remains have met the limits in clause (4), the natural organic reduction facility must analyze at least 25 percent of the natural organic reduction facility's monthly instances of naturally reduced remains for the parameters in clause (4) until 80 total material samples of naturally reduced remains are found to meet the limits in clause (4), not including any samples that required reprocessing to meet those limits; and

(v) after 80 material samples of naturally reduced remains are found to meet the limits in clause (4), the natural organic reduction facility must analyze at least one randomly chosen instance of naturally reduced remains each month for the parameters in clause (4). If fecal coliform or salmonella in the tested remains exceeds the limit for that substance in clause (4), the natural organic reduction facility must analyze each subsequent instance of naturally reduced remains for fecal coliform and salmonella until ten total material samples are found to meet the limits for those substances in clause (4) on initial testing, demonstrating the natural organic reduction process was effectively corrected;

(6) comply with any testing requirements established by the commissioner for content parameters in addition to those specified in clause (4);

(7) not release any naturally reduced remains that exceed the limits in clause (4); and

(8) prepare, maintain, and provide to the commissioner upon request, a report for each calendar year detailing the natural organic reduction facility's activities during the previous calendar year. The report must include the following information:

(i) the name and address of the natural organic reduction facility;

(ii) the calendar year covered by the report;

(iii) the annual quantity of naturally reduced remains;

(iv) the results of any laboratory analyses of naturally reduced remains; and

(v) any additional information required by the commissioner.

Subd. 24. **Natural organic reduction procedures; use of more than one naturally reduced remains container.** If the naturally reduced remains are to be separated into two or more naturally reduced remains containers according to the directives provided in the written authorization for natural organic reduction, all of the containers shall contain duplicate identification disks, tabs, or permanent labels and all paperwork regarding the given body shall include a notation of the number of and disposition of each container, as provided in the written authorization.

Subd. 25. **Natural organic reduction procedures; disposition of accumulated residue.** Every natural organic reduction facility shall provide for the removal and disposition of any accumulated residue from

any natural organic reduction vessel, mechanical processor, or other equipment used in natural organic reduction. Disposition of accumulated residue shall be by any lawful manner deemed appropriate.

Subd. 26. **Natural organic reduction procedures; release of naturally reduced remains.** Following completion of the natural organic reduction process, the inurned naturally reduced remains shall be released according to the instructions given on the written authorization for natural organic reduction. If the remains are to be shipped, they must be securely packaged and transported by a method that has an internal tracing system available and which provides a receipt signed by the person accepting delivery. Where there is a dispute over release or disposition of the naturally reduced remains, a natural organic reduction facility may deposit the naturally reduced remains in accordance with the directives of a court of competent jurisdiction pending resolution of the dispute or retain the naturally reduced remains until the person with the legal right to control disposition presents satisfactory indication that the dispute is resolved. A natural organic reduction facility must make every effort to ensure naturally reduced remains are not sold or used for commercial purposes.

Subd. 27. **Unclaimed naturally reduced remains.** If, after 30 calendar days following the inurnment, the naturally reduced remains are not claimed or disposed of according to the written authorization for natural organic reduction, the natural organic reduction facility shall give written notice, by certified mail, to the person with the legal right to control the final disposition or a legal designee, that the naturally reduced remains are unclaimed and requesting further release directions. Should the naturally reduced remains be unclaimed 120 calendar days following the mailing of the written notification, the natural organic reduction facility may return the remains to the earth respectfully in any lawful manner deemed appropriate.

Subd. 28. **Required records.** Every natural organic reduction facility shall create and maintain on its premises or other business location in Minnesota an accurate record of every natural organic reduction provided. The record shall include all of the following information for each natural organic reduction:

(1) the name of the person or funeral establishment delivering the body for natural organic reduction;

(2) the name of the deceased and the identification number assigned to the body;

(3) the date of acceptance of delivery;

(4) the names of the operator of the natural organic reduction process and mechanical processor operator;

(5) the times and dates that the body was placed in and removed from the natural organic reduction vessel;

(6) the time and date that processing and inurnment of the naturally reduced remains was completed;

(7) the time, date, and manner of release of the naturally reduced remains;

(8) the name and address of the person who signed the authorization for natural organic reduction;

(9) all supporting documentation, including any transit or disposition permits, a photocopy of the death record, and the authorization for natural organic reduction; and

(10) the type of natural organic reduction vessel.

Subd. 29. **Retention of records.** Records required under subdivision 28 shall be maintained for a period of three calendar years after the release of the naturally reduced remains. Following this period and subject to any other laws requiring retention of records, the natural organic reduction facility may then place the records in storage or reduce them to microfilm, a digital format, or any other method that can produce an

accurate reproduction of the original record, for retention for a period of ten calendar years from the date of release of the naturally reduced remains. At the end of this period and subject to any other laws requiring retention of records, the natural organic reduction facility may destroy the records by shredding, incineration, or any other manner that protects the privacy of the individuals identified.

Sec. 51. **STILLBIRTH PREVENTION THROUGH TRACKING FETAL MOVEMENT PILOT PROGRAM.**

Subdivision 1. **Grant.** The commissioner of health shall issue a grant to a grant recipient to support a stillbirth prevention through tracking fetal movement pilot program and to provide evidence of the efficacy of tracking fetal movements in preventing stillbirths in Minnesota. The pilot program shall operate in fiscal years 2025, 2026, and 2027.

Subd. 2. **Use of grant funds.** The grant recipient must use grant funds:

(1) for activities to ensure that expectant parents in Minnesota receive information about the importance of tracking fetal movement in the third trimester of pregnancy, by providing evidence-based information to organizations that include but are not limited to community organizations, hospitals, birth centers, maternal health providers, and higher education institutions that educate maternal health providers;

(2) to provide maternal health providers and expectant parents in Minnesota with access to free, evidence-based educational materials on fetal movement tracking, including brochures, posters, reminder cards, continuing education materials, and digital resources;

(3) to assist in raising awareness with health care providers about:

(i) the availability of free fetal movement tracking education for providers through an initial education campaign;

(ii) the importance of tracking fetal movement in the third trimester of pregnancy by offering at least three to five webinars and conferences per year; and

(iii) the importance of tracking fetal movement in the third trimester of pregnancy through provider participation in a public relations campaign; and

(4) to assist in raising public awareness about the availability of free fetal movement tracking resources through social media marketing and traditional marketing throughout Minnesota.

Subd. 3. **Data-sharing and monitoring.** (a) During the operation of the pilot program, the grant recipient shall provide the following information to the commissioner on at least a quarterly basis:

(1) the number of educational materials distributed under the pilot program, broken down by zip code and the type of facility or organization that ordered the materials, including hospitals, birth centers, maternal health clinics, WIC clinics, and community organizations;

(2) the number of fetal movement tracking application downloads that may be attributed to the pilot program, broken down by zip code;

(3) the reach of and engagement with marketing materials provided under the pilot program; and

(4) provider attendance and participation in awareness-raising events under the pilot program, such as webinars and conferences.

(b) Each year during the pilot program and at the conclusion of the pilot program, the grant recipient shall provide the commissioner with an annual report that includes information on how the pilot program has affected:

(1) fetal death rates in Minnesota;

(2) fetal death rates in Minnesota among American Indian, Black, Hispanic, and Asian Pacific Islander populations; and

(3) fetal death rates by region in Minnesota.

Subd. 4. **Reports.** The commissioner must submit to the legislative committees with jurisdiction over public health an interim report and a final report on the operation of the pilot program. The interim report must be submitted by December 1, 2025, and the final report must be submitted by December 1, 2027. Each report must at least describe the pilot program's operations and provide information, to the extent available, on the effectiveness of the pilot program in preventing stillbirths in Minnesota, including lessons learned in implementing the pilot program and recommendations for future action.

ARTICLE 59

DEPARTMENT OF HEALTH POLICY

Section 1. Minnesota Statutes 2022, section 62D.14, subdivision 1, is amended to read:

Subdivision 1. **Examination authority.** The commissioner of health may make an examination of the affairs of any health maintenance organization and its contracts, agreements, or other arrangements with any participating entity as often as the commissioner of health deems necessary for the protection of the interests of the people of this state, but not less frequently than once every ~~three~~ five years. Examinations of participating entities pursuant to this subdivision shall be limited to their dealings with the health maintenance organization and its enrollees, except that examinations of major participating entities may include inspection of the entity's financial statements kept in the ordinary course of business. The commissioner may require major participating entities to submit the financial statements directly to the commissioner. Financial statements of major participating entities are subject to the provisions of section 13.37, subdivision 1, clause (b), upon request of the major participating entity or the health maintenance organization with which it contracts.

Sec. 2. **[62J.461] 340B COVERED ENTITY REPORT.**

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

(b) "340B covered entity" or "covered entity" means a covered entity as defined in United States Code, title 42, section 256b(a)(4), with a service address in Minnesota as of January 1 of the reporting year. 340B covered entity includes all entity types and grantees. All facilities that are identified as child sites or grantee associated sites under the federal 340B Drug Pricing Program are considered part of the 340B covered entity.

(c) "340B Drug Pricing Program" or "340B program" means the drug discount program established under United States Code, title 42, section 256b.

(d) "340B entity type" is the designation of the 340B covered entity according to the entity types specified in United States Code, title 42, section 256b(a)(4).

(e) "340B ID" is the unique identification number provided by the Health Resources and Services Administration to identify a 340B-eligible entity in the 340B Office of Pharmacy Affairs Information System.

(f) "Contract pharmacy" means a pharmacy with which a 340B covered entity has an arrangement to dispense drugs purchased under the 340B Drug Pricing Program.

(g) "Pricing unit" means the smallest dispensable amount of a prescription drug product that can be dispensed or administered.

Subd. 2. **Current registration.** Beginning April 1, 2024, each 340B covered entity must maintain a current registration with the commissioner in a form and manner prescribed by the commissioner. The registration must include the following information:

(1) the name of the 340B covered entity;

(2) the 340B ID of the 340B covered entity;

(3) the servicing address of the 340B covered entity; and

(4) the 340B entity type of the 340B covered entity.

Subd. 3. **Reporting by covered entities to the commissioner.** (a) Each 340B covered entity shall report to the commissioner by April 1 of each year the following information for transactions conducted by the 340B covered entity or on its behalf, and related to its participation in the federal 340B program for the previous calendar year:

(1) the aggregated acquisition cost for prescription drugs obtained under the 340B program;

(2) the aggregated payment amount received for drugs obtained under the 340B program and dispensed or administered to patients;

(3) the number of pricing units dispensed or administered for prescription drugs described in clause (2); and

(4) the aggregated payments made:

(i) to contract pharmacies to dispense drugs obtained under the 340B program;

(ii) to any other entity that is not the covered entity and is not a contract pharmacy for managing any aspect of the covered entity's 340B program; and

(iii) for all other expenses related to administering the 340B program.

The information under clauses (2) and (3) must be reported by payer type, including but not limited to commercial insurance, medical assistance, MinnesotaCare, and Medicare, in the form and manner prescribed by the commissioner.

(b) For covered entities that are hospitals, the information required under paragraph (a), clauses (1) to (3), must also be reported at the national drug code level for the 50 most frequently dispensed or administered drugs by the facility under the 340B program.

(c) Data submitted to the commissioner under paragraphs (a) and (b) are classified as nonpublic data, as defined in section 13.02, subdivision 9.

Subd. 4. **Enforcement and exceptions.** (a) Any health care entity subject to reporting under this section that fails to provide data in the form and manner prescribed by the commissioner is subject to a fine paid to the commissioner of up to $500 for each day the data are past due. Any fine levied against the entity under this subdivision is subject to the contested case and judicial review provisions of sections 14.57 and 14.69.

(b) The commissioner may grant an entity an extension of or exemption from the reporting obligations under this subdivision, upon a showing of good cause by the entity.

Subd. 5. **Reports to the legislature.** By November 15, 2024, and by November 15 of each year thereafter, the commissioner shall submit to the chairs and ranking minority members of the legislative committees with jurisdiction over health care finance and policy, a report that aggregates the data submitted under subdivision 3, paragraphs (a) and (b). The following information must be included in the report for all 340B entities whose net 340B revenue constitutes a significant share, as determined by the commissioner, of all net 340B revenue across all 340B covered entities in Minnesota:

(1) the information submitted under subdivision 2; and

(2) for each 340B entity identified in subdivision 2, that entity's 340B net revenue as calculated using the data submitted under subdivision 3, paragraph (a), with net revenue being subdivision 3, paragraph (a), clause (2), less the sum of subdivision 3, paragraph (a), clauses (1) and (4).

For all other entities, the data in the report must be aggregated to the entity type or groupings of entity types in a manner that prevents the identification of an individual entity and any entity's specific data value reported for an individual data element.

Sec. 3. Minnesota Statutes 2022, section 62J.61, subdivision 5, is amended to read:

Subd. 5. ~~**Biennial review of rulemaking procedures and rules**~~ **Opportunity for comment.** The commissioner shall ~~biennially seek comments from affected parties~~ maintain an email address for submission of comments from interested parties to provide input about the effectiveness of and continued need for the rulemaking procedures set out in subdivision 2 and about the quality and effectiveness of rules adopted using these procedures. The commissioner ~~shall seek comments by holding a meeting and by publishing a notice in the State Register that contains the date, time, and location of the meeting and a statement that invites oral or written comments. The notice must be published at least 30 days before the meeting date. The commissioner shall write a report summarizing the comments and shall submit the report to the Minnesota Health Data Institute and to the Minnesota Administrative Uniformity Committee by January 15 of every even-numbered year~~ may seek additional input and provide additional opportunities for input as needed.

Sec. 4. Minnesota Statutes 2023 Supplement, section 62J.84, subdivision 10, is amended to read:

Subd. 10. **Notice of prescription drugs of substantial public interest.** (a) No later than January 31, 2024, and quarterly thereafter, the commissioner shall produce and post on the department's website a list of prescription drugs that the commissioner determines to represent a substantial public interest and for which the commissioner intends to request data under subdivisions 11 to 14, subject to paragraph (c). The commissioner shall base its inclusion of prescription drugs on any information the commissioner determines is relevant to providing greater consumer awareness of the factors contributing to the cost of prescription drugs in the state, and the commissioner shall consider drug product families that include prescription drugs:

(1) that triggered reporting under subdivision 3 or 4 during the previous calendar quarter;

(2) for which average claims paid amounts exceeded 125 percent of the price as of the claim incurred date during the most recent calendar quarter for which claims paid amounts are available; or

(3) that are identified by members of the public during a public comment process.

(b) Not sooner than 30 days after publicly posting the list of prescription drugs under paragraph (a), the department shall notify, via email, reporting entities registered with the department of the requirement to report under subdivisions 11 to 14.

(c) The commissioner must not designate more than 500 prescription drugs as having a substantial public interest in any one notice.

(d) Notwithstanding subdivision 16, the commissioner is exempt from chapter 14, including section 14.386, in implementing this subdivision.

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

Sec. 5. Minnesota Statutes 2022, section 144.05, subdivision 6, is amended to read:

Subd. 6. **Reports on interagency agreements and intra-agency transfers.** The commissioner of health shall provide quarterly reports to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance on:

(1) interagency agreements or service-level agreements and any renewals or extensions of existing interagency or service-level agreements with a state department under section 15.01, state agency under section 15.012, or the Department of Information Technology Services, with a value of more than $100,000, or related agreements with the same department or agency with a cumulative value of more than $100,000; and

(2) transfers of appropriations of more than $100,000 between accounts within or between agencies.

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

Sec. 6. Minnesota Statutes 2022, section 144.05, subdivision 7, is amended to read:

Subd. 7. **Expiration of report mandates.** (a) If the submission of a report by the commissioner of health to the legislature is mandated by statute and the enabling legislation does not include a date for the submission of a final report, the mandate to submit the report shall expire in accordance with this section.

(b) If the mandate requires the submission of an annual report and the mandate was enacted before January 1, 2021, the mandate shall expire on January 1, 2023. If the mandate requires the submission of a biennial or less frequent report and the mandate was enacted before January 1, 2021, the mandate shall expire on January 1, 2024.

(c) Any reporting mandate enacted on or after January 1, 2021, shall expire three years after the date of enactment if the mandate requires the submission of an annual report and shall expire five years after the date of enactment if the mandate requires the submission of a biennial or less frequent report, unless the enacting legislation provides for a different expiration date.

(d) The commissioner shall submit a list to the chairs and ranking minority members of the legislative committees with jurisdiction over health by February 15 of each year, beginning February 15, 2022, of all

reports set to expire during the following calendar year in accordance with this section. The mandate to submit a report to the legislature under this paragraph does not expire.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2024.

Sec. 7. Minnesota Statutes 2023 Supplement, section 144.0526, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** The commissioner of health shall establish the Minnesota One Health Antimicrobial Stewardship Collaborative. The commissioner shall ~~appoint~~ hire a director to execute operations, conduct health education, and provide technical assistance.

Sec. 8. Minnesota Statutes 2022, section 144.058, is amended to read:

144.058 INTERPRETER SERVICES QUALITY INITIATIVE.

(a) The commissioner of health shall establish a voluntary statewide roster~~,~~ and develop a plan for a registry and certification process for interpreters who provide high quality, spoken language health care interpreter services. The roster, registry, and certification process shall be based on the findings and recommendations set forth by the Interpreter Services Work Group required under Laws 2007, chapter 147, article 12, section 13.

(b) By January 1, 2009, the commissioner shall establish a roster of all available interpreters to address access concerns, particularly in rural areas.

(c) By January 15, 2010, the commissioner shall:

(1) develop a plan for a registry of spoken language health care interpreters, including:

(i) development of standards for registration that set forth educational requirements, training requirements, demonstration of language proficiency and interpreting skills, agreement to abide by a code of ethics, and a criminal background check;

(ii) recommendations for appropriate alternate requirements in languages for which testing and training programs do not exist;

(iii) recommendations for appropriate fees; and

(iv) recommendations for establishing and maintaining the standards for inclusion in the registry; and

(2) develop a plan for implementing a certification process based on national testing and certification processes for spoken language interpreters 12 months after the establishment of a national certification process.

(d) The commissioner shall consult with the Interpreter Stakeholder Group of the Upper Midwest Translators and Interpreters Association for advice on the standards required to plan for the development of a registry and certification process.

(e) The commissioner shall charge an annual fee of $50 to include an interpreter in the roster. Fee revenue shall be deposited in the state government special revenue fund. All fees are nonrefundable.

Sec. 9. Minnesota Statutes 2022, section 144.0724, subdivision 2, is amended to read:

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

(a) "Assessment reference date" or "ARD" means the specific end point for look-back periods in the MDS assessment process. This look-back period is also called the observation or assessment period.

(b) "Case mix index" means the weighting factors assigned to the ~~RUG-IV~~ case mix reimbursement classifications determined by an assessment.

(c) "Index maximization" means classifying a resident who could be assigned to more than one category, to the category with the highest case mix index.

(d) "Minimum Data Set" or "MDS" means a core set of screening, clinical assessment, and functional status elements, that include common definitions and coding categories specified by the Centers for Medicare and Medicaid Services and designated by the Department of Health.

(e) "Representative" means a person who is the resident's guardian or conservator, the person authorized to pay the nursing home expenses of the resident, a representative of the Office of Ombudsman for Long-Term Care whose assistance has been requested, or any other individual designated by the resident.

~~(f) "Resource utilization groups" or "RUG" means the system for grouping a nursing facility's residents according to their clinical and functional status identified in data supplied by the facility's Minimum Data Set.~~

~~(g)~ (f) "Activities of daily living" includes personal hygiene, dressing, bathing, transferring, bed mobility, locomotion, eating, and toileting.

~~(h)~ (g) "Nursing facility level of care determination" means the assessment process that results in a determination of a resident's or prospective resident's need for nursing facility level of care as established in subdivision 11 for purposes of medical assistance payment of long-term care services for:

(1) nursing facility services under ~~section 256B.434 or~~ chapter 256R;

(2) elderly waiver services under chapter 256S;

(3) CADI and BI waiver services under section 256B.49; and

(4) state payment of alternative care services under section 256B.0913.

Sec. 10. Minnesota Statutes 2022, section 144.0724, subdivision 3a, is amended to read:

Subd. 3a. **Resident ~~reimbursement~~ case mix reimbursement classifications ~~beginning January 1, 2012.~~** (a) ~~Beginning January 1, 2012,~~ Resident ~~reimbursement~~ case mix reimbursement classifications shall be based on the Minimum Data Set, version 3.0 assessment instrument, or its successor version mandated by the Centers for Medicare and Medicaid Services that nursing facilities are required to complete for all residents. ~~The commissioner of health shall establish resident classifications according to the RUG-IV, 48 group, resource utilization groups. Resident classification must be established based on the individual items on the Minimum Data Set, which must be completed according to the Long Term Care Facility Resident Assessment Instrument User's Manual Version 3.0 or its successor issued by the Centers for Medicare and Medicaid Services.~~ Case mix reimbursement classifications shall also be based on assessments required under subdivision 4. Assessments must be completed according to the Long Term Care Facility Resident Assessment Instrument User's Manual Version 3.0 or a successor manual issued by the Centers for Medicare and Medicaid Services. The optional state assessment must be completed according to the OSA Manual Version 1.0 v.2.

(b) Each resident must be classified based on the information from the Minimum Data Set according to the general categories issued by the Minnesota Department of Health, utilized for reimbursement purposes.

Sec. 11. Minnesota Statutes 2022, section 144.0724, subdivision 4, is amended to read:

Subd. 4. **Resident assessment schedule.** (a) A facility must conduct and electronically submit to the federal database MDS assessments that conform with the assessment schedule defined by the Long Term Care Facility Resident Assessment Instrument User's Manual, version 3.0, or its successor issued by the Centers for Medicare and Medicaid Services. The commissioner of health may substitute successor manuals or question and answer documents published by the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services, to replace or supplement the current version of the manual or document.

(b) The assessments required under the Omnibus Budget Reconciliation Act of 1987 (OBRA) used to determine a case mix reimbursement classification ~~for reimbursement~~ include:

(1) a new admission comprehensive assessment, which must have an assessment reference date (ARD) within 14 calendar days after admission, excluding readmissions;

(2) an annual comprehensive assessment, which must have an ARD within 92 days of a previous quarterly review assessment or a previous comprehensive assessment, which must occur at least once every 366 days;

(3) a significant change in status comprehensive assessment, which must have an ARD within 14 days after the facility determines, or should have determined, that there has been a significant change in the resident's physical or mental condition, whether an improvement or a decline, and regardless of the amount of time since the last comprehensive assessment or quarterly review assessment;

(4) a quarterly review assessment must have an ARD within 92 days of the ARD of the previous quarterly review assessment or a previous comprehensive assessment;

(5) any significant correction to a prior comprehensive assessment, if the assessment being corrected is the current one being used for ~~RUG~~ reimbursement classification;

(6) any significant correction to a prior quarterly review assessment, if the assessment being corrected is the current one being used for ~~RUG~~ reimbursement classification; and

~~(7) a required significant change in status assessment when:~~

~~(i) all speech, occupational, and physical therapies have ended. If the most recent OBRA comprehensive or quarterly assessment completed does not result in a rehabilitation case mix classification, then the significant change in status assessment is not required. The ARD of this assessment must be set on day eight after all therapy services have ended; and~~

~~(ii) isolation for an infectious disease has ended. If isolation was not coded on the most recent OBRA comprehensive or quarterly assessment completed, then the significant change in status assessment is not required. The ARD of this assessment must be set on day 15 after isolation has ended; and~~

(8) (7) any modifications to the most recent assessments under clauses (1) to ~~(7)~~ (6).

(c) The optional state assessment must accompany all OBRA assessments. The optional state assessment is also required to determine reimbursement when:

(i) all speech, occupational, and physical therapies have ended. If the most recent optional state assessment completed does not result in a rehabilitation case mix reimbursement classification, then the optional state assessment is not required. The ARD of this assessment must be set on day eight after all therapy services have ended; and

(ii) isolation for an infectious disease has ended. If isolation was not coded on the most recent optional state assessment completed, then the optional state assessment is not required. The ARD of this assessment must be set on day 15 after isolation has ended.

~~(c)~~ (d) In addition to the assessments listed in ~~paragraph~~ paragraphs (b) and (c), the assessments used to determine nursing facility level of care include the following:

(1) preadmission screening completed under section 256.975, subdivisions 7a to 7c, by the Senior LinkAge Line or other organization under contract with the Minnesota Board on Aging; and

(2) a nursing facility level of care determination as provided for under section 256B.0911, subdivision 26, as part of a face-to-face long-term care consultation assessment completed under section 256B.0911, by a county, tribe, or managed care organization under contract with the Department of Human Services.

Sec. 12. Minnesota Statutes 2022, section 144.0724, subdivision 6, is amended to read:

Subd. 6. **Penalties for late or nonsubmission.** (a) A facility that fails to complete or submit an assessment according to subdivisions 4 and 5 for a ~~RUG-IV~~ case mix reimbursement classification ~~within seven days of the time requirements listed in the Long-Term Care Facility Resident Assessment Instrument User's Manual~~ when the assessment is due is subject to a reduced rate for that resident. The reduced rate shall be the lowest rate for that facility. The reduced rate is effective on the day of admission for new admission assessments, on the ARD for significant change in status assessments, or on the day that the assessment was due for all other assessments and continues in effect until the first day of the month following the date of submission and acceptance of the resident's assessment.

(b) If loss of revenue due to penalties incurred by a facility for any period of 92 days are equal to or greater than 0.1 percent of the total operating costs on the facility's most recent annual statistical and cost report, a facility may apply to the commissioner of human services for a reduction in the total penalty amount. The commissioner of human services, in consultation with the commissioner of health, may, at the sole discretion of the commissioner of human services, limit the penalty for residents covered by medical assistance to ten days.

Sec. 13. Minnesota Statutes 2022, section 144.0724, subdivision 7, is amended to read:

Subd. 7. **Notice of resident ~~reimbursement~~ case mix reimbursement classification.** (a) The commissioner of health shall provide to a nursing facility a notice for each resident of the classification established under subdivision 1. The notice must inform the resident of the case mix reimbursement classification assigned, the opportunity to review the documentation supporting the classification, the opportunity to obtain clarification from the commissioner, ~~and~~ the opportunity to request a reconsideration of the classification, and the address and telephone number of the Office of Ombudsman for Long-Term Care. The commissioner must transmit the notice of resident classification by electronic means to the nursing facility. The nursing facility is responsible for the distribution of the notice to each resident or the resident's representative. This notice must be distributed within three business days after the facility's receipt.

(b) If a facility submits a ~~modifying~~ modified assessment resulting in a change in the case mix reimbursement classification, the facility must provide a written notice to the resident or the resident's

representative regarding the item or items that were modified and the reason for the modifications. The written notice must be provided within three business days after distribution of the resident case mix reimbursement classification notice.

Sec. 14. Minnesota Statutes 2022, section 144.0724, subdivision 8, is amended to read:

Subd. 8. **Request for reconsideration of resident classifications.** (a) The resident, ~~or~~ the resident's representative, ~~or~~ the nursing facility, or the boarding care home may request that the commissioner of health reconsider the assigned ~~reimbursement~~ case mix reimbursement classification and any item or items changed during the audit process. The request for reconsideration must be submitted in writing to the commissioner of health.

(b) For reconsideration requests initiated by the resident or the resident's representative:

(1) The resident or the resident's representative must submit in writing a reconsideration request to the facility administrator within 30 days of receipt of the resident classification notice. The written request must include the reasons for the reconsideration request.

(2) Within three business days of receiving the reconsideration request, the nursing facility must submit to the commissioner of health a completed reconsideration request form, a copy of the resident's or resident's representative's written request, and all supporting documentation used to complete the assessment being ~~considered~~ reconsidered. If the facility fails to provide the required information, the reconsideration will be completed with the information submitted and the facility cannot make further reconsideration requests on this classification.

(3) Upon written request and within three business days, the nursing facility must give the resident or the resident's representative a copy of the assessment being reconsidered and all supporting documentation used to complete the assessment. Notwithstanding any law to the contrary, the facility may not charge a fee for providing copies of the requested documentation. If a facility fails to provide the required documents within this time, it is subject to the issuance of a correction order and penalty assessment under sections 144.653 and 144A.10. Notwithstanding those sections, any correction order issued under this subdivision must require that the nursing facility immediately comply with the request for information, and as of the date of the issuance of the correction order, the facility shall forfeit to the state a $100 fine for the first day of noncompliance, and an increase in the $100 fine by $50 increments for each day the noncompliance continues.

(c) For reconsideration requests initiated by the facility:

(1) The facility is required to inform the resident or the resident's representative in writing that a reconsideration of the resident's case mix reimbursement classification is being requested. The notice must inform the resident or the resident's representative:

(i) of the date and reason for the reconsideration request;

(ii) of the potential for a case mix reimbursement classification change and subsequent rate change;

(iii) of the extent of the potential rate change;

(iv) that copies of the request and supporting documentation are available for review; and

(v) that the resident or the resident's representative has the right to request a reconsideration also.

(2) Within 30 days of receipt of the audit exit report or resident classification notice, the facility must submit to the commissioner of health a completed reconsideration request form, all supporting documentation used to complete the assessment being reconsidered, and a copy of the notice informing the resident or the resident's representative that a reconsideration of the resident's classification is being requested.

(3) If the facility fails to provide the required information, the reconsideration request may be denied and the facility may not make further reconsideration requests on this classification.

(d) Reconsideration by the commissioner must be made by individuals not involved in reviewing the assessment, audit, or reconsideration that established the disputed classification. The reconsideration must be based upon the assessment that determined the classification and upon the information provided to the commissioner of health under paragraphs (a) to (c). If necessary for evaluating the reconsideration request, the commissioner may conduct on-site reviews. Within 15 business days of receiving the request for reconsideration, the commissioner shall affirm or modify the original resident classification. The original classification must be modified if the commissioner determines that the assessment resulting in the classification did not accurately reflect characteristics of the resident at the time of the assessment. The commissioner must transmit the reconsideration classification notice by electronic means to the nursing facility. The nursing facility is responsible for the distribution of the notice to the resident or the resident's representative. The notice must be distributed by the nursing facility within three business days after receipt. A decision by the commissioner under this subdivision is the final administrative decision of the agency for the party requesting reconsideration.

(e) The case mix reimbursement classification established by the commissioner shall be the classification which applies to the resident while the request for reconsideration is pending. If a request for reconsideration applies to an assessment used to determine nursing facility level of care under subdivision 4, paragraph ~~(c)~~ (d), the resident shall continue to be eligible for nursing facility level of care while the request for reconsideration is pending.

(f) The commissioner may request additional documentation regarding a reconsideration necessary to make an accurate reconsideration determination.

(g) Data collected as part of the reconsideration process under this section is classified as private data on individuals and nonpublic data pursuant to section 13.02. Notwithstanding the classification of these data as private or nonpublic, the commissioner is authorized to share these data with the U.S. Centers for Medicare and Medicaid Services and the commissioner of human services as necessary for reimbursement purposes.

Sec. 15. Minnesota Statutes 2022, section 144.0724, subdivision 9, is amended to read:

Subd. 9. **Audit authority.** (a) The commissioner shall audit the accuracy of resident assessments performed under section 256R.17 through any of the following: desk audits; on-site review of residents and their records; and interviews with staff, residents, or residents' families. The commissioner shall reclassify a resident if the commissioner determines that the resident was incorrectly classified.

(b) The commissioner is authorized to conduct on-site audits on an unannounced basis.

(c) A facility must grant the commissioner access to examine the medical records relating to the resident assessments selected for audit under this subdivision. The commissioner may also observe and speak to facility staff and residents.

(d) The commissioner shall consider documentation under the time frames for coding items on the minimum data set as set out in the Long-Term Care Facility Resident Assessment Instrument User's Manual or OSA Manual version 1.0 v.2 published by the Centers for Medicare and Medicaid Services.

(e) The commissioner shall develop an audit selection procedure that includes the following factors:

(1) Each facility shall be audited annually. If a facility has two successive audits in which the percentage of change is five percent or less and the facility has not been the subject of a special audit in the past 36 months, the facility may be audited biannually. A stratified sample of 15 percent, with a minimum of ten assessments, of the most current assessments shall be selected for audit. If more than 20 percent of the ~~RUG-IV~~ case mix reimbursement classifications are changed as a result of the audit, the audit shall be expanded to a second 15 percent sample, with a minimum of ten assessments. If the total change between the first and second samples is 35 percent or greater, the commissioner may expand the audit to all of the remaining assessments.

(2) If a facility qualifies for an expanded audit, the commissioner may audit the facility again within six months. If a facility has two expanded audits within a 24-month period, that facility will be audited at least every six months for the next 18 months.

(3) The commissioner may conduct special audits if the commissioner determines that circumstances exist that could alter or affect the validity of case mix reimbursement classifications of residents. These circumstances include, but are not limited to, the following:

(i) frequent changes in the administration or management of the facility;

(ii) an unusually high percentage of residents in a specific case mix reimbursement classification;

(iii) a high frequency in the number of reconsideration requests received from a facility;

(iv) frequent adjustments of case mix reimbursement classifications as the result of reconsiderations or audits;

(v) a criminal indictment alleging provider fraud;

(vi) other similar factors that relate to a facility's ability to conduct accurate assessments;

(vii) an atypical pattern of scoring minimum data set items;

(viii) nonsubmission of assessments;

(ix) late submission of assessments; or

(x) a previous history of audit changes of 35 percent or greater.

(f) If the audit results in a case mix reimbursement classification change, the commissioner must transmit the audit classification notice by electronic means to the nursing facility within 15 business days of completing an audit. The nursing facility is responsible for distribution of the notice to each resident or the resident's representative. This notice must be distributed by the nursing facility within three business days after receipt. The notice must inform the resident of the case mix reimbursement classification assigned, the opportunity to review the documentation supporting the classification, the opportunity to obtain clarification from the commissioner, the opportunity to request a reconsideration of the classification, and the address and telephone number of the Office of Ombudsman for Long-Term Care.

Sec. 16. Minnesota Statutes 2022, section 144.0724, subdivision 11, is amended to read:

Subd. 11. **Nursing facility level of care.** (a) For purposes of medical assistance payment of long-term care services, a recipient must be determined, using assessments defined in subdivision 4, to meet one of the following nursing facility level of care criteria:

(1) the person requires formal clinical monitoring at least once per day;

(2) the person needs the assistance of another person or constant supervision to begin and complete at least four of the following activities of living: bathing, bed mobility, dressing, eating, grooming, toileting, transferring, and walking;

(3) the person needs the assistance of another person or constant supervision to begin and complete toileting, transferring, or positioning and the assistance cannot be scheduled;

(4) the person has significant difficulty with memory, using information, daily decision making, or behavioral needs that require intervention;

(5) the person has had a qualifying nursing facility stay of at least 90 days;

(6) the person meets the nursing facility level of care criteria determined 90 days after admission or on the first quarterly assessment after admission, whichever is later; or

(7) the person is determined to be at risk for nursing facility admission or readmission through a face-to-face long-term care consultation assessment as specified in section 256B.0911, subdivision 17 to 21, 23, 24, 27, or 28, by a county, tribe, or managed care organization under contract with the Department of Human Services. The person is considered at risk under this clause if the person currently lives alone or will live alone or be homeless without the person's current housing and also meets one of the following criteria:

(i) the person has experienced a fall resulting in a fracture;

(ii) the person has been determined to be at risk of maltreatment or neglect, including self-neglect; or

(iii) the person has a sensory impairment that substantially impacts functional ability and maintenance of a community residence.

(b) The assessment used to establish medical assistance payment for nursing facility services must be the most recent assessment performed under subdivision 4, ~~paragraph~~ paragraphs (b) and (c), that occurred no more than 90 calendar days before the effective date of medical assistance eligibility for payment of long-term care services. In no case shall medical assistance payment for long-term care services occur prior to the date of the determination of nursing facility level of care.

(c) The assessment used to establish medical assistance payment for long-term care services provided under chapter 256S and section 256B.49 and alternative care payment for services provided under section 256B.0913 must be the most recent face-to-face assessment performed under section 256B.0911, subdivisions 17 to 21, 23, 24, 27, or 28, that occurred no more than 60 calendar days before the effective date of medical assistance eligibility for payment of long-term care services.

Sec. 17. Minnesota Statutes 2022, section 144.1464, subdivision 1, is amended to read:

Subdivision 1. **Summer internships.** The commissioner of health, through a contract with a nonprofit organization as required by subdivision 4, shall award grants, within available appropriations, to hospitals,

clinics, nursing facilities, assisted living facilities, and home care providers to establish a secondary and postsecondary summer health care intern program. The purpose of the program is to expose interested secondary and postsecondary pupils to various careers within the health care profession.

Sec. 18. Minnesota Statutes 2022, section 144.1464, subdivision 2, is amended to read:

Subd. 2. **Criteria.** (a) The commissioner, through the organization under contract, shall award grants to hospitals, clinics, nursing facilities, assisted living facilities, and home care providers that agree to:

(1) provide secondary and postsecondary summer health care interns with formal exposure to the health care profession;

(2) provide an orientation for the secondary and postsecondary summer health care interns;

(3) pay one-half the costs of employing the secondary and postsecondary summer health care intern;

(4) interview and hire secondary and postsecondary pupils for a minimum of six weeks and a maximum of 12 weeks; and

(5) employ at least one secondary student for each postsecondary student employed, to the extent that there are sufficient qualifying secondary student applicants.

(b) In order to be eligible to be hired as a secondary summer health intern by a hospital, clinic, nursing facility, assisted living facility, or home care provider, a pupil must:

(1) intend to complete high school graduation requirements and be between the junior and senior year of high school; and

(2) be from a school district in proximity to the facility.

(c) In order to be eligible to be hired as a postsecondary summer health care intern by a hospital or clinic, a pupil must:

(1) intend to complete a health care training program or a two-year or four-year degree program and be planning on enrolling in or be enrolled in that training program or degree program; and

(2) be enrolled in a Minnesota educational institution or be a resident of the state of Minnesota; priority must be given to applicants from a school district or an educational institution in proximity to the facility.

(d) Hospitals, clinics, nursing facilities, assisted living facilities, and home care providers awarded grants may employ pupils as secondary and postsecondary summer health care interns ~~beginning on or after June 15, 1993~~, if they agree to pay the intern, during the period before disbursement of state grant money, with money designated as the facility's 50 percent contribution towards internship costs.

Sec. 19. Minnesota Statutes 2022, section 144.1464, subdivision 3, is amended to read:

Subd. 3. **Grants.** The commissioner, through the organization under contract, shall award separate grants to hospitals, clinics, nursing facilities, assisted living facilities, and home care providers meeting the requirements of subdivision 2. The grants must be used to pay one-half of the costs of employing secondary and postsecondary pupils in a hospital, clinic, nursing facility, assisted living facility, or home care setting during the course of the program. No more than 50 percent of the participants may be postsecondary students, unless the program does not receive enough qualified secondary applicants per fiscal year. No more than five pupils may be selected from any secondary or postsecondary institution to participate in the program

and no more than one-half of the number of pupils selected may be from the seven-county metropolitan area.

Sec. 20. Minnesota Statutes 2023 Supplement, section 144.1505, subdivision 2, is amended to read:

Subd. 2. **Programs.** (a) For advanced practice provider clinical training expansion grants, the commissioner of health shall award health professional training site grants to eligible physician assistant, advanced practice registered nurse, pharmacy, dental therapy, and mental health professional programs to plan and implement expanded clinical training. A planning grant shall not exceed $75,000, and a three-year training grant shall not exceed ~~$150,000 for the first year, $100,000 for the second year, and $50,000 for the third year~~ $300,000 per ~~program~~ project. The commissioner may provide a one-year, no-cost extension for grants.

(b) For health professional rural and underserved clinical rotations grants, the commissioner of health shall award health professional training site grants to eligible physician, physician assistant, advanced practice registered nurse, pharmacy, dentistry, dental therapy, and mental health professional programs to augment existing clinical training programs to add rural and underserved rotations or clinical training experiences, such as credential or certificate rural tracks or other specialized training. For physician and dentist training, the expanded training must include rotations in primary care settings such as community clinics, hospitals, health maintenance organizations, or practices in rural communities.

(c) Funds may be used for:

(1) establishing or expanding rotations and clinical training;

(2) recruitment, training, and retention of students and faculty;

(3) connecting students with appropriate clinical training sites, internships, practicums, or externship activities;

(4) travel and lodging for students;

(5) faculty, student, and preceptor salaries, incentives, or other financial support;

(6) development and implementation of cultural competency training;

(7) evaluations;

(8) training site improvements, fees, equipment, and supplies required to establish, maintain, or expand a training program; and

(9) supporting clinical education in which trainees are part of a primary care team model.

Sec. 21. Minnesota Statutes 2022, section 144.1911, subdivision 2, is amended to read:

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

(b) "Commissioner" means the commissioner of health.

(c) "Immigrant international medical graduate" means an international medical graduate who was born outside the United States, now resides permanently in the United States or who has entered the United States on a temporary status based on urgent humanitarian or significant public benefit reasons, and who did not

enter the United States on a J1 or similar nonimmigrant visa following acceptance into a United States medical residency or fellowship program.

(d) "International medical graduate" means a physician who received a basic medical degree or qualification from a medical school located outside the United States and Canada.

(e) "Minnesota immigrant international medical graduate" means an immigrant international medical graduate who has lived in Minnesota for at least two years.

(f) "Rural community" means a statutory and home rule charter city or township that is outside the seven-county metropolitan area as defined in section 473.121, subdivision 2, excluding the cities of Duluth, Mankato, Moorhead, Rochester, and St. Cloud.

(g) "Underserved community" means a Minnesota area or population included in the list of designated primary medical care health professional shortage areas, medically underserved areas, or medically underserved populations (MUPs) maintained and updated by the United States Department of Health and Human Services.

Sec. 22. Minnesota Statutes 2022, section 144.212, is amended by adding a subdivision to read:

Subd. 5a. **Replacement.** "Replacement" means a completion, addition, removal, or change made to certification items on a vital record after a vital event is registered and a record is established that has no notation of a change on a certificate and seals the prior vital record.

Sec. 23. Minnesota Statutes 2022, section 144.216, subdivision 2, is amended to read:

Subd. 2. **Status of foundling reports.** A report registered under subdivision 1 shall constitute the record of birth for the child. Information about the newborn shall be registered by the state registrar in accordance with Minnesota Rules, part 4601.0600, subpart 4, item C. If the child is identified and a record of birth is found or obtained, the report registered under subdivision 1 shall be confidential pursuant to section 13.02, subdivision 3, and shall not be disclosed except pursuant to court order.

Sec. 24. Minnesota Statutes 2022, section 144.216, is amended by adding a subdivision to read:

Subd. 3. **Reporting safe place newborns.** Hospitals that receive a newborn under section 145.902 shall report the birth of the newborn to the Office of Vital Records within five days after receiving the newborn. Information about the newborn shall be registered by the state registrar in accordance with Minnesota Rules, part 4601.0600, subpart 4, item C.

Sec. 25. Minnesota Statutes 2022, section 144.216, is amended by adding a subdivision to read:

Subd. 4. **Status of safe place birth reports and registrations.** (a) Information about a safe place newborn registered under subdivision 3 shall constitute the record of birth for the child. The record shall be confidential pursuant to section 13.02, subdivision 3. Information on the birth record or a birth certificate issued from the birth record shall be disclosed only to the responsible social services agency or pursuant to a court order.

(b) Information about a safe place newborn registered under subdivision 3 shall constitute the record of birth for the child. If the safe place newborn was born in a hospital and it is known that a record of birth was registered, filed, or amended, the original birth record registered under section 144.215 shall be replaced pursuant to section 144.218, subdivision 6.

Sec. 26. Minnesota Statutes 2022, section 144.218, is amended by adding a subdivision to read:

Subd. 6. **Safe place newborn; birth record.** If a safe place infant birth is registered pursuant to section 144.216, subdivision 4, paragraph (b), the state registrar shall issue a replacement birth record free of information that identifies a parent. The prior vital record shall be confidential pursuant to section 13.02, subdivision 3, and shall not be disclosed except pursuant to a court order.

Sec. 27. Minnesota Statutes 2022, section 144.493, is amended by adding a subdivision to read:

Subd. 2a. **Thrombectomy-capable stroke center.** A hospital meets the criteria for a thrombectomy-capable stroke center if the hospital has been certified as a thrombectomy-capable stroke center by the joint commission or another nationally recognized accreditation entity, or is a primary stroke center that is not certified as a thrombectomy-based capable stroke center but the hospital has attained a level of stroke care distinction by offering mechanical endovascular therapies and has been certified by a department approved certifying body that is a nationally recognized guidelines-based organization.

Sec. 28. Minnesota Statutes 2022, section 144.494, subdivision 2, is amended to read:

Subd. 2. **Designation.** A hospital that voluntarily meets the criteria for a comprehensive stroke center, thrombectomy-capable stroke center, primary stroke center, or acute stroke ready hospital may apply to the commissioner for designation, and upon the commissioner's review and approval of the application, shall be designated as a comprehensive stroke center, a thrombectomy-capable stroke center, a primary stroke center, or an acute stroke ready hospital for a three-year period. If a hospital loses its certification as a comprehensive stroke center or primary stroke center from the joint commission or other nationally recognized accreditation entity, or no longer participates in the Minnesota stroke registry program, its Minnesota designation shall be immediately withdrawn. Prior to the expiration of the ~~three-year~~ designation period, a hospital seeking to remain part of the voluntary acute stroke system may reapply to the commissioner for designation.

Sec. 29. Minnesota Statutes 2022, section 144.551, subdivision 1, is amended to read:

Subdivision 1. **Restricted construction or modification.** (a) The following construction or modification may not be commenced:

(1) any erection, building, alteration, reconstruction, modernization, improvement, extension, lease, or other acquisition by or on behalf of a hospital that increases the bed capacity of a hospital, relocates hospital beds from one physical facility, complex, or site to another, or otherwise results in an increase or redistribution of hospital beds within the state; and

(2) the establishment of a new hospital.

(b) This section does not apply to:

(1) construction or relocation within a county by a hospital, clinic, or other health care facility that is a national referral center engaged in substantial programs of patient care, medical research, and medical education meeting state and national needs that receives more than 40 percent of its patients from outside the state of Minnesota;

(2) a project for construction or modification for which a health care facility held an approved certificate of need on May 1, 1984, regardless of the date of expiration of the certificate;

(3) a project for which a certificate of need was denied before July 1, 1990, if a timely appeal results in an order reversing the denial;

(4) a project exempted from certificate of need requirements by Laws 1981, chapter 200, section 2;

(5) a project involving consolidation of pediatric specialty hospital services within the Minneapolis-St. Paul metropolitan area that would not result in a net increase in the number of pediatric specialty hospital beds among the hospitals being consolidated;

(6) a project involving the temporary relocation of pediatric-orthopedic hospital beds to an existing licensed hospital that will allow for the reconstruction of a new philanthropic, pediatric-orthopedic hospital on an existing site and that will not result in a net increase in the number of hospital beds. Upon completion of the reconstruction, the licenses of both hospitals must be reinstated at the capacity that existed on each site before the relocation;

(7) the relocation or redistribution of hospital beds within a hospital building or identifiable complex of buildings provided the relocation or redistribution does not result in: (i) an increase in the overall bed capacity at that site; (ii) relocation of hospital beds from one physical site or complex to another; or (iii) redistribution of hospital beds within the state or a region of the state;

(8) relocation or redistribution of hospital beds within a hospital corporate system that involves the transfer of beds from a closed facility site or complex to an existing site or complex provided that: (i) no more than 50 percent of the capacity of the closed facility is transferred; (ii) the capacity of the site or complex to which the beds are transferred does not increase by more than 50 percent; (iii) the beds are not transferred outside of a federal health systems agency boundary in place on July 1, 1983; (iv) the relocation or redistribution does not involve the construction of a new hospital building; and (v) the transferred beds are used first to replace within the hospital corporate system the total number of beds previously used in the closed facility site or complex for mental health services and substance use disorder services. Only after the hospital corporate system has fulfilled the requirements of this item may the remainder of the available capacity of the closed facility site or complex be transferred for any other purpose;

(9) a construction project involving up to 35 new beds in a psychiatric hospital in Rice County that primarily serves adolescents and that receives more than 70 percent of its patients from outside the state of Minnesota;

(10) a project to replace a hospital or hospitals with a combined licensed capacity of 130 beds or less if: (i) the new hospital site is located within five miles of the current site; and (ii) the total licensed capacity of the replacement hospital, either at the time of construction of the initial building or as the result of future expansion, will not exceed ~~70~~ 100 licensed hospital beds, or the combined licensed capacity of the hospitals, whichever is less;

(11) the relocation of licensed hospital beds from an existing state facility operated by the commissioner of human services to a new or existing facility, building, or complex operated by the commissioner of human services; from one regional treatment center site to another; or from one building or site to a new or existing building or site on the same campus;

(12) the construction or relocation of hospital beds operated by a hospital having a statutory obligation to provide hospital and medical services for the indigent that does not result in a net increase in the number of hospital beds, notwithstanding section 144.552, 27 beds, of which 12 serve mental health needs, may be transferred from Hennepin County Medical Center to Regions Hospital under this clause;

(13) a construction project involving the addition of up to 31 new beds in an existing nonfederal hospital in Beltrami County;

(14) a construction project involving the addition of up to eight new beds in an existing nonfederal hospital in Otter Tail County with 100 licensed acute care beds;

(15) a construction project involving the addition of 20 new hospital beds in an existing hospital in Carver County serving the southwest suburban metropolitan area;

(16) a project for the construction or relocation of up to 20 hospital beds for the operation of up to two psychiatric facilities or units for children provided that the operation of the facilities or units have received the approval of the commissioner of human services;

(17) a project involving the addition of 14 new hospital beds to be used for rehabilitation services in an existing hospital in Itasca County;

(18) a project to add 20 licensed beds in existing space at a hospital in Hennepin County that closed 20 rehabilitation beds in 2002, provided that the beds are used only for rehabilitation in the hospital's current rehabilitation building. If the beds are used for another purpose or moved to another location, the hospital's licensed capacity is reduced by 20 beds;

(19) a critical access hospital established under section 144.1483, clause (9), and section 1820 of the federal Social Security Act, United States Code, title 42, section 1395i-4, that delicensed beds since enactment of the Balanced Budget Act of 1997, Public Law 105-33, to the extent that the critical access hospital does not seek to exceed the maximum number of beds permitted such hospital under federal law;

(20) notwithstanding section 144.552, a project for the construction of a new hospital in the city of Maple Grove with a licensed capacity of up to 300 beds provided that:

(i) the project, including each hospital or health system that will own or control the entity that will hold the new hospital license, is approved by a resolution of the Maple Grove City Council as of March 1, 2006;

(ii) the entity that will hold the new hospital license will be owned or controlled by one or more not-for-profit hospitals or health systems that have previously submitted a plan or plans for a project in Maple Grove as required under section 144.552, and the plan or plans have been found to be in the public interest by the commissioner of health as of April 1, 2005;

(iii) the new hospital's initial inpatient services must include, but are not limited to, medical and surgical services, obstetrical and gynecological services, intensive care services, orthopedic services, pediatric services, noninvasive cardiac diagnostics, behavioral health services, and emergency room services;

(iv) the new hospital:

(A) will have the ability to provide and staff sufficient new beds to meet the growing needs of the Maple Grove service area and the surrounding communities currently being served by the hospital or health system that will own or control the entity that will hold the new hospital license;

(B) will provide uncompensated care;

(C) will provide mental health services, including inpatient beds;

(D) will be a site for workforce development for a broad spectrum of health-care-related occupations and have a commitment to providing clinical training programs for physicians and other health care providers;

(E) will demonstrate a commitment to quality care and patient safety;

(F) will have an electronic medical records system, including physician order entry;

(G) will provide a broad range of senior services;

(H) will provide emergency medical services that will coordinate care with regional providers of trauma services and licensed emergency ambulance services in order to enhance the continuity of care for emergency medical patients; and

(I) will be completed by December 31, 2009, unless delayed by circumstances beyond the control of the entity holding the new hospital license; and

(v) as of 30 days following submission of a written plan, the commissioner of health has not determined that the hospitals or health systems that will own or control the entity that will hold the new hospital license are unable to meet the criteria of this clause;

(21) a project approved under section 144.553;

(22) a project for the construction of a hospital with up to 25 beds in Cass County within a 20-mile radius of the state Ah-Gwah-Ching facility, provided the hospital's license holder is approved by the Cass County Board;

(23) a project for an acute care hospital in Fergus Falls that will increase the bed capacity from 108 to 110 beds by increasing the rehabilitation bed capacity from 14 to 16 and closing a separately licensed 13-bed skilled nursing facility;

(24) notwithstanding section 144.552, a project for the construction and expansion of a specialty psychiatric hospital in Hennepin County for up to 50 beds, exclusively for patients who are under 21 years of age on the date of admission. The commissioner conducted a public interest review of the mental health needs of Minnesota and the Twin Cities metropolitan area in 2008. No further public interest review shall be conducted for the construction or expansion project under this clause;

(25) a project for a 16-bed psychiatric hospital in the city of Thief River Falls, if the commissioner finds the project is in the public interest after the public interest review conducted under section 144.552 is complete;

(26)(i) a project for a 20-bed psychiatric hospital, within an existing facility in the city of Maple Grove, exclusively for patients who are under 21 years of age on the date of admission, if the commissioner finds the project is in the public interest after the public interest review conducted under section 144.552 is complete;

(ii) this project shall serve patients in the continuing care benefit program under section 256.9693. The project may also serve patients not in the continuing care benefit program; and

(iii) if the project ceases to participate in the continuing care benefit program, the commissioner must complete a subsequent public interest review under section 144.552. If the project is found not to be in the public interest, the license must be terminated six months from the date of that finding. If the commissioner of human services terminates the contract without cause or reduces per diem payment rates for patients under the continuing care benefit program below the rates in effect for services provided on December 31, 2015, the project may cease to participate in the continuing care benefit program and continue to operate without a subsequent public interest review;

(27) a project involving the addition of 21 new beds in an existing psychiatric hospital in Hennepin County that is exclusively for patients who are under 21 years of age on the date of admission;

(28) a project to add 55 licensed beds in an existing safety net, level I trauma center hospital in Ramsey County as designated under section 383A.91, subdivision 5, of which 15 beds are to be used for inpatient mental health and 40 are to be used for other services. In addition, five unlicensed observation mental health beds shall be added;

(29) upon submission of a plan to the commissioner for public interest review under section 144.552 and the addition of the 15 inpatient mental health beds specified in clause (28), to its bed capacity, a project to add 45 licensed beds in an existing safety net, level I trauma center hospital in Ramsey County as designated under section 383A.91, subdivision 5. Five of the 45 additional beds authorized under this clause must be designated for use for inpatient mental health and must be added to the hospital's bed capacity before the remaining 40 beds are added. Notwithstanding section 144.552, the hospital may add licensed beds under this clause prior to completion of the public interest review, provided the hospital submits its plan by the 2021 deadline and adheres to the timelines for the public interest review described in section 144.552;

(30) upon submission of a plan to the commissioner for public interest review under section 144.552, a project to add up to 30 licensed beds in an existing psychiatric hospital in Hennepin County that exclusively provides care to patients who are under 21 years of age on the date of admission. Notwithstanding section 144.552, the psychiatric hospital may add licensed beds under this clause prior to completion of the public interest review, provided the hospital submits its plan by the 2021 deadline and adheres to the timelines for the public interest review described in section 144.552;

(31) any project to add licensed beds in a hospital located in Cook County or Mahnomen County that: (i) is designated as a critical access hospital under section 144.1483, clause (9), and United States Code, title 42, section 1395i-4; (ii) has a licensed bed capacity of fewer than 25 beds; and (iii) has an attached nursing home, so long as the total number of licensed beds in the hospital after the bed addition does not exceed 25 beds. Notwithstanding section 144.552, a public interest review is not required for a project authorized under this clause;

(32) upon submission of a plan to the commissioner for public interest review under section 144.552, a project to add 22 licensed beds at a Minnesota freestanding children's hospital in St. Paul that is part of an independent pediatric health system with freestanding inpatient hospitals located in Minneapolis and St. Paul. The beds shall be utilized for pediatric inpatient behavioral health services. Notwithstanding section 144.552, the hospital may add licensed beds under this clause prior to completion of the public interest review, provided the hospital submits its plan by the 2022 deadline and adheres to the timelines for the public interest review described in section 144.552; ~~or~~

(33) a project for a 144-bed psychiatric hospital on the site of the former Bethesda hospital in the city of Saint Paul, Ramsey County, if the commissioner finds the project is in the public interest after the public interest review conducted under section 144.552 is complete. Following the completion of the construction project, the commissioner of health shall monitor the hospital, including by assessing the hospital's case mix and payer mix, patient transfers, and patient diversions. The hospital must have an intake and assessment area. The hospital must accommodate patients with acute mental health needs, whether they walk up to the facility, are delivered by ambulances or law enforcement, or are transferred from other facilities. The hospital must comply with subdivision 1a, paragraph (b). The hospital must annually submit de-identified data to the department in the format and manner defined by the commissioner~~.~~; or

(34) a project involving the relocation of up to 26 licensed long-term acute care hospital beds from an existing long-term care hospital located in Hennepin County with a licensed capacity prior to the relocation of 92 beds to dedicated space on the campus of an existing safety net, level I trauma center hospital in Ramsey County as designated under section 383A.91, subdivision 5, provided both the commissioner finds the project is in the public interest after the public interest review conducted under section 144.552 is complete and the relocated beds continue to be used as long-term acute care hospital beds after the relocation.

Sec. 30. Minnesota Statutes 2022, section 144.605, is amended by adding a subdivision to read:

Subd. 10. **Chapter 16C waiver.** Pursuant to subdivisions 4, paragraph (b), and 5, paragraph (b), the commissioner of administration may waive provisions of chapter 16C for the purposes of approving contracts for independent clinical teams.

Sec. 31. Minnesota Statutes 2023 Supplement, section 144.651, subdivision 10a, is amended to read:

Subd. 10a. **Designated support person for pregnant patient or other patient.** (a) Subject to paragraph (c), a health care provider and a health care facility must allow, at a minimum, one designated support person ~~of a pregnant patient's choosing~~ chosen by a patient, including but not limited to a pregnant patient, to be physically present while the patient is receiving health care services including during a hospital stay.

(b) For purposes of this subdivision, "designated support person" means any person chosen by the patient to provide comfort to the patient including but not limited to the patient's spouse, partner, family member, or another person related by affinity. Certified doulas and traditional midwives may not be counted toward the limit of one designated support person.

(c) A facility may restrict or prohibit the presence of a designated support person in treatment rooms, procedure rooms, and operating rooms when such a restriction or prohibition is strictly necessary to meet the appropriate standard of care. A facility may also restrict or prohibit the presence of a designated support person if the designated support person is acting in a violent or threatening manner toward others. Any restriction or prohibition of a designated support person by the facility is subject to the facility's written internal grievance procedure required by subdivision 20.

Sec. 32. **[144.6985] COMMUNITY HEALTH NEEDS ASSESSMENT; COMMUNITY HEALTH IMPROVEMENT SERVICES; IMPLEMENTATION.**

Subdivision 1. **Community health needs assessment.** A nonprofit hospital that is exempt from taxation under section 501(c)(3) of the Internal Revenue Code must make available to the public and submit to the commissioner of health, by January 15, 2026, the most recent community health needs assessment submitted by the hospital to the Internal Revenue Service. Each time the hospital conducts a subsequent community health needs assessment, the hospital must, within 15 business days after submitting the subsequent community health needs assessment to the Internal Revenue Service, make the subsequent assessment available to the public and submit the subsequent assessment to the commissioner.

Subd. 2. **Description of community.** A nonprofit hospital subject to subdivision 1 must make available to the public and submit to the commissioner of health a description of the community served by the hospital. The description must include a geographic description of the area where the hospital is located, a description of the general population served by the hospital, and demographic information about the community served by the hospital, such as leading causes of death, levels of chronic illness, and descriptions of the medically underserved, low-income, minority, or chronically ill populations in the community. A hospital is not required to separately make the information available to the public or separately submit the information to the

commissioner if the information is included in the hospital's community health needs assessment made available and submitted under subdivision 1.

Subd. 3. **Addendum; community health improvement services.** (a) A nonprofit hospital subject to subdivision 1 must annually submit to the commissioner an addendum which details information about hospital activities identified as community health improvement services with a cost of $5,000 or more. The addendum must include the type of activity, the method through which the activity was delivered, how the activity relates to an identified community need in the community health needs assessment, the target population for the activity, strategies to reach the target population, identified outcome metrics, the cost to the hospital to provide the activity, the methodology used to calculate the hospital's costs, and the number of people served by the activity. If a community health improvement service is administered by an entity other than the hospital, the administering entity must be identified in the addendum. This paragraph does not apply to hospitals required to submit an addendum under paragraph (b).

(b) A nonprofit hospital subject to subdivision 1 must annually submit to the commissioner an addendum which details information about the ten highest-cost activities of the hospital identified as community health improvement services if the nonprofit hospital:

(1) is designated as a critical access hospital under section 144.1483, clause (9), and United States Code, title 42, section 1395i-4;

(2) meets the definition of sole community hospital in section 62Q.19, subdivision 1, paragraph (a), clause (5); or

(3) meets the definition of rural emergency hospital in United States Code, title 42, section 1395x(kkk)(2).

The addendum must include the type of activity, the method in which the activity was delivered, how the activity relates to an identified community need in the community health needs assessment, the target population for the activity, strategies to reach the target population, identified outcome metrics, the cost to the hospital to provide the activity, the methodology used to calculate the hospital's costs, and the number of people served by the activity. If a community health improvement service is administered by an entity other than the hospital, the administering entity must be identified in the addendum.

Subd. 4. **Community benefit implementation strategy.** A nonprofit hospital subject to subdivision 1 must make available to the public, within one year after completing each community health needs assessment, a community benefit implementation strategy. In developing the community benefit implementation strategy, the hospital must consult with community-based organizations, stakeholders, local public health organizations, and others as determined by the hospital. The implementation strategy must include how the hospital shall address the top three community health priorities identified in the community health needs assessment. Implementation strategies must be evidence-based, when available, and development and implementation of innovative programs and strategies may be supported by evaluation measures.

Subd. 5. **Information made available to the public.** A nonprofit hospital required to make information available to the public under this section may do so by posting the information on the hospital's website in a consolidated location and with clear labeling.

This section is effective January 1, 2026.

Sec. 33. Minnesota Statutes 2022, section 144.7067, subdivision 2, is amended to read:

Subd. 2. **Duty to analyze reports; communicate findings.** (a) The commissioner shall:

(1) analyze adverse event reports, corrective action plans, and findings of the root cause analyses to determine patterns of systemic failure in the health care system and successful methods to correct these failures;

(2) communicate to individual facilities the commissioner's conclusions, if any, regarding an adverse event reported by the facility;

(3) communicate with relevant health care facilities any recommendations for corrective action resulting from the commissioner's analysis of submissions from facilities; and

(4) publish an annual report:

(i) describing, by institution, adverse events reported;

(ii) outlining, in aggregate, corrective action plans and the findings of root cause analyses; and

(iii) making recommendations for modifications of state health care operations.

(b) Notwithstanding section 144.05, subdivision 7, the mandate to publish an annual report under this subdivision does not expire.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2023.

Sec. 34. Minnesota Statutes 2022, section 144.99, subdivision 3, is amended to read:

Subd. 3. **Correction orders.** (a) The commissioner may issue correction orders that require a person to correct a violation of the statutes, rules, and other actions listed in subdivision 1. The correction order must state the deficiencies that constitute the violation; the specific statute, rule, or other action; and the time by which the violation must be corrected.

(b) If the person believes that the information contained in the commissioner's correction order is in error, the person may ask the commissioner to reconsider the parts of the order that are alleged to be in error. The request must be in writing, delivered to the commissioner by certified mail within ~~seven~~ 15 calendar days after receipt of the order, and:

(1) specify which parts of the order for corrective action are alleged to be in error;

(2) explain why they are in error; and

(3) provide documentation to support the allegation of error.

The commissioner must respond to requests made under this paragraph within 15 calendar days after receiving a request. A request for reconsideration does not stay the correction order; however, after reviewing the request for reconsideration, the commissioner may provide additional time to comply with the order if necessary. The commissioner's disposition of a request for reconsideration is final.

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

Sec. 35. Minnesota Statutes 2022, section 144A.10, subdivision 15, is amended to read:

Subd. 15. **Informal dispute resolution.** The commissioner shall respond in writing to a request from a nursing facility certified under the federal Medicare and Medicaid programs for an informal dispute resolution within ~~30 days of the exit date of the facility's survey~~ ten calendar days of the facility's receipt of the notice of deficiencies. The commissioner's response shall identify the commissioner's decision regarding

~~the continuation of~~ each deficiency citation challenged by the nursing facility, as well as a statement of any changes in findings, level of severity or scope, and proposed remedies or sanctions for each deficiency citation.

EFFECTIVE DATE. This section is effective August 1, 2024.

Sec. 36. Minnesota Statutes 2022, section 144A.10, subdivision 16, is amended to read:

Subd. 16. **Independent informal dispute resolution.** (a) Notwithstanding subdivision 15, a facility certified under the federal Medicare or Medicaid programs that has been assessed a civil money penalty as provided by Code of Federal Regulations, title 42, section 488.430, may request from the commissioner, in writing, an independent informal dispute resolution process regarding any deficiency ~~citation issued to the facility~~. The facility must ~~specify in its written request each deficiency citation that it disputes. The commissioner shall provide a hearing under sections 14.57 to 14.62. Upon the written request of the facility, the parties must submit the issues raised to arbitration by an administrative law judge~~ submit its request in writing within ten calendar days of receiving notice that a civil money penalty will be imposed.

(b) The facility and commissioner have the right to be represented by an attorney at the hearing.

(c) An independent informal dispute resolution may not be requested for any deficiency that is the subject of an active informal dispute resolution requested under subdivision 15. The facility must withdraw its informal dispute resolution prior to requesting independent informal dispute resolution.

~~(b) Upon~~ (d) Within five calendar days of receipt of a written request for an ~~arbitration proceeding~~ independent informal dispute resolution, the commissioner shall file with the Office of Administrative Hearings a request for the appointment of an ~~arbitrator~~ administrative law judge from the Office of Administrative Hearings and simultaneously serve the facility with notice of the request. ~~The arbitrator for the dispute shall be an administrative law judge appointed by the Office of Administrative Hearings. The disclosure provisions of section 572B.12 and the notice provisions of section 572B.15, subsection (c), apply. The facility and the commissioner have the right to be represented by an attorney.~~

(e) An independent informal dispute resolution proceeding shall be scheduled to occur within 30 calendar days of the commissioner's request to the Office of Administrative Hearings, unless the parties agree otherwise or the chief administrative law judge deems the timing to be unreasonable. The independent informal dispute resolution process must be completed within 60 calendar days of the facility's request.

~~(c)~~ (f) Five working days in advance of the scheduled proceeding, the commissioner and the facility ~~may present~~ must submit written statements and arguments, documentary evidence, depositions, and ~~oral statements and arguments at the arbitration proceeding. Oral statements and arguments may be made by telephone~~ any other materials supporting their position to the administrative law judge.

(g) The independent informal dispute resolution proceeding shall be informal and conducted in a manner so as to allow the parties to fully present their positions and respond to the opposing party's positions. This may include presentation of oral statements and arguments at the proceeding.

~~(d)~~ (h) Within ten working days of the close of the ~~arbitration~~ proceeding, the administrative law judge shall issue findings and recommendations regarding each of the deficiencies in dispute. The findings shall be one or more of the following:

(1) Supported in full. The citation is supported in full, with no deletion of findings and no change in the scope or severity assigned to the deficiency citation.

(2) Supported in substance. The citation is supported, but one or more findings are deleted without any change in the scope or severity assigned to the deficiency.

(3) Deficient practice cited under wrong requirement of participation. The citation is amended by moving it to the correct requirement of participation.

(4) Scope not supported. The citation is amended through a change in the scope assigned to the citation.

(5) Severity not supported. The citation is amended through a change in the severity assigned to the citation.

(6) No deficient practice. The citation is deleted because the findings did not support the citation or the negative resident outcome was unavoidable. ~~The findings of the arbitrator are not binding on the commissioner.~~

(i) The findings and recommendations of the administrative law judge are not binding on the commissioner.

(j) Within ten calendar days of receiving the administrative law judge's findings and recommendations, the commissioner shall issue a recommendation to the Center for Medicare and Medicaid Services.

~~(e)~~ (k) The commissioner shall reimburse the Office of Administrative Hearings for the costs incurred by that office for the ~~arbitration~~ proceeding. ~~The facility shall reimburse the commissioner for the proportion of the costs that represent the sum of deficiency citations supported in full under paragraph (d), clause (1), or in substance under paragraph (d), clause (2), divided by the total number of deficiencies disputed. A deficiency citation for which the administrative law judge's sole finding is that the deficient practice was cited under the wrong requirements of participation shall not be counted in the numerator or denominator in the calculation of the proportion of costs.~~

EFFECTIVE DATE. This section is effective October 1, 2024, or upon federal approval, whichever is later, and applies to appeals of deficiencies which are issued after October 1, 2024, or on or after the date upon which federal approval is obtained, whichever is later. The commissioner of health shall notify the revisor of statutes when federal approval is obtained.

Sec. 37. Minnesota Statutes 2022, section 144A.471, is amended by adding a subdivision to read:

Subd. 1a. **Licensure under other law.** A home care licensee must not provide sleeping accommodations as a provision of home care services. For purposes of this subdivision, the provision of sleeping accommodations and assisted living services under section 144G.08, subdivision 9, requires assisted living facility licensure under chapter 144G. This subdivision does not apply to those settings exempt from assisted living facility licensure under section 144G.08, subdivision 7.

Sec. 38. Minnesota Statutes 2022, section 144A.474, subdivision 13, is amended to read:

Subd. 13. **Home care surveyor training.** (a) Before conducting a home care survey, each home care surveyor must receive training on the following topics:

(1) Minnesota home care licensure requirements;

(2) Minnesota home care bill of rights;

(3) Minnesota Vulnerable Adults Act and reporting of maltreatment of minors;

(4) principles of documentation;

(5) survey protocol and processes;

(6) Offices of the Ombudsman roles;

(7) Office of Health Facility Complaints;

(8) Minnesota landlord-tenant ~~and housing with services~~ laws;

(9) types of payors for home care services; and

(10) Minnesota Nurse Practice Act for nurse surveyors.

(b) Materials used for the training in paragraph (a) shall be posted on the department website. Requisite understanding of these topics will be reviewed as part of the quality improvement plan in section 144A.483.

Sec. 39. Minnesota Statutes 2023 Supplement, section 144A.4791, subdivision 10, is amended to read:

Subd. 10. **Termination of service plan.** (a) 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) for clients age 18 or older, a statement that the client may contact the Office of Ombudsman for Long-Term Care to request an advocate to assist regarding the termination and contact information for the office, including the office's central telephone number;

(4) a list of known licensed home care providers in the client's immediate geographic area;

(5) 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); and

(6) 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~~.

~~(7) if applicable, a statement that the notice of termination of home care services does not constitute notice of termination of any housing contract.~~

(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. 40. Minnesota Statutes 2022, section 144E.16, subdivision 7, is amended to read:

Subd. 7. **Stroke transport protocols.** Regional emergency medical services programs and any ambulance service licensed under this chapter must develop stroke transport protocols. The protocols must include standards of care for triage and transport of acute stroke patients within a specific time frame from symptom onset until transport to the most appropriate designated acute stroke ready hospital, primary stroke center, thrombectomy-capable stroke center, or comprehensive stroke center.

Sec. 41. Minnesota Statutes 2022, section 144G.08, subdivision 29, is amended to read:

Subd. 29. **Licensed health professional.** "Licensed health professional" means a person ~~licensed in Minnesota to practice a profession described in section 214.01, subdivision 2~~, other than a registered nurse or licensed practical nurse, who provides assisted living services within the scope of practice of that person's health occupation license, registration, or certification as a regulated person who is licensed by an appropriate Minnesota state board or agency.

Sec. 42. Minnesota Statutes 2022, section 144G.10, is amended by adding a subdivision to read:

Subd. 5. **Protected title; restriction on use.** (a) Effective January 1, 2026, no person or entity may use the phrase "assisted living," whether alone or in combination with other words and whether orally or in writing, to: advertise; market; or otherwise describe, offer, or promote itself, or any housing, service, service package, or program that it provides within this state, unless the person or entity is a licensed assisted living facility that meets the requirements of this chapter. A person or entity entitled to use the phrase "assisted living" shall use the phrase only in the context of its participation that meets the requirements of this chapter.

(b) Effective January 1, 2026, the licensee's name for a new assisted living facility may not include the terms "home care" or "nursing home."

Sec. 43. Minnesota Statutes 2022, section 144G.16, subdivision 6, is amended to read:

Subd. 6. **Requirements for notice and transfer.** A provisional licensee whose license is denied must comply with the requirements for notification and the coordinated move of residents in sections 144G.52 and 144G.55. If the license denial is upheld by the reconsideration process, the licensee must submit a draft closure plan as required by section 144G.57 within ten calendar days of receipt of the reconsideration decision, must work with the commissioner on any revisions needed to the draft plan, and must have a final closure plan submitted and approved within 30 calendar days of receipt of the reconsideration decision.

Sec. 44. Minnesota Statutes 2023 Supplement, section 145.561, subdivision 4, is amended to read:

Subd. 4. **988 telecommunications fee.** (a) In compliance with the National Suicide Hotline Designation Act of 2020, ~~the commissioner shall impose a monthly statewide fee on~~ each subscriber of a wireline, wireless, or IP-enabled voice service ~~at a rate that provides~~ must pay a monthly fee to provide for the robust creation, operation, and maintenance of a statewide 988 suicide prevention and crisis system.

~~(b) The commissioner shall annually recommend to the Public Utilities Commission an adequate and appropriate fee to implement this section. The amount of the fee must comply with the limits in paragraph (c). The commissioner shall provide telecommunication service providers and carriers a minimum of 45 days' notice of each fee change.~~

~~(c)~~ (b) The amount of the 988 telecommunications fee ~~must not be more than 25~~ is 12 cents per month ~~on or after January 1, 2024,~~ for each consumer access line, including trunk equivalents as designated by the ~~commission~~ Public Utilities Commission pursuant to section 403.11, subdivision 1. The 988 telecommunications fee must be the same for all subscribers.

~~(d)~~ (c) Each wireline, wireless, and IP-enabled voice telecommunication service provider shall collect the 988 telecommunications fee and transfer the amounts collected to the commissioner of public safety in the same manner as provided in section 403.11, subdivision 1, paragraph (d).

~~(e)~~ (d) The commissioner of public safety shall deposit the money collected from the 988 telecommunications fee to the 988 special revenue account established in subdivision 3.

~~(f)~~ (e) All 988 telecommunications fee revenue must be used to supplement, and not supplant, federal, state, and local funding for suicide prevention.

~~(g)~~ (f) The 988 telecommunications fee amount shall be adjusted as needed to provide for continuous operation of the lifeline centers and 988 hotline, volume increases, and maintenance.

~~(h)~~ (g) The commissioner shall annually report to the Federal Communications Commission on revenue generated by the 988 telecommunications fee.

EFFECTIVE DATE. This section is effective September 1, 2024.

Sec. 45. Minnesota Statutes 2022, section 146B.03, subdivision 7a, is amended 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 licensed under section 146B.03, subdivision 4, 6, or 8, in order to supervise a temporary tattoo technician; or

(2) one year as a body piercing technician licensed under section 146B.03, subdivision 4, 6, or 8, or must have performed at least 500 body piercings, 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 supervisory plan must include, at a minimum:

(1) the areas of practice under supervision;

(2) the anticipated supervision hours per week;

(3) the anticipated duration of the training period; and

(4) the method of providing supervision if there are multiple technicians being supervised during the same time period.

(d) If the supervisory plan is terminated before completion of the technician's supervised practice, the supervisor must notify the commissioner in writing within 14 days of the change in supervision and include an explanation of why the plan was not completed.

(e) 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).

Sec. 46. Minnesota Statutes 2022, section 146B.10, subdivision 1, is amended to read:

Subdivision 1. **Licensing fees.** (a) The fee for the initial technician licensure application and biennial licensure renewal application is $420.

(b) The fee for temporary technician licensure application is $240.

(c) The fee for the temporary guest artist license application is $140.

(d) The fee for a dual body art technician license application is $420.

(e) The fee for a provisional establishment license application required in section 146B.02, subdivision 5, paragraph (c), is $1,500.

(f) The fee for an initial establishment license application and the two-year license renewal period application required in section 146B.02, subdivision 2, paragraph (b), is $1,500.

(g) The fee for a temporary body art establishment event permit application is $200.

(h) The commissioner shall prorate the initial two-year technician license fee based on the number of months in the initial licensure period. The commissioner shall prorate the first renewal fee for the establishment license based on the number of months from issuance of the provisional license to the first renewal.

(i) The fee for verification of licensure to other states is $25.

~~(j) The fee to reissue a provisional establishment license that relocates prior to inspection and removal of provisional status is $350. The expiration date of the provisional license does not change.~~

~~(k)~~ (j) The fee to change an establishment name or establishment type, such as tattoo, piercing, or dual, is $50.

Sec. 47. Minnesota Statutes 2022, section 146B.10, subdivision 3, is amended to read:

Subd. 3. **Deposit.** Fees collected by the commissioner under this section must be deposited in the state government special revenue fund. All fees are nonrefundable.

Sec. 48. Minnesota Statutes 2022, section 149A.02, subdivision 3b, is amended to read:

Subd. 3b. **Burial site services.** "Burial site services" means any services sold or offered for sale directly to the public for use in connection with the final disposition of a dead human body but does not include services provided under a transportation protection agreement.

Sec. 49. Minnesota Statutes 2022, section 149A.02, subdivision 23, is amended to read:

Subd. 23. **Funeral services.** (a) "Funeral services" means any services which may be used to: (1) care for and prepare dead human bodies for burial, alkaline hydrolysis, cremation, or other final disposition; and (2) arrange, supervise, or conduct the funeral ceremony or the final disposition of dead human bodies.

(b) Funeral service does not include a transportation protection agreement.

Sec. 50. Minnesota Statutes 2022, section 149A.02, is amended by adding a subdivision to read:

Subd. 38a. **Transportation protection agreement.** "Transportation protection agreement" means an agreement that is primarily for the purpose of transportation and subsequent transportation of the remains of a dead human body.

Sec. 51. Minnesota Statutes 2022, section 149A.65, is amended to read:

149A.65 FEES.

Subdivision 1. **Generally.** This section establishes the application fees for registrations, examinations, initial and renewal licenses, and late fees authorized under the provisions of this chapter.

Subd. 2. **Mortuary science fees.** Fees for mortuary science are:

(1) $75 for the initial and renewal registration of a mortuary science intern;

(2) $125 for the mortuary science examination;

(3) $200 for ~~issuance of~~ initial and renewal mortuary science ~~licenses~~ license applications;

(4) $100 late fee charge for a license renewal application; and

(5) $250 for ~~issuing a~~ an application for mortuary science license by endorsement.

Subd. 3. **Funeral directors.** The license renewal application fee for funeral directors is $200. The late fee charge for a license renewal is $100.

Subd. 4. **Funeral establishments.** The initial and renewal application fee for funeral establishments is $425. The late fee charge for a license renewal is $100.

Subd. 5. **Crematories.** The initial and renewal application fee for a crematory is $425. The late fee charge for a license renewal is $100.

Subd. 6. **Alkaline hydrolysis facilities.** The initial and renewal application fee for an alkaline hydrolysis facility is $425. The late fee charge for a license renewal is $100.

Subd. 7. **State government special revenue fund.** Fees collected by the commissioner under this section must be deposited in the state treasury and credited to the state government special revenue fund. All fees are nonrefundable.

Sec. 52. Minnesota Statutes 2022, section 149A.97, subdivision 2, is amended to read:

Subd. 2. **Scope and requirements.** This section shall not apply to a transportation protection agreement or to any funeral goods or burial site goods purchased and delivered, either at purchase or within a commercially reasonable amount of time thereafter. When prior to the death of any person, that person or another, on behalf of that person, enters into any transaction, makes a contract, or any series or combination of transactions or contracts with a funeral provider lawfully doing business in Minnesota, other than an insurance company licensed to do business in Minnesota selling approved insurance or annuity products, by the terms of which, goods or services related to the final disposition of that person will be furnished at-need, then the total of all money paid by the terms of the transaction, contract, or series or combination of transactions or contracts shall be held in trust for the purpose for which it has been paid. The person for whose benefit the money was paid shall be known as the beneficiary, the person or persons who paid the money shall be known as the purchaser, and the funeral provider shall be known as the depositor.

Sec. 53. Minnesota Statutes 2022, section 256R.02, subdivision 20, is amended to read:

Subd. 20. **Facility average case mix index.** "Facility average case mix index" or "CMI" means a numerical score that describes the relative resource use for all residents within the case mix ~~classifications~~

~~under the resource utilization group (RUG)~~ classification system prescribed by the commissioner based on an assessment of each resident. The facility average CMI shall be computed as the standardized days divided by the sum of the facility's resident days. The case mix indices used shall be based on the system prescribed in section 256R.17.

Sec. 54. Minnesota Statutes 2022, section 259.52, subdivision 2, is amended to read:

Subd. 2. **Requirement to search registry before adoption petition can be granted; proof of search.** No petition for adoption may be granted unless the agency supervising the adoptive placement, the birth mother of the child, the putative father who registered or the legal father, or, in the case of a stepparent or relative adoption, the county agency responsible for the report required under section 259.53, subdivision 1, requests that the commissioner of health search the registry to determine whether a putative father is registered in relation to a child who is or may be the subject of an adoption petition. The search required by this subdivision must be conducted no sooner than 31 days following the birth of the child. A search of the registry may be proven by the production of a certified copy of the registration form or by a certified statement of the commissioner of health that after a search no registration of a putative father in relation to a child who is or may be the subject of an adoption petition could be located. The filing of a certified copy of an order from a juvenile protection matter under chapter 260C containing a finding that certification of the requisite search of the Minnesota Fathers' Adoption Registry was filed with the court in that matter shall also constitute proof of search. Certification that the Minnesota Fathers' Adoption Registry has been searched must be filed with the court prior to entry of any final order of adoption. In addition to the search required by this subdivision, the agency supervising the adoptive placement, the birth mother of the child, or, in the case of a stepparent or relative adoption, the social services agency responsible for the report under section 259.53, subdivision 1, or the responsible social services agency that is a petitioner in a juvenile protection matter under chapter 260C may request that the commissioner of health search the registry at any time. Search requirements of this section do not apply when the responsible social services agency is proceeding under Safe Place for Newborns, section 260C.139.

Sec. 55. Minnesota Statutes 2022, section 259.52, subdivision 4, is amended to read:

Subd. 4. **Classification of registry data.** (a) Data in the fathers' adoption registry, including all data provided in requesting the search of the registry, are private data on individuals, as defined in section 13.02, subdivision 2, and are nonpublic data with respect to data not on individuals, as defined in section 13.02, subdivision 9. Data in the registry may be released to:

(1) a person who is required to search the registry under subdivision 2, if the data relate to the child who is or may be the subject of the adoption petition;

(2) the mother of the child listed on the putative father's registration form who the commissioner of health is required to notify under subdivision 1, paragraph (c);

(3) the putative father who registered himself or the legal father;

(4) a public authority as provided in subdivision 3; or

~~(4)~~ (5) an attorney who has signed an affidavit from the commissioner of health attesting that the attorney represents the birth mother, the putative or legal father, or the prospective adoptive parents.

(b) A person who receives data under this subdivision may use the data only for purposes authorized under this section or other law.

Sec. 56. **REVISOR INSTRUCTION.**

The revisor of statutes shall substitute the term "employee" with the term "staff" in the following sections of Minnesota Statutes and make any grammatical changes needed without changing the meaning of the sentence: Minnesota Statutes, sections 144G.08, subdivisions 18 and 36; 144G.13, subdivision 1, paragraph (c); 144G.20, subdivisions 1, 2, and 21; 144G.30, subdivision 5; 144G.42, subdivision 8; 144G.45, subdivision 2; 144G.60, subdivisions 1, paragraph (c), and 3, paragraph (a); 144G.63, subdivision 2, paragraph (a), clause (9); 144G.64, paragraphs (a), clauses (2), (3), and (5), and (c); 144G.70, subdivision 7; and 144G.92, subdivisions 1 and 3.

Sec. 57. **REPEALER.**

(a) Minnesota Statutes 2022, sections 144.218, subdivision 3; 144.497; and 256R.02, subdivision 46, are repealed.

(b) Minnesota Statutes 2023 Supplement, section 62J.312, subdivision 6, is repealed.

ARTICLE 60

PHARMACY BOARD AND PRACTICE

Section 1. Minnesota Statutes 2023 Supplement, section 62Q.46, subdivision 1, is amended to read:

Subdivision 1. **Coverage for preventive items and services.** (a) "Preventive items and services" has the meaning specified in the Affordable Care Act. Preventive items and services includes:

(1) evidence-based items or services that have in effect a rating of A or B in the current recommendations of the United States Preventive Services Task Force with respect to the individual involved;

(2) immunizations for routine use in children, adolescents, and adults that have in effect a recommendation from the Advisory Committee on Immunization Practices of the Centers for Disease Control and Prevention with respect to the individual involved. For purposes of this clause, a recommendation from the Advisory Committee on Immunization Practices of the Centers for Disease Control and Prevention is considered in effect after the recommendation has been adopted by the Director of the Centers for Disease Control and Prevention, and a recommendation is considered to be for routine use if the recommendation is listed on the Immunization Schedules of the Centers for Disease Control and Prevention;

(3) with respect to infants, children, and adolescents, evidence-informed preventive care and screenings provided for in comprehensive guidelines supported by the Health Resources and Services Administration;

(4) with respect to women, additional preventive care and screenings that are not listed with a rating of A or B by the United States Preventive Services Task Force but that are provided for in comprehensive guidelines supported by the Health Resources and Services Administration;

(5) all contraceptive methods established in guidelines published by the United States Food and Drug Administration;

(6) screenings for human immunodeficiency virus for:

(i) all individuals at least 15 years of age but less than 65 years of age; and

(ii) all other individuals with increased risk of human immunodeficiency virus infection according to guidance from the Centers for Disease Control;

(7) all preexposure prophylaxis when used for the prevention or treatment of human immunodeficiency virus, including but not limited to all preexposure prophylaxis, as defined in any guidance by the United States Preventive Services Task Force or the Centers for Disease Control, including the June 11, 2019, Preexposure Prophylaxis for the Prevention of HIV Infection United States Preventive Services Task Force Recommendation Statement; and

(8) all postexposure prophylaxis when used for the prevention or treatment of human immunodeficiency virus, including but not limited to all postexposure prophylaxis as defined in any guidance by the United States Preventive Services Task Force or the Centers for Disease Control.

(b) A health plan company must provide coverage for preventive items and services at a participating provider without imposing cost-sharing requirements, including a deductible, coinsurance, or co-payment. Nothing in this section prohibits a health plan company that has a network of providers from excluding coverage or imposing cost-sharing requirements for preventive items or services that are delivered by an out-of-network provider.

(c) A health plan company is not required to provide coverage for any items or services specified in any recommendation or guideline described in paragraph (a) if the recommendation or guideline is no longer included as a preventive item or service as defined in paragraph (a). Annually, a health plan company must determine whether any additional items or services must be covered without cost-sharing requirements or whether any items or services are no longer required to be covered.

(d) Nothing in this section prevents a health plan company from using reasonable medical management techniques to determine the frequency, method, treatment, or setting for a preventive item or service to the extent not specified in the recommendation or guideline.

(e) A health plan shall not require prior authorization or step therapy for preexposure prophylaxis or postexposure prophylaxis, except that: if the United States Food and Drug Administration has approved one or more therapeutic equivalents of a drug, device, or product for the prevention of HIV, this paragraph does not require a health plan to cover all of the therapeutically equivalent versions without prior authorization or step therapy, if at least one therapeutically equivalent version is covered without prior authorization or step therapy.

~~(e)~~ (f) This section does not apply to grandfathered plans.

~~(f)~~ (g) This section does not apply to plans offered by the Minnesota Comprehensive Health Association.

EFFECTIVE DATE. This section is effective January 1, 2026, and applies to health plans offered, issued, or renewed on or after that date.

Sec. 2. Minnesota Statutes 2022, section 151.01, subdivision 23, is amended to read:

Subd. 23. **Practitioner.** "Practitioner" means a licensed doctor of medicine, licensed doctor of osteopathic medicine duly licensed to practice medicine, licensed doctor of dentistry, licensed doctor of optometry, licensed podiatrist, licensed veterinarian, licensed advanced practice registered nurse, or licensed physician assistant. For purposes of sections 151.15, subdivision 4; 151.211, subdivision 3; 151.252, subdivision 3; 151.37, subdivision 2, paragraph (b); and 151.461, "practitioner" also means a dental therapist authorized to dispense and administer under chapter 150A. For purposes of sections 151.252, subdivision

3, and 151.461, "practitioner" also means a pharmacist authorized to prescribe self-administered hormonal contraceptives, nicotine replacement medications, or opiate antagonists under section 151.37, subdivision 14, 15, or 16, or authorized to prescribe drugs to prevent the acquisition of human immunodeficiency virus (HIV) under section 151.37, subdivision 17.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 3. Minnesota Statutes 2022, section 151.01, subdivision 27, is amended to read:

Subd. 27. **Practice of pharmacy.** "Practice of pharmacy" means:

(1) interpretation and evaluation of prescription drug orders;

(2) compounding, labeling, and dispensing drugs and devices (except labeling by a manufacturer or packager of nonprescription drugs or commercially packaged legend drugs and devices);

(3) participation in clinical interpretations and monitoring of drug therapy for assurance of safe and effective use of drugs, including ~~the performance of~~ ordering and performing laboratory tests that are waived under the federal Clinical Laboratory Improvement Act of 1988, United States Code, title 42, section 263a et seq.~~, provided that a pharmacist may interpret the results of laboratory tests but may modify~~ A pharmacist may collect specimens, interpret results, notify the patient of results, and refer the patient to other health care providers for follow-up care and may initiate, modify, or discontinue drug therapy only pursuant to a protocol or collaborative practice agreement. A pharmacist may delegate the authority to administer tests under this clause to a pharmacy technician or pharmacy intern. A pharmacy technician or pharmacy intern may perform tests authorized under this clause if the technician or intern is working under the direct supervision of a pharmacist;

(4) participation in drug and therapeutic device selection; drug administration for first dosage and medical emergencies; intramuscular and subcutaneous drug administration under a prescription drug order; drug regimen reviews; and drug or drug-related research;

(5) drug administration, through intramuscular and subcutaneous administration used to treat mental illnesses as permitted under the following conditions:

(i) upon the order of a prescriber and the prescriber is notified after administration is complete; or

(ii) pursuant to a protocol or collaborative practice agreement as defined by section 151.01, subdivisions 27b and 27c, and participation in the initiation, management, modification, administration, and discontinuation of drug therapy is according to the protocol or collaborative practice agreement between the pharmacist and a dentist, optometrist, physician, physician assistant, podiatrist, or veterinarian, or an advanced practice registered nurse authorized to prescribe, dispense, and administer under section 148.235. Any changes in drug therapy or medication administration made pursuant to a protocol or collaborative practice agreement must be documented by the pharmacist in the patient's medical record or reported by the pharmacist to a practitioner responsible for the patient's care;

(6) ~~participation in administration of influenza vaccines and~~ initiating, ordering, and administering influenza and COVID-19 or SARS-CoV-2 vaccines authorized or approved by the United States Food and Drug Administration ~~related to COVID-19 or SARS-CoV-2~~ to all eligible individuals ~~six~~ three years of age and older and all other United States Food and Drug Administration-approved vaccines to patients ~~13~~ six years of age and older ~~by written protocol with a physician licensed under chapter 147, a physician assistant authorized to prescribe drugs under chapter 147A, or an advanced practice registered nurse authorized to~~

~~prescribe drugs under section 148.235, provided that~~ according to the federal Advisory Committee on Immunization Practices recommendations. A pharmacist may delegate the authority to administer vaccines under this clause to a pharmacy technician or pharmacy intern who has completed training in vaccine administration if:

~~(i) the protocol includes, at a minimum:~~

~~(A) the name, dose, and route of each vaccine that may be given;~~

~~(B) the patient population for whom the vaccine may be given;~~

~~(C) contraindications and precautions to the vaccine;~~

~~(D) the procedure for handling an adverse reaction;~~

~~(E) the name, signature, and address of the physician, physician assistant, or advanced practice registered nurse;~~

~~(F) a telephone number at which the physician, physician assistant, or advanced practice registered nurse can be contacted; and~~

~~(G) the date and time period for which the protocol is valid;~~

~~(ii)~~ (i) the pharmacist ~~has~~ and the pharmacy technician or pharmacy intern have successfully completed a program approved by the Accreditation Council for Pharmacy Education (ACPE) specifically for the administration of immunizations or a program approved by the board;

~~(iii)~~ (ii) the pharmacist utilizes the Minnesota Immunization Information Connection to assess the immunization status of individuals prior to the administration of vaccines, except when administering influenza vaccines to individuals age nine and older;

~~(iv)~~ (iii) the pharmacist reports the administration of the immunization to the Minnesota Immunization Information Connection; ~~and~~

~~(v) the pharmacist complies with guidelines for vaccines and immunizations established by the federal Advisory Committee on Immunization Practices, except that a pharmacist does not need to comply with those portions of the guidelines that establish immunization schedules when administering a vaccine pursuant to a valid, patient-specific order issued by a physician licensed under chapter 147, a physician assistant authorized to prescribe drugs under chapter 147A, or an advanced practice registered nurse authorized to prescribe drugs under section 148.235, provided that the order is consistent with the United States Food and Drug Administration approved labeling of the vaccine;~~

(iv) if the patient is 18 years of age or younger, the pharmacist, pharmacy technician, or pharmacy intern informs the patient and any adult caregiver accompanying the patient of the importance of a well-child visit with a pediatrician or other licensed primary care provider; and

(v) in the case of a pharmacy technician administering vaccinations while being supervised by a licensed pharmacist:

(A) the supervision is in-person and must not be done through telehealth as defined under section 62A.673, subdivision 2;

(B) the pharmacist is readily and immediately available to the immunizing pharmacy technician;

(C) the pharmacy technician has a current certificate in basic cardiopulmonary resuscitation;

(D) the pharmacy technician has completed a minimum of two hours of ACPE-approved, immunization-related continuing pharmacy education as part of the pharmacy technician's two-year continuing education schedule; and

(E) the pharmacy technician has completed one of two training programs listed under Minnesota Rules, part 6800.3850, subpart 1h, item B;

(7) participation in the initiation, management, modification, and discontinuation of drug therapy according to a written protocol or collaborative practice agreement between: (i) one or more pharmacists and one or more dentists, optometrists, physicians, physician assistants, podiatrists, or veterinarians; or (ii) one or more pharmacists and one or more physician assistants authorized to prescribe, dispense, and administer under chapter 147A, or advanced practice registered nurses authorized to prescribe, dispense, and administer under section 148.235. Any changes in drug therapy made pursuant to a protocol or collaborative practice agreement must be documented by the pharmacist in the patient's medical record or reported by the pharmacist to a practitioner responsible for the patient's care;

(8) participation in the storage of drugs and the maintenance of records;

(9) patient counseling on therapeutic values, content, hazards, and uses of drugs and devices;

(10) offering or performing those acts, services, operations, or transactions necessary in the conduct, operation, management, and control of a pharmacy;

(11) participation in the initiation, management, modification, and discontinuation of therapy with opiate antagonists, as defined in section 604A.04, subdivision 1, pursuant to:

(i) a written protocol as allowed under clause (7); or

(ii) a written protocol with a community health board medical consultant or a practitioner designated by the commissioner of health, as allowed under section 151.37, subdivision 13;

(12) prescribing self-administered hormonal contraceptives; nicotine replacement medications; and opiate antagonists for the treatment of an acute opiate overdose pursuant to section 151.37, subdivision 14, 15, or 16; ~~and~~

(13) participation in the placement of drug monitoring devices according to a prescription, protocol, or collaborative practice agreement~~.~~;

(14) prescribing, dispensing, and administering drugs for preventing the acquisition of human immunodeficiency virus (HIV) if the pharmacist meets the requirements in section 151.37, subdivision 17; and

(15) ordering, conducting, and interpreting laboratory tests necessary for therapies that use drugs for preventing the acquisition of HIV, if the pharmacist meets the requirements in section 151.37, subdivision 17.

EFFECTIVE DATE. This section is effective July 1, 2024, except that clauses (14) and (15) are effective January 1, 2026.

Sec. 4. Minnesota Statutes 2022, section 151.065, is amended by adding a subdivision to read:

Subd. 4a. **Application and fee; relocation.** A person who is registered with or licensed by the board must submit a new application to the board before relocating the physical location of the person's business. An application must be submitted for each affected license. The application must set forth the proposed change of location on a form established by the board. If the licensee or registrant remitted payment for the full amount during the state's fiscal year, the relocation application fee is the same as the application fee in subdivision 1, except that the fees in clauses (6) to (9) and (11) to (16) are reduced by $5,000 and the fee in clause (16) is reduced by $55,000. If the application is made within 60 days before the date of the original license or registration expiration, the applicant must pay the full application fee provided in subdivision 1. Upon approval of an application for a relocation, the board shall issue a new license or registration.

Sec. 5. Minnesota Statutes 2022, section 151.065, is amended by adding a subdivision to read:

Subd. 4b. **Application and fee; change of ownership.** A person who is registered with or licensed by the board must submit a new application to the board before changing the ownership of the licensee or registrant. An application must be submitted for each affected license. The application must set forth the proposed change of ownership on a form established by the board. If the licensee or registrant remitted payment for the full amount during the state's fiscal year, the application fee is the same as the application fee in subdivision 1, except that the fees in clauses (6) to (9) and (11) to (16) are reduced by $5,000 and the fee in clause (16) is reduced by $55,000. If the application is made within 60 days before the date of the original license or registration expiration, the applicant must pay the full application fee provided in subdivision 1. Upon approval of an application for a change of ownership, the board shall issue a new license or registration.

Sec. 6. Minnesota Statutes 2022, section 151.065, is amended by adding a subdivision to read:

Subd. 8. **Transfer of licenses.** Licenses and registrations granted by the board are not transferable.

Sec. 7. Minnesota Statutes 2022, section 151.066, subdivision 1, is amended to read:

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

(b) "Manufacturer" means a manufacturer licensed under section 151.252 ~~that is engaged in the manufacturing of an opiate~~, excluding those exclusively licensed to manufacture medical gas.

(c) "Opiate" means any opiate-containing controlled substance listed in section 152.02, subdivisions 3 to 5, that is distributed, delivered, sold, or dispensed into or within this state.

(d) "Third-party logistics provider" means a third-party logistics provider licensed under section 151.471.

(e) "Wholesaler" means a wholesale drug distributor licensed under section 151.47 ~~that is engaged in the wholesale drug distribution of an opiate~~, excluding those exclusively licensed to distribute medical gas.

Sec. 8. Minnesota Statutes 2022, section 151.066, subdivision 2, is amended to read:

Subd. 2. **Reporting requirements.** (a) By March 1 of each year, beginning March 1, 2020, each manufacturer and each wholesaler must report to the board every sale, delivery, or other distribution within or into this state of any opiate that is made to any practitioner, pharmacy, hospital, veterinary hospital, or other person who is permitted by section 151.37 to possess controlled substances for administration or

dispensing to patients that occurred during the previous calendar year. Reporting must be in the automation of reports and consolidated orders system format unless otherwise specified by the board. If no reportable distributions occurred for a given year, notification must be provided to the board in a manner specified by the board. If a manufacturer or wholesaler fails to provide information required under this paragraph on a timely basis, the board may assess an administrative penalty of $500 per day. This penalty shall not be considered a form of disciplinary action.

(b) By March 1 of each year, beginning March 1, 2020, each owner of a pharmacy with at least one location within this state must report to the board any intracompany delivery or distribution into this state, of any opiate, to the extent that those deliveries and distributions are not reported to the board by a licensed wholesaler owned by, under contract to, or otherwise operating on behalf of the owner of the pharmacy. Reporting must be in the manner and format specified by the board for deliveries and distributions that occurred during the previous calendar year. The report must include the name of the manufacturer or wholesaler from which the owner of the pharmacy ultimately purchased the opiate, and the amount and date that the purchase occurred.

(c) By March 1 of each year, beginning March 1, 2025, each third-party logistics provider must report to the board any delivery or distribution into this state of any opiate, to the extent that those deliveries and distributions are not reported to the board by a licensed wholesaler or manufacturer. Reporting must be in the manner and format specified by the board for deliveries and distributions that occurred during the previous calendar year.

Sec. 9. Minnesota Statutes 2022, section 151.066, subdivision 3, is amended to read:

Subd. 3. **Determination of an opiate product registration fee.** (a) The board shall annually assess an opiate product registration fee on any manufacturer of an opiate that annually sells, delivers, or distributes an opiate within or into the state in a quantity of 2,000,000 or more units as reported to the board under subdivision 2.

(b) For purposes of assessing the annual registration fee under this section and determining the number of opiate units a manufacturer sold, delivered, or distributed within or into the state, the board shall not consider any opiate that is used for substance use disorder treatment with medications for opioid use disorder.

(c) The annual registration fee for each manufacturer meeting the requirement under paragraph (a) is $250,000.

(d) In conjunction with the data reported under this section, and notwithstanding section 152.126, subdivision 6, the board may use the data reported under section 152.126, subdivision 4, to determine which manufacturers meet the requirement under paragraph (a) and are required to pay the registration fees under this subdivision.

(e) By April 1 of each year, beginning April 1, 2020, the board shall notify a manufacturer that the manufacturer meets the requirement in paragraph (a) and is required to pay the annual registration fee in accordance with section 151.252, subdivision 1, paragraph (b).

(f) A manufacturer may dispute the board's determination that the manufacturer must pay the registration fee no later than 30 days after the date of notification. However, the manufacturer must still remit the fee as required by section 151.252, subdivision 1, paragraph (b). The dispute must be filed with the board in the manner and using the forms specified by the board. A manufacturer must submit, with the required forms, data satisfactory to the board that demonstrates that the assessment of the registration fee was incorrect. The board must make a decision concerning a dispute no later than 60 days after receiving the required

dispute forms. If the board determines that the manufacturer has satisfactorily demonstrated that the fee was incorrectly assessed, the board must refund the amount paid in error.

(g) For purposes of this subdivision, a unit means the individual dosage form of the particular drug product that is prescribed to the patient. One unit equals one tablet, capsule, patch, syringe, milliliter, or gram.

(h) For the purposes of this subdivision, an opiate's units will be assigned to the manufacturer holding the New Drug Application (NDA) or Abbreviated New Drug Application (ANDA), as listed by the United States Food and Drug Administration.

Sec. 10. Minnesota Statutes 2022, section 151.212, is amended by adding a subdivision to read:

Subd. 4. **Accessible prescription drug container labels.** (a) A pharmacy must:

(1) make reasonable efforts to inform the public that an accessible prescription drug container label is available at no additional cost, upon request of the patient or the patient's representative, to any patient who has difficulty seeing or reading standard printed labels on prescription drug containers; and

(2) if the pharmacy knows that the patient has difficulty seeing or reading standard printed labels on prescription drug containers, inform a patient that an accessible prescription drug container label is available at no additional cost upon request of the patient or the patient's representative.

(b) Subject to paragraph (e), if a patient requests an accessible container label, the pharmacy must provide the patient with a prescription drug container label in large print, Braille, or may provide any other method included in the best practices for access to prescription drug labeling information by the United States Access Board, or its successor organization, depending on the need and preference of the patient. The pharmacy must make reasonable efforts to ensure patient safety and access during the time it takes to provide the requested method of accessibility.

(c) The accessible container label must:

(1) be affixed on the container in compliance with section 151.212, subdivision 1;

(2) last for at least the duration of the prescription;

(3) contain the information required under subdivisions 1 and 2;

(4) be available in a timely manner relative to the industry standard time required to produce the accessible container label; and

(5) conform with the best practices established by the United States Access Board, or its successor organization, for large print and Braille accessible container labels.

(d) By January 1, 2025, the commissioner of health must publish a list of pharmacies that have informed the commissioner that the pharmacy has the technological capacity to provide an accessible container label to a patient in the timely manner required by paragraph (c), clause (4). The commissioner must update this list on a quarterly basis until January 1, 2026.

(e) Until January 1, 2026, if the pharmacy does not have the technological capacity to provide an accessible container label to a patient in the timely manner required by paragraph (c), clause (4), the pharmacy is not required to provide an accessible container label to a patient requesting such a label, but the pharmacy

must inform the patient of the list of pharmacies with such capacity required pursuant to paragraph (d), if such list is published.

(f) On and after January 1, 2026, all pharmacies must be able to provide an accessible container label in the timely manner required by paragraph (c), clause (4).

(g) This subdivision does not apply to prescription drugs dispensed and administered by a correctional institution.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 11. Minnesota Statutes 2022, section 151.37, is amended by adding a subdivision to read:

Subd. 17. **Drugs for preventing the acquisition of HIV.** (a) A pharmacist is authorized to prescribe and administer drugs to prevent the acquisition of human immunodeficiency virus (HIV) in accordance with this subdivision.

(b) By January 1, 2025, the Board of Pharmacy shall develop a standardized protocol for a pharmacist to follow in prescribing the drugs described in paragraph (a). In developing the protocol, the board may consult with community health advocacy groups, the Board of Medical Practice, the Board of Nursing, the commissioner of health, professional pharmacy associations, and professional associations for physicians, physician assistants, and advanced practice registered nurses.

(c) Before a pharmacist is authorized to prescribe a drug described in paragraph (a), the pharmacist must successfully complete a training program specifically developed for prescribing drugs for preventing the acquisition of HIV that is offered by a college of pharmacy, a continuing education provider that is accredited by the Accreditation Council for Pharmacy Education, or a program approved by the board. To maintain authorization to prescribe, the pharmacist shall complete continuing education requirements as specified by the board.

(d) Before prescribing a drug described in paragraph (a), the pharmacist shall follow the appropriate standardized protocol developed under paragraph (b) and, if appropriate, may dispense to a patient a drug described in paragraph (a).

(e) Before dispensing a drug described in paragraph (a) that is prescribed by the pharmacist, the pharmacist must provide counseling to the patient on the use of the drugs and must provide the patient with a fact sheet that includes the indications and contraindications for the use of these drugs, the appropriate method for using these drugs, the need for medical follow up, and any additional information listed in Minnesota Rules, part 6800.0910, subpart 2, that is required to be provided to a patient during the counseling process.

(f) A pharmacist is prohibited from delegating the prescribing authority provided under this subdivision to any other person. A pharmacist intern registered under section 151.101 may prepare the prescription, but before the prescription is processed or dispensed, a pharmacist authorized to prescribe under this subdivision must review, approve, and sign the prescription.

(g) Nothing in this subdivision prohibits a pharmacist from participating in the initiation, management, modification, and discontinuation of drug therapy according to a protocol as authorized in this section and in section 151.01, subdivision 27.

EFFECTIVE DATE. This section is effective January 1, 2025, except that paragraph (b) is effective the day following final enactment.

Sec. 12. Minnesota Statutes 2023 Supplement, section 151.555, subdivision 1, is amended to read:

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~~ an individual at least 18 years of age, provided that the drug or medical supply that is donated was obtained legally and meets the requirements of this section for donation; or

(2) ~~a skilled nursing facility licensed under chapter 144A;~~ any entity legally authorized to possess medicine with a license or permit in good standing in the state in which it is located, without further restrictions, including but not limited to a health care facility, skilled nursing facility, assisted living facility, pharmacy, wholesaler, and drug manufacturer.

~~(3) an assisted living facility licensed under chapter 144G;~~

~~(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;~~

~~(6) a drug manufacturer licensed under section 151.252; or~~

~~(7) an individual at least 18 years of age, provided that the drug or medical supply that is donated was obtained legally and meets the requirements of this section for donation.~~

(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; or any over-the-counter medication that 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 or nonprescription medical supplies needed to administer a 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.

(j) "Practitioner" has the meaning given in section 151.01, subdivision 23, except that it does not include a veterinarian.

Sec. 13. Minnesota Statutes 2023 Supplement, section 151.555, subdivision 4, is amended to read:

Subd. 4. **Local repository requirements.** (a) To be eligible for participation in the medication repository program, a health care facility must agree to comply with all applicable federal and state laws, rules, and regulations pertaining to the medication 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 website:

(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 medication repository program is voluntary. A local repository may withdraw from participation in the medication 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 website. ~~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.~~

Sec. 14. Minnesota Statutes 2023 Supplement, section 151.555, subdivision 5, is amended to read:

Subd. 5. **Individual eligibility and application requirements.** (a) ~~To be eligible for the medication repository program~~ At the time of or before receiving donated drugs or supplies as a new eligible patient, an individual must submit to a local repository an electronic or physical intake application form that is signed by the individual and attests that the individual:

(1) is a resident of Minnesota;

(2) is uninsured ~~and is not enrolled in the medical assistance program under chapter 256B or the MinnesotaCare program under chapter 256L~~, 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.

~~(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)~~ (b) The local repository shall send a copy of the intake application form to the central repository by regular mail, facsimile, or secured email within ten days from the date the application is approved by the local repository.

~~(d)~~ (c) The board shall develop and make available on the board's website an application form ~~and the format for the identification card~~.

Sec. 15. Minnesota Statutes 2023 Supplement, section 151.555, subdivision 6, is amended to read:

Subd. 6. **Standards and procedures for accepting donations of drugs and supplies.** (a) Notwithstanding any other law or rule, a donor may donate 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 drug is eligible for donation under the medication repository program if the following requirements are met:

~~(1) the donation is accompanied by a medication 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)~~ (1) 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)~~ (2) 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)~~ (3) the drug or the packaging does not have any physical signs of tampering, misbranding, deterioration, compromised integrity, or adulteration;

~~(5)~~ (4) 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)~~ (5) the drug is not a controlled substance.

(c) A medical supply is eligible for donation under the medication 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; and

~~(3) the donation is accompanied by a medication 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)~~ (3) 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.

(d) The board shall develop the medication repository donor form and make it available on the board's website. ~~The form must state that to the best of the donor's knowledge the donated drug or supply has been properly stored under appropriate temperature and humidity conditions and that the drug or supply has never been opened, used, tampered with, adulterated, or misbranded.~~ Prior to the first donation from a new donor, a central repository or local repository shall verify and record the following information on the donor form:

(1) the donor's name, address, phone number, and license number, if applicable;

(2) that the donor will only make donations in accordance with the program;

(3) to the best of the donor's knowledge, only drugs or supplies that have been properly stored under appropriate temperature and humidity conditions will be donated; and

(4) to the best of the donor's knowledge, only drugs or supplies that have never been opened, used, tampered with, adulterated, or misbranded will be donated.

(e) Notwithstanding any other law or rule, a central repository or a local repository may receive donated drugs from donors. 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~~ prior to dispensing. A drop box must not be used to deliver or accept donations.

(f) The central repository and local repository shall maintain a written or electronic inventory of all drugs and supplies donated to the repository upon acceptance of each drug or supply. 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. The board may waive the requirement under this paragraph if an entity is under common ownership or control with a central repository or local repository and either the entity or the repository maintains an inventory containing all the information required under this paragraph.

Sec. 16. Minnesota Statutes 2023 Supplement, section 151.555, subdivision 7, is amended to read:

Subd. 7. **Standards and procedures for inspecting and storing donated 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 drugs and supplies before the drug or supply is dispensed 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, has not been subject to a recall, 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.

(c) The central repository and local repositories shall dispose of all 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 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 two years. For each drug or supply destroyed, the record shall include the following information:

(1) the date of destruction;

(2) the name, strength, and quantity of the drug destroyed; and

(3) the name of the person or firm that destroyed the drug.

No other record of destruction is required.

Sec. 17. Minnesota Statutes 2023 Supplement, section 151.555, subdivision 8, is amended to read:

Subd. 8. **Dispensing requirements.** (a) Donated prescription 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 drugs in compliance with applicable federal and state laws and regulations for dispensing 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~~ the first drug or supply is dispensed or administered to an individual, the individual must sign ~~a~~ an electronic or physical 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 website. 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 medication 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.

Sec. 18. Minnesota Statutes 2023 Supplement, section 151.555, subdivision 9, is amended to read:

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 medication repository program shall not receive reimbursement under the medical assistance program or the MinnesotaCare program for that dispensed or administered drug or supply.

(c) A supply or handling fee must not be charged to an individual enrolled in the medical assistance or MinnesotaCare program.

Sec. 19. Minnesota Statutes 2023 Supplement, section 151.555, subdivision 11, is amended to read:

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 website:

(1) intake application form described under subdivision 5;

(2) local repository participation form described under subdivision 4;

(3) local repository withdrawal form described under subdivision 4;

(4) medication repository donor form described under subdivision 6;

(5) record of destruction form described under subdivision 7; and

(6) medication repository recipient form described under subdivision 8.

Participants may use substantively similar electronic or physical forms.

(b) All records, including drug inventory~~, inspection,~~ and disposal of donated drugs and medical supplies, must be maintained by a repository for a minimum of two years. Records required as part of this program must be maintained pursuant to all applicable practice acts.

(c) Data collected by the medication 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.

Sec. 20. Minnesota Statutes 2023 Supplement, section 151.555, subdivision 12, is amended to read:

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, or a person or entity that facilitates any of the above 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~~ person or entity 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.

Sec. 21. Minnesota Statutes 2022, section 256B.0625, subdivision 10, is amended to read:

Subd. 10. **Laboratory, x-ray, and opioid testing services.** (a) Medical assistance covers laboratory and x-ray services.

(b) Medical assistance covers screening and urinalysis tests for opioids without lifetime or annual limits.

(c) Medical assistance covers laboratory tests ordered and performed by a licensed pharmacist, according to the requirements of section 151.01, subdivision 27, clause (3), at no less than the rate for which the same services are covered when provided by any other licensed practitioner.

EFFECTIVE DATE. This section is effective January 1, 2025, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 22. Minnesota Statutes 2023 Supplement, 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;

(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 must not be required for liquid methadone if only one version of liquid methadone is available. If more than one version of liquid methadone is available, the commissioner shall ensure that at least one version of liquid methadone is available without prior authorization.

(e) Prior authorization may be required for an oral liquid form of a drug, except as described in paragraph (d). A prior authorization request under this paragraph must be automatically approved within 24 hours if the drug is being prescribed for a Food and Drug Administration-approved condition for a patient who utilizes an enteral tube for feedings or medication administration, even if the patient has current or prior claims for pills for that condition. If more than one version of the oral liquid form of a drug is available, the commissioner may select the version that is able to be approved for a Food and Drug Administration-approved condition for a patient who utilizes an enteral tube for feedings or medication administration. This paragraph applies to any multistate preferred drug list or supplemental drug rebate program established or administered by the commissioner. The commissioner shall design and implement a streamlined prior authorization form for patients who utilize an enteral tube for feedings or medication administration and are prescribed an oral liquid form of a drug. 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) 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.

(g) Prior authorization under this subdivision shall comply with section 62Q.184.

(h) Any step therapy protocol requirements established by the commissioner must comply with section 62Q.1841.

(i) Notwithstanding any law to the contrary, prior authorization or step therapy shall not be required or utilized for any class of drugs that is approved by the United States Food and Drug Administration for the treatment or prevention of HIV and AIDS.

EFFECTIVE DATE. This section is effective January 1, 2026.

Sec. 23. Minnesota Statutes 2022, section 256B.0625, subdivision 39, is amended to read:

Subd. 39. **Childhood immunizations.** (a) Providers who administer pediatric vaccines within the scope of their licensure, and who are enrolled as a medical assistance provider, must enroll in the pediatric vaccine administration program established by section 13631 of the Omnibus Budget Reconciliation Act of 1993. Medical assistance shall pay for administration of the vaccine to children eligible for medical assistance. Medical assistance does not pay for vaccines that are available at no cost from the pediatric vaccine administration program unless the vaccines qualify for 100 percent federal funding or are mandated by the Centers for Medicare and Medicaid Services to be covered outside of the Vaccines for Children program.

(b) Medical assistance covers vaccines initiated, ordered, or administered by a licensed pharmacist, according to the requirements of section 151.01, subdivision 27, clause (6), at no less than the rate for which the same services are covered when provided by any other licensed practitioner.

EFFECTIVE DATE. The amendment to paragraph (a) is effective July 1, 2024. Paragraph (b) is effective January 1, 2025, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 24. **DIRECTION TO THE COMMISSIONER; ASSESSMENT OF LICENSED OUTPATIENT PHARMACIES; REPORT.**

The commissioner of health, in consultation with the Board of Pharmacy, must conduct an assessment of licensed outpatient pharmacies and vendors of audible container labels and prescription readers to determine: (1) the approximate number of such pharmacies currently providing accessible labels to individuals who cannot access large print or Braille labels; and (2) the approximate cost to such pharmacies to provide accessible labels to individuals who cannot access large print or Braille labels. By January 15, 2025, the commissioner must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services finance and policy. The report must include the assessment results and recommendations for providing accessible labels to those who cannot access large print or Braille labels.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 25. **RULEMAKING; BOARD OF PHARMACY.**

The Board of Pharmacy must amend Minnesota Rules, part 6800.3400, to permit and promote the inclusion of the following on a prescription label:

(1) the complete and unabbreviated generic name of the drug; and

(2) instructions written in plain language explaining the patient-specific indications for the drug if the patient-specific indications are indicated on the prescription.

The Board of Pharmacy must comply with Minnesota Statutes, section 14.389, in adopting the amendment to the rule.

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

ARTICLE 61

BEHAVIORAL HEALTH

Section 1. Minnesota Statutes 2022, section 245.462, subdivision 6, is amended to read:

Subd. 6. **Community support services program.** "Community support services program" means services, other than inpatient or residential treatment services, provided or coordinated by an identified program and staff under the treatment supervision of a mental health professional designed to help adults with serious and persistent mental illness to function and remain in the community. A community support services program includes:

(1) client outreach,

(2) medication monitoring,

(3) assistance in independent living skills,

(4) development of employability and work-related opportunities,

(5) crisis assistance,

(6) psychosocial rehabilitation,

(7) help in applying for government benefits, and

(8) housing support services.

The community support services program must be coordinated with the case management services specified in section 245.4711. A program that meets the accreditation standards for Clubhouse International model programs meets the requirements of this subdivision.

Sec. 2. Minnesota Statutes 2022, section 245.4663, subdivision 2, is amended to read:

Subd. 2. **Eligible providers.** In order to be eligible for a grant under this section, a mental health provider must:

(1) provide at least 25 percent of the provider's yearly patient encounters to state public program enrollees or patients receiving sliding fee schedule discounts through a formal sliding fee schedule meeting the

standards established by the United States Department of Health and Human Services under Code of Federal Regulations, title 42, section 51c.303; ~~or~~

(2) primarily serve underrepresented communities as defined in section 148E.010, subdivision 20~~.~~; or

(3) provide services to people in a city or township that is not within the seven-county metropolitan area as defined in section 473.121, subdivision 2, and is not the city of Duluth, Mankato, Moorhead, Rochester, or St. Cloud.

Sec. 3. Minnesota Statutes 2023 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 emotional disturbances or severe emotional disturbances who are at risk of ~~out-of-home placement or~~ residential treatment or hospitalization, who are already in out-of-home placement in family foster settings as defined in chapter 245A and at risk of change in out-of-home placement or placement in a residential facility or other higher level of care, who have utilized crisis services or emergency room services, or who have experienced a loss of in-home staffing support. Allowable activities and expenses for respite care services are defined under subdivision 4. A child is not required to have case management services to receive respite care services. Counties must work to provide access to regularly scheduled respite care;

(4) children's mental health crisis services;

(5) child-, youth-, and family-specific mobile response and stabilization services models;

(6) mental health services for people from cultural and ethnic minorities, including supervision of clinical trainees who are Black, indigenous, or people of color;

(7) children's mental health screening and follow-up diagnostic assessment and treatment;

(8) services to promote and develop the capacity of providers to use evidence-based practices in providing children's mental health services;

(9) school-linked mental health services under section 245.4901;

(10) building evidence-based mental health intervention capacity for children birth to age five;

(11) suicide prevention and counseling services that use text messaging statewide;

(12) mental health first aid training;

(13) training for parents, collaborative partners, and mental health providers on the impact of adverse childhood experiences and trauma and development of an interactive website to share information and strategies to promote resilience and prevent trauma;

(14) transition age services to develop or expand mental health treatment and supports for adolescents and young adults 26 years of age or younger;

(15) early childhood mental health consultation;

(16) 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;

(17) psychiatric consultation for primary care practitioners; and

(18) 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 shall obtain all available third-party reimbursement sources, if applicable.

(e) The commissioner may establish and design a pilot program to expand the mobile response and stabilization services model for children, youth, and families. The commissioner may use grant funding to consult with a qualified expert entity to assist in the formulation of measurable outcomes and explore and position the state to submit a Medicaid state plan amendment to scale the model statewide.

Sec. 4. Minnesota Statutes 2023 Supplement, section 245.735, subdivision 3, is amended to read:

Subd. 3. **Certified community behavioral health clinics.** (a) The commissioner shall establish state certification and recertification processes for certified community behavioral health clinics (CCBHCs) that satisfy all federal requirements necessary for CCBHCs certified under this section to be eligible for reimbursement under medical assistance, without service area limits based on geographic area or region. The commissioner shall consult with CCBHC stakeholders before establishing and implementing changes in the certification or recertification process and requirements. Any changes to the certification or recertification process or requirements must be consistent with the most recently issued Certified Community Behavioral Health Clinic Certification Criteria published by the Substance Abuse and Mental Health Services Administration. The commissioner must allow a transition period for CCBHCs to meet the revised criteria ~~prior to July 1, 2024~~ on or before January 1, 2025. The commissioner is authorized to amend the state's Medicaid state plan or the terms of the demonstration to comply with federal requirements.

(b) As part of the state CCBHC certification and recertification processes, the commissioner shall provide to entities applying for certification or requesting recertification the standard requirements of the community needs assessment and the staffing plan that are consistent with the most recently issued Certified Community Behavioral Health Clinic Certification Criteria published by the Substance Abuse and Mental Health Services Administration.

(c) The commissioner shall schedule a certification review that includes a site visit within 90 calendar days of receipt of an application for certification or recertification.

(d) Entities that choose to be CCBHCs must:

(1) complete a community needs assessment and complete a staffing plan that is responsive to the needs identified in the community needs assessment and update both the community needs assessment and the staffing plan no less frequently than every 36 months;

(2) comply with state licensing requirements and other requirements issued by the commissioner;

(3) employ or contract with a medical director. A medical director must be a physician licensed under chapter 147 and either certified by the American Board of Psychiatry and Neurology, certified by the American Osteopathic Board of Neurology and Psychiatry, or eligible for board certification in psychiatry. A registered nurse who is licensed under sections 148.171 to 148.285 and is certified as a nurse practitioner in adult or family psychiatric and mental health nursing by a national nurse certification organization may serve as the medical director when a CCBHC is unable to employ or contract a qualified physician;

(4) employ or contract for clinic staff who have backgrounds in diverse disciplines, including licensed mental health professionals and licensed alcohol and drug counselors, and staff who are culturally and linguistically trained to meet the needs of the population the clinic serves;

(5) ensure that clinic services are available and accessible to individuals and families of all ages and genders with access on evenings and weekends and that crisis management services are available 24 hours per day;

(6) establish fees for clinic services for individuals who are not enrolled in medical assistance using a sliding fee scale that ensures that services to patients are not denied or limited due to an individual's inability to pay for services;

(7) comply with quality assurance reporting requirements and other reporting requirements included in the most recently issued Certified Community Behavioral Health Clinic Certification Criteria published by the Substance Abuse and Mental Health Services Administration;

(8) provide crisis mental health and substance use services, withdrawal management services, emergency crisis intervention services, and stabilization services through existing mobile crisis services; screening, assessment, and diagnosis services, including risk assessments and level of care determinations; person- and family-centered treatment planning; outpatient mental health and substance use services; targeted case management; psychiatric rehabilitation services; peer support and counselor services and family support services; and intensive community-based mental health services, including mental health services for members of the armed forces and veterans. CCBHCs must directly provide the majority of these services to enrollees, but may coordinate some services with another entity through a collaboration or agreement, pursuant to subdivision 3a;

(9) provide coordination of care across settings and providers to ensure seamless transitions for individuals being served across the full spectrum of health services, including acute, chronic, and behavioral needs;

(10) be certified as a mental health clinic under section 245I.20;

(11) comply with standards established by the commissioner relating to CCBHC screenings, assessments, and evaluations that are consistent with this section;

(12) be licensed to provide substance use disorder treatment under chapter 245G;

(13) be certified to provide children's therapeutic services and supports under section 256B.0943;

(14) be certified to provide adult rehabilitative mental health services under section 256B.0623;

(15) be enrolled to provide mental health crisis response services under section 256B.0624;

(16) be enrolled to provide mental health targeted case management under section 256B.0625, subdivision 20;

(17) provide services that comply with the evidence-based practices described in subdivision 3d;

(18) provide peer services as defined in sections 256B.0615, 256B.0616, and 245G.07, subdivision 2, clause (8), as applicable when peer services are provided; and

(19) inform all clients upon initiation of care of the full array of services available under the CCBHC model.

EFFECTIVE DATE. This section is effective upon federal approval. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 5. Minnesota Statutes 2022, section 245I.02, subdivision 17, is amended to read:

Subd. 17. **Functional assessment.** "Functional assessment" means the assessment of a client's current level of functioning relative to functioning that is appropriate for someone the client's age. ~~For a client five years of age or younger, a functional assessment is the Early Childhood Service Intensity Instrument (ESCII). For a client six to 17 years of age, a functional assessment is the Child and Adolescent Service Intensity Instrument (CASII). For a client 18 years of age or older, a functional assessment is the functional assessment described in section 245I.10, subdivision 9.~~

Sec. 6. Minnesota Statutes 2022, section 245I.02, subdivision 19, is amended to read:

Subd. 19. **Level of care assessment.** "Level of care assessment" means the level of care decision support tool appropriate to the client's age. ~~For a client five years of age or younger, a level of care assessment is the Early Childhood Service Intensity Instrument (ESCII). For a client six to 17 years of age, a level of care assessment is the Child and Adolescent Service Intensity Instrument (CASII). For a client 18 years of age or older, a level of care assessment is the Level of Care Utilization System for Psychiatric and Addiction Services (LOCUS) or another tool authorized by the commissioner.~~

Sec. 7. Minnesota Statutes 2022, section 245I.04, subdivision 6, is amended to read:

Subd. 6. **Clinical trainee qualifications.** (a) A clinical trainee is a staff person who: (1) is enrolled in an accredited graduate program of study to prepare the staff person for independent licensure as a mental health professional and who is participating in a practicum or internship with the license holder through the individual's graduate program; ~~or~~ (2) has completed an accredited graduate program of study to prepare the staff person for independent licensure as a mental health professional and who is in compliance with the requirements of the applicable health-related licensing board, including requirements for supervised practice~~.~~; or (3) has completed an accredited graduate program of study to prepare the staff person for independent licensure as a mental health professional, has completed a practicum or internship and has not yet taken or received the results from the required test or is waiting for the final licensure decision.

(b) A clinical trainee is responsible for notifying and applying to a health-related licensing board to ensure that the trainee meets the requirements of the health-related licensing board. As permitted by a

health-related licensing board, treatment supervision under this chapter may be integrated into a plan to meet the supervisory requirements of the health-related licensing board but does not supersede those requirements.

Sec. 8. Minnesota Statutes 2022, section 245I.10, subdivision 9, is amended to read:

Subd. 9. **Functional assessment; required elements.** (a) When a license holder is completing a functional assessment for an adult client, the license holder must:

(1) complete a functional assessment of the client after completing the client's diagnostic assessment;

(2) use a collaborative process that allows the client and the client's family and other natural supports, the client's referral sources, and the client's providers to provide information about how the client's symptoms of mental illness impact the client's functioning;

(3) if applicable, document the reasons that the license holder did not contact the client's family and other natural supports;

(4) assess and document how the client's symptoms of mental illness impact the client's functioning in the following areas:

(i) the client's mental health symptoms;

(ii) the client's mental health service needs;

(iii) the client's substance use;

(iv) the client's vocational and educational functioning;

(v) the client's social functioning, including the use of leisure time;

(vi) the client's interpersonal functioning, including relationships with the client's family and other natural supports;

(vii) the client's ability to provide self-care and live independently;

(viii) the client's medical and dental health;

(ix) the client's financial assistance needs; and

(x) the client's housing and transportation needs;

~~(5) include a narrative summarizing the client's strengths, resources, and all areas of functional impairment;~~

~~(6)~~ (5) complete the client's functional assessment before the client's initial individual treatment plan unless a service specifies otherwise; and

~~(7)~~ (6) update the client's functional assessment with the client's current functioning whenever there is a significant change in the client's functioning or at least every ~~180~~ 365 days, unless a service specifies otherwise.

(b) A license holder may use any available, validated measurement tool, including but not limited to the Daily Living Activities-20, when completing the required elements of a functional assessment under this subdivision.

Sec. 9. Minnesota Statutes 2022, section 245I.11, subdivision 1, is amended to read:

Subdivision 1. **Generally.** (a) If a license holder is licensed as a residential program, stores or administers client medications, or observes clients self-administer medications, the license holder must ensure that a staff person who is a registered nurse or licensed prescriber is responsible for overseeing storage and administration of client medications and observing as a client self-administers medications, including training according to section 245I.05, subdivision 6, and documenting the occurrence according to section 245I.08, subdivision 5.

(b) For purposes of this section, "observed self-administration" means the preparation and administration of a medication by a client to themselves under the direct supervision of a registered nurse or a staff member to whom a registered nurse delegates supervision duty. Observed self-administration does not include a client's use of a medication that they keep in their own possession while participating in a program.

Sec. 10. Minnesota Statutes 2022, section 245I.11, is amended by adding a subdivision to read:

Subd. 6. **Medication administration in children's day treatment settings.** (a) For a program providing children's day treatment services under section 256B.0943, the license holder must maintain policies and procedures that state whether the program will store medication and administer or allow observed self-administration.

(b) For a program providing children's day treatment services under section 256B.0943 that does not store medications but allows clients to use a medication that they keep in their own possession while participating in a program, the license holder must maintain documentation from a licensed prescriber regarding the safety of medications held by clients, including:

(1) an evaluation that the client is capable of holding and administering the medication safely;

(2) an evaluation of whether the medication is prone to diversion, misuse, or self-injury; and

(3) any conditions under which the license holder should no longer allow the client to maintain the medication in their own possession.

Sec. 11. Minnesota Statutes 2022, section 245I.20, subdivision 4, is amended to read:

Subd. 4. **Minimum staffing standards.** (a) A certification holder's treatment team must consist of at least four mental health professionals. At least two of the mental health professionals must be employed by or under contract with the mental health clinic for a minimum of 35 hours per week each. ~~Each of the two mental health professionals must specialize in a different mental health discipline.~~

(b) The treatment team must include:

(1) a physician qualified as a mental health professional according to section 245I.04, subdivision 2, clause (4), or a nurse qualified as a mental health professional according to section 245I.04, subdivision 2, clause (1); and

(2) a psychologist qualified as a mental health professional according to section 245I.04, subdivision 2, clause (3).

(c) The staff persons fulfilling the requirement in paragraph (b) must provide clinical services at least:

(1) eight hours every two weeks if the mental health clinic has over 25.0 full-time equivalent treatment team members;

(2) eight hours each month if the mental health clinic has 15.1 to 25.0 full-time equivalent treatment team members;

(3) four hours each month if the mental health clinic has 5.1 to 15.0 full-time equivalent treatment team members; or

(4) two hours each month if the mental health clinic has 2.0 to 5.0 full-time equivalent treatment team members or only provides in-home services to clients.

(d) The certification holder must maintain a record that demonstrates compliance with this subdivision.

Sec. 12. Minnesota Statutes 2022, section 245I.23, subdivision 14, is amended to read:

Subd. 14. **Weekly team meetings.** (a) The license holder must hold weekly team meetings and ancillary meetings according to this subdivision.

(b) A mental health professional or certified rehabilitation specialist must hold at least one team meeting each calendar week ~~and~~. The mental health professional or certified rehabilitation specialist must lead and be physically present at the team meeting, except as permitted under paragraph (e). All treatment team members, including treatment team members who work on a part-time or intermittent basis, must participate in a minimum of one team meeting during each calendar week when the treatment team member is working for the license holder. The license holder must document all weekly team meetings, including the names of meeting attendees, and indicate whether the meeting was conducted remotely under paragraph (e).

(c) If a treatment team member cannot participate in a weekly team meeting, the treatment team member must participate in an ancillary meeting. A mental health professional, certified rehabilitation specialist, clinical trainee, or mental health practitioner who participated in the most recent weekly team meeting may lead the ancillary meeting. During the ancillary meeting, the treatment team member leading the ancillary meeting must review the information that was shared at the most recent weekly team meeting, including revisions to client treatment plans and other information that the treatment supervisors exchanged with treatment team members. The license holder must document all ancillary meetings, including the names of meeting attendees.

(d) If a treatment team member working only one shift during a week cannot participate in a weekly team meeting or participate in an ancillary meeting, the treatment team member must read the minutes of the weekly team meeting required to be documented in paragraph (b). The treatment team member must sign to acknowledge receipt of this information, and document pertinent information or questions. The mental health professional or certified rehabilitation specialist must review any documented questions or pertinent information before the next weekly team meeting.

(e) A license holder may permit a mental health professional or certified rehabilitation specialist to lead the weekly meeting remotely due to medical or weather conditions. If the conditions that do not permit physical presence persist for longer than one week, the license holder must request a variance to conduct additional meetings remotely.

Sec. 13. Minnesota Statutes 2023 Supplement, section 254B.04, subdivision 1a, is amended to read:

Subd. 1a. **Client eligibility.** (a) Persons eligible for benefits under Code of Federal Regulations, title 25, part 20, who meet the income standards of section 256B.056, subdivision 4, and are not enrolled in medical assistance, are entitled to behavioral health fund services. State money appropriated for this paragraph must be placed in a separate account established for this purpose.

(b) Persons with dependent children who are determined to be in need of substance use disorder treatment pursuant to an assessment under section 260E.20, subdivision 1, or in need of chemical dependency treatment pursuant to a case plan under section 260C.201, subdivision 6, or 260C.212, shall be assisted by the local agency to access needed treatment services. Treatment services must be appropriate for the individual or family, which may include long-term care treatment or treatment in a facility that allows the dependent children to stay in the treatment facility. The county shall pay for out-of-home placement costs, if applicable.

(c) Notwithstanding paragraph (a), ~~persons~~ any person enrolled in medical assistance ~~are~~ or MinnesotaCare is eligible for room and board services under section 254B.05, subdivision 5, paragraph (b), clause ~~(12)~~ (9).

(d) A client is eligible to have substance use disorder treatment paid for with funds from the behavioral health fund when the client:

(1) is eligible for MFIP as determined under chapter 256J;

(2) is eligible for medical assistance as determined under Minnesota Rules, parts 9505.0010 to 9505.0150;

(3) is eligible for general assistance, general assistance medical care, or work readiness as determined under Minnesota Rules, parts 9500.1200 to 9500.1318; or

(4) has income that is within current household size and income guidelines for entitled persons, as defined in this subdivision and subdivision 7.

(e) Clients who meet the financial eligibility requirement in paragraph (a) and who have a third-party payment source are eligible for the behavioral health fund if the third-party payment source pays less than 100 percent of the cost of treatment services for eligible clients.

(f) A client is ineligible to have substance use disorder treatment services paid for with behavioral health fund money if the client:

(1) has an income that exceeds current household size and income guidelines for entitled persons as defined in this subdivision and subdivision 7; or

(2) has an available third-party payment source that will pay the total cost of the client's treatment.

(g) A client who is disenrolled from a state prepaid health plan during a treatment episode is eligible for continued treatment service that is paid for by the behavioral health fund until the treatment episode is completed or the client is re-enrolled in a state prepaid health plan if the client:

(1) continues to be enrolled in MinnesotaCare, medical assistance, or general assistance medical care; or

(2) is eligible according to paragraphs (a) and (b) and is determined eligible by a local agency under section 254B.04.

(h) When a county commits a client under chapter 253B to a regional treatment center for substance use disorder services and the client is ineligible for the behavioral health fund, the county is responsible for the payment to the regional treatment center according to section 254B.05, subdivision 4.

(i) Persons enrolled in MinnesotaCare are eligible for room and board services when provided through intensive residential treatment services and residential crisis services under section 256B.0622.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 14. **[256B.0617] MENTAL HEALTH SERVICES PROVIDER CERTIFICATION.**

(a) The commissioner of human services shall establish an initial provider entity application and certification and recertification processes to determine whether a provider entity has administrative and clinical infrastructures that meet the certification requirements. This process applies to providers of the following services:

(1) children's intensive behavioral health services under section 256B.0946; and

(2) intensive nonresidential rehabilitative mental health services under section 256B.0947.

(b) The commissioner shall recertify a provider entity every three years using the individual provider's certification anniversary or the calendar year end. The commissioner may approve a recertification extension in the interest of sustaining services when a certain date for recertification is identified.

(c) The commissioner shall establish a process for decertification of a provider entity and shall require corrective action, medical assistance repayment, or decertification of a provider entity that no longer meets the requirements in this section or that fails to meet the clinical quality standards or administrative standards provided by the commissioner in the application and certification process.

(d) The commissioner must provide the following to provider entities for the certification, recertification, and decertification processes:

(1) a structured listing of required provider certification criteria;

(2) a formal written letter with a determination of certification, recertification, or decertification signed by the commissioner or the appropriate division director; and

(3) a formal written communication outlining the process for necessary corrective action and follow-up by the commissioner signed by the commissioner or their designee, if applicable. In the case of corrective action, the commissioner may schedule interim recertification site reviews to confirm certification or decertification.

EFFECTIVE DATE. This section is effective July 1, 2024, and the commissioner of human services must implement all requirements of this section by September 1, 2024.

Sec. 15. Minnesota Statutes 2022, section 256B.0622, subdivision 2a, is amended to read:

Subd. 2a. **Eligibility for assertive community treatment.** (a) An eligible client for assertive community treatment is an individual who meets the following criteria as assessed by an ACT team:

(1) is age 18 or older. Individuals ages 16 and 17 may be eligible upon approval by the commissioner;

(2) has a primary diagnosis of schizophrenia, schizoaffective disorder, major depressive disorder with psychotic features, other psychotic disorders, or bipolar disorder. Individuals with other psychiatric illnesses may qualify for assertive community treatment if they have a serious mental illness and meet the criteria outlined in clauses (3) and (4), but no more than ten percent of an ACT team's clients may be eligible based on this criteria. Individuals with a primary diagnosis of a substance use disorder, intellectual developmental disabilities, borderline personality disorder, antisocial personality disorder, traumatic brain injury, or an autism spectrum disorder are not eligible for assertive community treatment;

(3) has significant functional impairment as demonstrated by at least one of the following conditions:

(i) significant difficulty consistently performing the range of routine tasks required for basic adult functioning in the community or persistent difficulty performing daily living tasks without significant support or assistance;

(ii) significant difficulty maintaining employment at a self-sustaining level or significant difficulty consistently carrying out the head-of-household responsibilities; or

(iii) significant difficulty maintaining a safe living situation;

(4) has a need for continuous high-intensity services as evidenced by at least two of the following:

(i) two or more psychiatric hospitalizations or residential crisis stabilization services in the previous 12 months;

(ii) frequent utilization of mental health crisis services in the previous six months;

(iii) 30 or more consecutive days of psychiatric hospitalization in the previous 24 months;

(iv) intractable, persistent, or prolonged severe psychiatric symptoms;

(v) coexisting mental health and substance use disorders lasting at least six months;

(vi) recent history of involvement with the criminal justice system or demonstrated risk of future involvement;

(vii) significant difficulty meeting basic survival needs;

(viii) residing in substandard housing, experiencing homelessness, or facing imminent risk of homelessness;

(ix) significant impairment with social and interpersonal functioning such that basic needs are in jeopardy;

(x) coexisting mental health and physical health disorders lasting at least six months;

(xi) residing in an inpatient or supervised community residence but clinically assessed to be able to live in a more independent living situation if intensive services are provided;

(xii) requiring a residential placement if more intensive services are not available; or

(xiii) difficulty effectively using traditional office-based outpatient services;

(5) there are no indications that other available community-based services would be equally or more effective as evidenced by consistent and extensive efforts to treat the individual; and

(6) in the written opinion of a licensed mental health professional, has the need for mental health services that cannot be met with other available community-based services, or is likely to experience a mental health crisis or require a more restrictive setting if assertive community treatment is not provided.

(b) An individual meets the criteria for assertive community treatment under this section if they have participated within the last year or are currently participating in a first episode of psychosis program if the individual:

(1) meets the eligibility requirements outlined in paragraph (a), clauses (1), (2), (5), and (6); and

(2) needs the level of intensity provided by an ACT team, in the opinion of the individual's first episode of psychosis program, in order to prevent crisis services use, hospitalization, homelessness, and involvement with the criminal justice system.

Sec. 16. Minnesota Statutes 2022, section 256B.0622, subdivision 3a, is amended to read:

Subd. 3a. **Provider certification and contract requirements for assertive community treatment.** (a) The assertive community treatment provider must~~:~~

~~(1) have a contract with the host county to provide assertive community treatment services; and~~

~~(2)~~ have each ACT team be certified by the state following the certification process and procedures developed by the commissioner. The certification process determines whether the ACT team meets the standards for assertive community treatment under this section, the standards in chapter 245I as required in section 245I.011, subdivision 5, and minimum program fidelity standards as measured by a nationally recognized fidelity tool approved by the commissioner. Recertification must occur at least every three years.

(b) An ACT team certified under this subdivision must meet the following standards:

(1) have capacity to recruit, hire, manage, and train required ACT team members;

(2) have adequate administrative ability to ensure availability of services;

(3) ensure flexibility in service delivery to respond to the changing and intermittent care needs of a client as identified by the client and the individual treatment plan;

(4) keep all necessary records required by law;

(5) be an enrolled Medicaid provider; and

(6) establish and maintain a quality assurance plan to determine specific service outcomes and the client's satisfaction with services.

(c) The commissioner may intervene at any time and decertify an ACT team with cause. The commissioner shall establish a process for decertification of an ACT team and shall require corrective action, medical assistance repayment, or decertification of an ACT team that no longer meets the requirements in this section or that fails to meet the clinical quality standards or administrative standards provided by the commissioner in the application and certification process. The decertification is subject to appeal to the state.

Sec. 17. Minnesota Statutes 2022, section 256B.0622, subdivision 7a, is amended to read:

Subd. 7a. **Assertive community treatment team staff requirements and roles.** (a) The required treatment staff qualifications and roles for an ACT team are:

(1) the team leader:

(i) shall be a mental health professional. Individuals who are not licensed but who are eligible for licensure and are otherwise qualified may also fulfill this role ~~but must obtain full licensure within 24 months of assuming the role of team leader~~;

(ii) must be an active member of the ACT team and provide some direct services to clients;

(iii) must be a single full-time staff member, dedicated to the ACT team, who is responsible for overseeing the administrative operations of the team~~, providing treatment supervision of services in conjunction with the psychiatrist or psychiatric care provider,~~ and supervising team members to ensure delivery of best and ethical practices; and

(iv) must be available to ~~provide~~ ensure that overall treatment supervision to the ACT team is available after regular business hours and on weekends and holidays~~. The team leader may delegate this duty to another~~ and is provided by a qualified member of the ACT team;

(2) the psychiatric care provider:

(i) must be a mental health professional permitted to prescribe psychiatric medications as part of the mental health professional's scope of practice. The psychiatric care provider must have demonstrated clinical experience working with individuals with serious and persistent mental illness;

(ii) shall collaborate with the team leader in sharing overall clinical responsibility for screening and admitting clients; monitoring clients' treatment and team member service delivery; educating staff on psychiatric and nonpsychiatric medications, their side effects, and health-related conditions; actively collaborating with nurses; and helping provide treatment supervision to the team;

(iii) shall fulfill the following functions for assertive community treatment clients: provide assessment and treatment of clients' symptoms and response to medications, including side effects; provide brief therapy to clients; provide diagnostic and medication education to clients, with medication decisions based on shared decision making; monitor clients' nonpsychiatric medical conditions and nonpsychiatric medications; and conduct home and community visits;

(iv) shall serve as the point of contact for psychiatric treatment if a client is hospitalized for mental health treatment and shall communicate directly with the client's inpatient psychiatric care providers to ensure continuity of care;

(v) shall have a minimum full-time equivalency that is prorated at a rate of 16 hours per 50 clients. Part-time psychiatric care providers shall have designated hours to work on the team, with sufficient blocks of time on consistent days to carry out the provider's clinical, supervisory, and administrative responsibilities. No more than two psychiatric care providers may share this role; and

(vi) shall provide psychiatric backup to the program after regular business hours and on weekends and holidays. The psychiatric care provider may delegate this duty to another qualified psychiatric provider;

(3) the nursing staff:

(i) shall consist of one to three registered nurses or advanced practice registered nurses, of whom at least one has a minimum of one-year experience working with adults with serious mental illness and a working knowledge of psychiatric medications. No more than two individuals can share a full-time equivalent position;

(ii) are responsible for managing medication, administering and documenting medication treatment, and managing a secure medication room; and

(iii) shall develop strategies, in collaboration with clients, to maximize taking medications as prescribed; screen and monitor clients' mental and physical health conditions and medication side effects; engage in health promotion, prevention, and education activities; communicate and coordinate services with other medical providers; facilitate the development of the individual treatment plan for clients assigned; and educate the ACT team in monitoring psychiatric and physical health symptoms and medication side effects;

(4) the co-occurring disorder specialist:

(i) shall be a full-time equivalent co-occurring disorder specialist who has received specific training on co-occurring disorders that is consistent with national evidence-based practices. The training must include practical knowledge of common substances and how they affect mental illnesses, the ability to assess substance use disorders and the client's stage of treatment, motivational interviewing, and skills necessary to provide counseling to clients at all different stages of change and treatment. The co-occurring disorder specialist may also be an individual who is a licensed alcohol and drug counselor as described in section 148F.01, subdivision 5, or a counselor who otherwise meets the training, experience, and other requirements in section 245G.11, subdivision 5. No more than two co-occurring disorder specialists may occupy this role; and

(ii) shall provide or facilitate the provision of co-occurring disorder treatment to clients. The co-occurring disorder specialist shall serve as a consultant and educator to fellow ACT team members on co-occurring disorders;

(5) the vocational specialist:

(i) shall be a full-time vocational specialist who has at least one-year experience providing employment services or advanced education that involved field training in vocational services to individuals with mental illness. An individual who does not meet these qualifications may also serve as the vocational specialist upon completing a training plan approved by the commissioner;

(ii) shall provide or facilitate the provision of vocational services to clients. The vocational specialist serves as a consultant and educator to fellow ACT team members on these services; and

(iii) must not refer individuals to receive any type of vocational services or linkage by providers outside of the ACT team;

(6) the mental health certified peer specialist:

(i) shall be a full-time equivalent. No more than two individuals can share this position. The mental health certified peer specialist is a fully integrated team member who provides highly individualized services in the community and promotes the self-determination and shared decision-making abilities of clients. This requirement may be waived due to workforce shortages upon approval of the commissioner;

(ii) must provide coaching, mentoring, and consultation to the clients to promote recovery, self-advocacy, and self-direction, promote wellness management strategies, and assist clients in developing advance directives; and

(iii) must model recovery values, attitudes, beliefs, and personal action to encourage wellness and resilience, provide consultation to team members, promote a culture where the clients' points of view and

preferences are recognized, understood, respected, and integrated into treatment, and serve in a manner equivalent to other team members;

(7) the program administrative assistant shall be a full-time office-based program administrative assistant position assigned to solely work with the ACT team, providing a range of supports to the team, clients, and families; and

(8) additional staff:

(i) shall be based on team size. Additional treatment team staff may include mental health professionals; clinical trainees; certified rehabilitation specialists; mental health practitioners; or mental health rehabilitation workers. These individuals shall have the knowledge, skills, and abilities required by the population served to carry out rehabilitation and support functions; and

(ii) shall be selected based on specific program needs or the population served.

(b) Each ACT team must clearly document schedules for all ACT team members.

(c) Each ACT team member must serve as a primary team member for clients assigned by the team leader and are responsible for facilitating the individual treatment plan process for those clients. The primary team member for a client is the responsible team member knowledgeable about the client's life and circumstances and writes the individual treatment plan. The primary team member provides individual supportive therapy or counseling, and provides primary support and education to the client's family and support system.

(d) Members of the ACT team must have strong clinical skills, professional qualifications, experience, and competency to provide a full breadth of rehabilitation services. Each staff member shall be proficient in their respective discipline and be able to work collaboratively as a member of a multidisciplinary team to deliver the majority of the treatment, rehabilitation, and support services clients require to fully benefit from receiving assertive community treatment.

(e) Each ACT team member must fulfill training requirements established by the commissioner.

Sec. 18. Minnesota Statutes 2023 Supplement, section 256B.0622, subdivision 7b, is amended to read:

Subd. 7b. **Assertive community treatment program ~~size and opportunities~~ scores.** ~~(a)~~ Each ACT team ~~shall maintain an annual average caseload that does not exceed 100 clients. Staff-to-client ratios shall be based on team size as follows:~~ must demonstrate that the team attained a passing score according to the most recently issued Tool for Measurement of Assertive Community Treatment (TMACT).

~~(1) a small ACT team must:~~

~~(i) employ at least six but no more than seven full-time treatment team staff, excluding the program assistant and the psychiatric care provider;~~

~~(ii) serve an annual average maximum of no more than 50 clients;~~

~~(iii) ensure at least one full-time equivalent position for every eight clients served;~~

~~(iv) schedule ACT team staff on weekdays and on-call duty to provide crisis services and deliver services after hours when staff are not working;~~

~~(v) provide crisis services during business hours if the small ACT team does not have sufficient staff numbers to operate an after-hours on-call system. During all other hours, the ACT team may arrange for coverage for crisis assessment and intervention services through a reliable crisis intervention provider as long as there is a mechanism by which the ACT team communicates routinely with the crisis-intervention provider and the on-call ACT team staff are available to see clients face-to-face when necessary or if requested by the crisis-intervention services provider;~~

~~(vi) adjust schedules and provide staff to carry out the needed service activities in the evenings or on weekend days or holidays, when necessary;~~

~~(vii) arrange for and provide psychiatric backup during all hours the psychiatric care provider is not regularly scheduled to work. If availability of the ACT team's psychiatric care provider during all hours is not feasible, alternative psychiatric prescriber backup must be arranged and a mechanism of timely communication and coordination established in writing; and~~

~~(viii) be composed of, at minimum, one full-time team leader, at least 16 hours each week per 50 clients of psychiatric provider time, or equivalent if fewer clients, one full-time equivalent nursing, one full-time co-occurring disorder specialist, one full-time equivalent mental health certified peer specialist, one full-time vocational specialist, one full-time program assistant, and at least one additional full-time ACT team member who has mental health professional, certified rehabilitation specialist, clinical trainee, or mental health practitioner status; and~~

~~(2) a midsize ACT team shall:~~

~~(i) be composed of, at minimum, one full-time team leader, at least 16 hours of psychiatry time for 51 clients, with an additional two hours for every six clients added to the team, 1.5 to two full-time equivalent nursing staff, one full-time co-occurring disorder specialist, one full-time equivalent mental health certified peer specialist, one full-time vocational specialist, one full-time program assistant, and at least 1.5 to two additional full-time equivalent ACT members, with at least one dedicated full-time staff member with mental health professional status. Remaining team members may have mental health professional, certified rehabilitation specialist, clinical trainee, or mental health practitioner status;~~

~~(ii) employ seven or more treatment team full-time equivalents, excluding the program assistant and the psychiatric care provider;~~

~~(iii) serve an annual average maximum caseload of 51 to 74 clients;~~

~~(iv) ensure at least one full-time equivalent position for every nine clients served;~~

~~(v) schedule ACT team staff for a minimum of ten-hour shift coverage on weekdays and six- to eight-hour shift coverage on weekends and holidays. In addition to these minimum specifications, staff are regularly scheduled to provide the necessary services on a client-by-client basis in the evenings and on weekends and holidays;~~

~~(vi) schedule ACT team staff on-call duty to provide crisis services and deliver services when staff are not working;~~

~~(vii) have the authority to arrange for coverage for crisis assessment and intervention services through a reliable crisis-intervention provider as long as there is a mechanism by which the ACT team communicates routinely with the crisis-intervention provider and the on-call ACT team staff are available to see clients face-to-face when necessary or if requested by the crisis-intervention services provider; and~~

~~(viii) arrange for and provide psychiatric backup during all hours the psychiatric care provider is not regularly scheduled to work. If availability of the psychiatric care provider during all hours is not feasible, alternative psychiatric prescriber backup must be arranged and a mechanism of timely communication and coordination established in writing;~~

~~(3) a large ACT team must:~~

~~(i) be composed of, at minimum, one full-time team leader, at least 32 hours each week per 100 clients, or equivalent of psychiatry time, three full-time equivalent nursing staff, one full-time co-occurring disorder specialist, one full-time equivalent mental health certified peer specialist, one full-time vocational specialist, one full-time program assistant, and at least two additional full-time equivalent ACT team members, with at least one dedicated full-time staff member with mental health professional status. Remaining team members may have mental health professional or mental health practitioner status;~~

~~(ii) employ nine or more treatment team full-time equivalents, excluding the program assistant and psychiatric care provider;~~

~~(iii) serve an annual average maximum caseload of 75 to 100 clients;~~

~~(iv) ensure at least one full-time equivalent position for every nine individuals served;~~

~~(v) schedule staff to work two eight-hour shifts, with a minimum of two staff on the second shift providing services at least 12 hours per day weekdays. For weekends and holidays, the team must operate and schedule ACT team staff to work one eight-hour shift, with a minimum of two staff each weekend day and every holiday;~~

~~(vi) schedule ACT team staff on-call duty to provide crisis services and deliver services when staff are not working; and~~

~~(vii) arrange for and provide psychiatric backup during all hours the psychiatric care provider is not regularly scheduled to work. If availability of the ACT team psychiatric care provider during all hours is not feasible, alternative psychiatric backup must be arranged and a mechanism of timely communication and coordination established in writing.~~

~~(b) An ACT team of any size may have a staff-to-client ratio that is lower than the requirements described in paragraph (a) upon approval by the commissioner, but may not exceed a one-to-ten staff-to-client ratio.~~

Sec. 19. Minnesota Statutes 2022, section 256B.0622, subdivision 7d, is amended to read:

Subd. 7d. **Assertive community treatment assessment and individual treatment plan.** (a) An initial assessment shall be completed the day of the client's admission to assertive community treatment by the ACT team leader or the psychiatric care provider, with participation by designated ACT team members and the client. The initial assessment must include obtaining or completing a standard diagnostic assessment according to section 245I.10, subdivision 6, and completing a 30-day individual treatment plan. The team leader, psychiatric care provider, or other mental health professional designated by the team leader or psychiatric care provider, must update the client's diagnostic assessment ~~at least annually~~ as required under section 245I.10, subdivision 2, paragraphs (f) and (g).

(b) A functional assessment must be completed according to section 245I.10, subdivision 9. Each part of the functional assessment areas shall be completed by each respective team specialist or an ACT team member with skill and knowledge in the area being assessed.

(c) Between 30 and 45 days after the client's admission to assertive community treatment, the entire ACT team must hold a comprehensive case conference, where all team members, including the psychiatric provider, present information discovered from the completed assessments and provide treatment recommendations. The conference must serve as the basis for the first individual treatment plan, which must be written by the primary team member.

(d) The client's psychiatric care provider, primary team member, and individual treatment team members shall assume responsibility for preparing the written narrative of the results from the psychiatric and social functioning history timeline and the comprehensive assessment.

(e) The primary team member and individual treatment team members shall be assigned by the team leader in collaboration with the psychiatric care provider by the time of the first treatment planning meeting or 30 days after admission, whichever occurs first.

(f) Individual treatment plans must be developed through the following treatment planning process:

(1) The individual treatment plan shall be developed in collaboration with the client and the client's preferred natural supports, and guardian, if applicable and appropriate. The ACT team shall evaluate, together with each client, the client's needs, strengths, and preferences and develop the individual treatment plan collaboratively. The ACT team shall make every effort to ensure that the client and the client's family and natural supports, with the client's consent, are in attendance at the treatment planning meeting, are involved in ongoing meetings related to treatment, and have the necessary supports to fully participate. The client's participation in the development of the individual treatment plan shall be documented.

(2) The client and the ACT team shall work together to formulate and prioritize the issues, set goals, research approaches and interventions, and establish the plan. The plan is individually tailored so that the treatment, rehabilitation, and support approaches and interventions achieve optimum symptom reduction, help fulfill the personal needs and aspirations of the client, take into account the cultural beliefs and realities of the individual, and improve all the aspects of psychosocial functioning that are important to the client. The process supports strengths, rehabilitation, and recovery.

(3) Each client's individual treatment plan shall identify service needs, strengths and capacities, and barriers, and set specific and measurable short- and long-term goals for each service need. The individual treatment plan must clearly specify the approaches and interventions necessary for the client to achieve the individual goals, when the interventions shall happen, and identify which ACT team member shall carry out the approaches and interventions.

(4) The primary team member and the individual treatment team, together with the client and the client's family and natural supports with the client's consent, are responsible for reviewing and rewriting the treatment goals and individual treatment plan whenever there is a major decision point in the client's course of treatment or at least every six months.

(5) The primary team member shall prepare a summary that thoroughly describes in writing the client's and the individual treatment team's evaluation of the client's progress and goal attainment, the effectiveness of the interventions, and the satisfaction with services since the last individual treatment plan. The client's most recent diagnostic assessment must be included with the treatment plan summary.

(6) The individual treatment plan and review must be approved or acknowledged by the client, the primary team member, the team leader, the psychiatric care provider, and all individual treatment team members. A copy of the approved individual treatment plan must be made available to the client.

Sec. 20. Minnesota Statutes 2022, section 256B.0623, subdivision 5, is amended to read:

Subd. 5. **Qualifications of provider staff.** Adult rehabilitative mental health services must be provided by qualified individual provider staff of a certified provider entity. Individual provider staff must be qualified as:

(1) a mental health professional who is qualified according to section 245I.04, subdivision 2;

(2) a certified rehabilitation specialist who is qualified according to section 245I.04, subdivision 8;

(3) a clinical trainee who is qualified according to section 245I.04, subdivision 6;

(4) a mental health practitioner qualified according to section 245I.04, subdivision 4;

(5) a mental health certified peer specialist who is qualified according to section 245I.04, subdivision 10; ~~or~~

(6) a mental health rehabilitation worker who is qualified according to section 245I.04, subdivision 14~~.~~; or

(7) a licensed occupational therapist, as defined in section 148.6402, subdivision 14.

EFFECTIVE DATE. This section is effective upon federal approval. The commissioner of human services must notify the revisor of statutes when federal approval is obtained.

Sec. 21. Minnesota Statutes 2023 Supplement, section 256B.0625, subdivision 5m, is amended to read:

Subd. 5m. **Certified community behavioral health clinic services.** (a) Medical assistance covers services provided by a not-for-profit certified community behavioral health clinic (CCBHC) that meets the requirements of section 245.735, subdivision 3.

(b) The commissioner shall reimburse CCBHCs on a per-day basis for each day that an eligible service is delivered using the CCBHC daily bundled rate system for medical assistance payments as described in paragraph (c). The commissioner shall include a quality incentive payment in the CCBHC daily bundled rate system as described in paragraph (e). There is no county share for medical assistance services when reimbursed through the CCBHC daily bundled rate system.

(c) The commissioner shall ensure that the CCBHC daily bundled rate system for CCBHC payments under medical assistance meets the following requirements:

(1) the CCBHC daily bundled rate shall be a provider-specific rate calculated for each CCBHC, based on the daily cost of providing CCBHC services and the total annual allowable CCBHC costs divided by the total annual number of CCBHC visits. For calculating the payment rate, total annual visits include visits covered by medical assistance and visits not covered by medical assistance. Allowable costs include but are not limited to the salaries and benefits of medical assistance providers; the cost of CCBHC services provided under section 245.735, subdivision 3, paragraph (a), clauses (6) and (7); and other costs such as insurance or supplies needed to provide CCBHC services;

(2) payment shall be limited to one payment per day per medical assistance enrollee when an eligible CCBHC service is provided. A CCBHC visit is eligible for reimbursement if at least one of the CCBHC services listed under section 245.735, subdivision 3, paragraph (a), clause (6), is furnished to a medical assistance enrollee by a health care practitioner or licensed agency employed by or under contract with a CCBHC;

(3) initial CCBHC daily bundled rates for newly certified CCBHCs under section 245.735, subdivision 3, shall be established by the commissioner using a provider-specific rate based on the newly certified CCBHC's audited historical cost report data adjusted for the expected cost of delivering CCBHC services. Estimates are subject to review by the commissioner and must include the expected cost of providing the full scope of CCBHC services and the expected number of visits for the rate period;

(4) the commissioner shall rebase CCBHC rates once every two years following the last rebasing and no less than 12 months following an initial rate or a rate change due to a change in the scope of services. For CCBHCs certified after September 31, 2020, and before January 1, 2021, the commissioner shall rebase rates according to this clause for services provided on or after January 1, 2024;

(5) the commissioner shall provide for a 60-day appeals process after notice of the results of the rebasing;

(6) an entity that receives a CCBHC daily bundled rate that overlaps with another federal Medicaid rate is not eligible for the CCBHC rate methodology;

(7) payments for CCBHC services to individuals enrolled in managed care shall be coordinated with the state's phase-out of CCBHC wrap payments. The commissioner shall complete the phase-out of CCBHC wrap payments within 60 days of the implementation of the CCBHC daily bundled rate system in the Medicaid Management Information System (MMIS), for CCBHCs reimbursed under this chapter, with a final settlement of payments due made payable to CCBHCs no later than 18 months thereafter;

(8) the CCBHC daily bundled rate for each CCBHC shall be updated by trending each provider-specific rate by the Medicare Economic Index for primary care services. This update shall occur each year in between rebasing periods determined by the commissioner in accordance with clause (4). CCBHCs must provide data on costs and visits to the state annually using the CCBHC cost report established by the commissioner; and

(9) a CCBHC may request a rate adjustment for changes in the CCBHC's scope of services when such changes are expected to result in an adjustment to the CCBHC payment rate by 2.5 percent or more. The CCBHC must provide the commissioner with information regarding the changes in the scope of services, including the estimated cost of providing the new or modified services and any projected increase or decrease in the number of visits resulting from the change. Estimated costs are subject to review by the commissioner. Rate adjustments for changes in scope shall occur no more than once per year in between rebasing periods per CCBHC and are effective on the date of the annual CCBHC rate update.

(d) Managed care plans and county-based purchasing plans shall reimburse CCBHC providers at the CCBHC daily bundled rate. The commissioner shall monitor the effect of this requirement on the rate of access to the services delivered by CCBHC providers. If, for any contract year, federal approval is not received for this paragraph, the commissioner must adjust the capitation rates paid to managed care plans and county-based purchasing plans for that contract year to reflect the removal of this provision. Contracts between managed care plans and county-based purchasing plans and providers to whom this paragraph applies must allow recovery of payments from those providers if capitation rates are adjusted in accordance with this paragraph. Payment recoveries must not exceed the amount equal to any increase in rates that results from this provision. This paragraph expires if federal approval is not received for this paragraph at any time.

(e) The commissioner shall implement a quality incentive payment program for CCBHCs that meets the following requirements:

(1) a CCBHC shall receive a quality incentive payment upon meeting specific numeric thresholds for performance metrics established by the commissioner, in addition to payments for which the CCBHC is eligible under the CCBHC daily bundled rate system described in paragraph (c);

(2) a CCBHC must be certified and enrolled as a CCBHC for the entire measurement year to be eligible for incentive payments;

(3) each CCBHC shall receive written notice of the criteria that must be met in order to receive quality incentive payments at least 90 days prior to the measurement year; and

(4) a CCBHC must provide the commissioner with data needed to determine incentive payment eligibility within six months following the measurement year. The commissioner shall notify CCBHC providers of their performance on the required measures and the incentive payment amount within 12 months following the measurement year.

(f) All claims to managed care plans for CCBHC services as provided under this section shall be submitted directly to, and paid by, the commissioner on the dates specified no later than January 1 of the following calendar year, if:

(1) one or more managed care plans does not comply with the federal requirement for payment of clean claims to CCBHCs, as defined in Code of Federal Regulations, title 42, section 447.45(b), and the managed care plan does not resolve the payment issue within 30 days of noncompliance; and

(2) the total amount of clean claims not paid in accordance with federal requirements by one or more managed care plans is 50 percent of, or greater than, the total CCBHC claims eligible for payment by managed care plans.

If the conditions in this paragraph are met between January 1 and June 30 of a calendar year, claims shall be submitted to and paid by the commissioner beginning on January 1 of the following year. If the conditions in this paragraph are met between July 1 and December 31 of a calendar year, claims shall be submitted to and paid by the commissioner beginning on July 1 of the following year.

(g) Peer services provided by a CCBHC certified under section 245.735 are a covered service under medical assistance when a licensed mental health professional or alcohol and drug counselor determines that peer services are medically necessary. Eligibility under this subdivision for peer services provided by a CCBHC supersede eligibility standards under sections 256B.0615, 256B.0616, and 245G.07, subdivision 2, clause (8).

Sec. 22. Minnesota Statutes 2023 Supplement, section 256B.0671, subdivision 3, is amended to read:

Subd. 3. **Adult day treatment services.** (a) Medical assistance covers adult day treatment (ADT) services that are provided under contract with the county board. Adult day treatment payment is subject to the conditions in paragraphs (b) to (e). The provider must make reasonable and good faith efforts to report individual client outcomes to the commissioner using instruments, protocols, and forms approved by the commissioner.

(b) Adult day treatment is an intensive psychotherapeutic treatment to reduce or relieve the effects of mental illness on a client to enable the client to benefit from a lower level of care and to live and function more independently in the community. Adult day treatment services must be provided to a client to stabilize the client's mental health and to improve the client's independent living and socialization skills. Adult day treatment must consist of at least one hour of group psychotherapy and must include group time focused on

rehabilitative interventions or other therapeutic services that a multidisciplinary team provides to each client. Adult day treatment services are not a part of inpatient or residential treatment services. The following providers may apply to become adult day treatment providers:

(1) a hospital ~~accredited by the Joint Commission on Accreditation of Health Organizations~~ with Centers for Medicare and Medicaid Services approved hospital accreditation and licensed under sections 144.50 to 144.55;

(2) a community mental health center under section 256B.0625, subdivision 5; or

(3) an entity that is under contract with the county board to operate a program that meets the requirements of section 245.4712, subdivision 2, and Minnesota Rules, parts 9505.0170 to 9505.0475.

(c) An adult day treatment services provider must:

(1) ensure that the commissioner has approved of the organization as an adult day treatment provider organization;

(2) ensure that a multidisciplinary team provides ADT services to a group of clients. A mental health professional must supervise each multidisciplinary staff person who provides ADT services;

(3) make ADT services available to the client at least two days a week for at least three consecutive hours per day. ADT services may be longer than three hours per day, but medical assistance may not reimburse a provider for more than 15 hours per week;

(4) provide ADT services to each client that includes group psychotherapy by a mental health professional or clinical trainee and daily rehabilitative interventions by a mental health professional, clinical trainee, or mental health practitioner; and

(5) include ADT services in the client's individual treatment plan, when appropriate. The adult day treatment provider must:

(i) complete a functional assessment of each client under section 245I.10, subdivision 9;

(ii) notwithstanding section 245I.10, subdivision 8, review the client's progress and update the individual treatment plan at least every 90 days until the client is discharged from the program; and

(iii) include a discharge plan for the client in the client's individual treatment plan.

(d) To be eligible for adult day treatment, a client must:

(1) be 18 years of age or older;

(2) not reside in a nursing facility, hospital, institute of mental disease, or state-operated treatment center unless the client has an active discharge plan that indicates a move to an independent living setting within 180 days;

(3) have the capacity to engage in rehabilitative programming, skills activities, and psychotherapy in the structured, therapeutic setting of an adult day treatment program and demonstrate measurable improvements in functioning resulting from participation in the adult day treatment program;

(4) have a level of care assessment under section 245I.02, subdivision 19, recommending that the client participate in services with the level of intensity and duration of an adult day treatment program; and

(5) have the recommendation of a mental health professional for adult day treatment services. The mental health professional must find that adult day treatment services are medically necessary for the client.

(e) Medical assistance does not cover the following services as adult day treatment services:

(1) services that are primarily recreational or that are provided in a setting that is not under medical supervision, including sports activities, exercise groups, craft hours, leisure time, social hours, meal or snack time, trips to community activities, and tours;

(2) social or educational services that do not have or cannot reasonably be expected to have a therapeutic outcome related to the client's mental illness;

(3) consultations with other providers or service agency staff persons about the care or progress of a client;

(4) prevention or education programs that are provided to the community;

(5) day treatment for clients with a primary diagnosis of a substance use disorder;

(6) day treatment provided in the client's home;

(7) psychotherapy for more than two hours per day; and

(8) participation in meal preparation and eating that is not part of a clinical treatment plan to address the client's eating disorder.

Sec. 23. Minnesota Statutes 2023 Supplement, section 256B.0671, subdivision 5, is amended to read:

Subd. 5. **Child and family psychoeducation services.** (a) Medical assistance covers child and family psychoeducation services provided to a child ~~up to~~ under age 21 ~~with~~ and the child's family members, when determined to be medically necessary due to a ~~diagnosed~~ mental health condition ~~when~~ or diagnosed mental illness identified in the child's individual treatment plan and provided by a mental health professional who is qualified under section 245I.04, subdivision 2, and practicing within the scope of practice under section 245I.04, subdivision 3; a mental health practitioner who is qualified under section 245I.04, subdivision 4, and practicing within the scope of practice under section 245I.04, subdivision 5; or a clinical trainee who ~~has determined it medically necessary to involve family members in the child's care~~ is qualified under section 245I.04, subdivision 6, and practicing within the scope of practice under section 245I.04, subdivision 7.

(b) "Child and family psychoeducation services" means information or demonstration provided to an individual or family as part of an individual, family, multifamily group, or peer group session to explain, educate, and support the child and family in understanding a child's symptoms of mental illness, the impact on the child's development, and needed components of treatment and skill development so that the individual, family, or group can help the child to prevent relapse, prevent the acquisition of comorbid disorders, and achieve optimal mental health and long-term resilience.

(c) Child and family psychoeducation services include individual, family, or group skills development or training to:

(1) support the development of psychosocial skills that are medically necessary to rehabilitate the child to an age-appropriate developmental trajectory when the child's development was disrupted by a mental health condition or diagnosed mental illness; or

(2) enable the child to self-monitor, compensate for, cope with, counteract, or replace skills deficits or maladaptive skills acquired over the course of the child's mental health condition or mental illness.

(d) Skills development or training delivered to a child or the child's family under this subdivision must be targeted to the specific deficits related to the child's mental health condition or mental illness and must be prescribed in the child's individual treatment plan. Group skills training may be provided to multiple recipients who, because of the nature of their emotional, behavioral, or social functional ability, may benefit from interaction in a group setting.

EFFECTIVE DATE. This section is effective January 1, 2025, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 24. Minnesota Statutes 2022, section 256B.0943, subdivision 3, is amended to read:

Subd. 3. **Determination of client eligibility.** (a) A client's eligibility to receive children's therapeutic services and supports under this section shall be determined based on a standard diagnostic assessment by a mental health professional or a clinical trainee that is performed within one year before the initial start of service and updated as required under section 245I.10, subdivision 2. The standard diagnostic assessment must:

(1) determine whether a child under age 18 has a diagnosis of emotional disturbance or, if the person is between the ages of 18 and 21, whether the person has a mental illness;

(2) document children's therapeutic services and supports as medically necessary to address an identified disability, functional impairment, and the individual client's needs and goals; and

(3) be used in the development of the individual treatment plan.

(b) Notwithstanding paragraph (a), a client may be determined to be eligible for up to five days of day treatment under this section based on a hospital's medical history and presentation examination of the client.

(c) Children's therapeutic services and supports include development and rehabilitative services that support a child's developmental treatment needs.

Sec. 25. Minnesota Statutes 2022, section 256B.0943, subdivision 12, is amended to read:

Subd. 12. **Excluded services.** The following services are not eligible for medical assistance payment as children's therapeutic services and supports:

(1) service components of children's therapeutic services and supports simultaneously provided by more than one provider entity unless prior authorization is obtained;

(2) treatment by multiple providers within the same agency at the same clock time, unless one service is delivered to the child and the other service is delivered to the child's family or treatment team without the child present;

(3) children's therapeutic services and supports provided in violation of medical assistance policy in Minnesota Rules, part 9505.0220;

(4) mental health behavioral aide services provided by a personal care assistant who is not qualified as a mental health behavioral aide and employed by a certified children's therapeutic services and supports provider entity;

(5) service components of CTSS that are the responsibility of a residential or program license holder, including foster care providers under the terms of a service agreement or administrative rules governing licensure; and

(6) adjunctive activities that may be offered by a provider entity but are not otherwise covered by medical assistance, including:

(i) a service that is primarily recreation oriented or that is provided in a setting that is not medically supervised. This includes sports activities, exercise groups, activities such as craft hours, leisure time, social hours, meal or snack time, trips to community activities, and tours;

(ii) a social or educational service that does not have or cannot reasonably be expected to have a therapeutic outcome related to the client's emotional disturbance;

(iii) prevention or education programs provided to the community; and

(iv) treatment for clients with primary diagnoses of alcohol or other drug abuse.

Sec. 26. Minnesota Statutes 2022, section 256B.0947, subdivision 5, is amended to read:

Subd. 5. **Standards for intensive nonresidential rehabilitative providers.** (a) Services must meet the standards in this section and chapter 245I as required in section 245I.011, subdivision 5.

(b) The treatment team must have specialized training in providing services to the specific age group of youth that the team serves. An individual treatment team must serve youth who are: (1) at least eight years of age or older and under 16 years of age, or (2) at least 14 years of age or older and under 21 years of age.

(c) The treatment team for intensive nonresidential rehabilitative mental health services comprises both permanently employed core team members and client-specific team members as follows:

(1) Based on professional qualifications and client needs, clinically qualified core team members are assigned on a rotating basis as the client's lead worker to coordinate a client's care. The core team must comprise at least four full-time equivalent direct care staff and must minimally include:

(i) a mental health professional who serves as team leader to provide administrative direction and treatment supervision to the team;

(ii) an advanced-practice registered nurse with certification in psychiatric or mental health care or a board-certified child and adolescent psychiatrist, either of which must be credentialed to prescribe medications;

~~(iii) a licensed alcohol and drug counselor who is also trained in mental health interventions; and~~

~~(iv)~~ (iii) a mental health certified peer specialist who is qualified according to section 245I.04, subdivision 10, and is also a former children's mental health consumer~~.~~; and

(iv) a co-occurring disorder specialist who meets the requirements under section 256B.0622, subdivision 7a, paragraph (a), clause (4), who will provide or facilitate the provision of co-occurring disorder treatment to clients.

(2) The core team may also include any of the following:

(i) additional mental health professionals;

(ii) a vocational specialist;

(iii) an educational specialist with knowledge and experience working with youth regarding special education requirements and goals, special education plans, and coordination of educational activities with health care activities;

(iv) a child and adolescent psychiatrist who may be retained on a consultant basis;

(v) a clinical trainee qualified according to section 245I.04, subdivision 6;

(vi) a mental health practitioner qualified according to section 245I.04, subdivision 4;

(vii) a case management service provider, as defined in section 245.4871, subdivision 4;

(viii) a housing access specialist; and

(ix) a family peer specialist as defined in subdivision 2, paragraph (j).

(3) A treatment team may include, in addition to those in clause (1) or (2), ad hoc members not employed by the team who consult on a specific client and who must accept overall clinical direction from the treatment team for the duration of the client's placement with the treatment team and must be paid by the provider agency at the rate for a typical session by that provider with that client or at a rate negotiated with the client-specific member. Client-specific treatment team members may include:

(i) the mental health professional treating the client prior to placement with the treatment team;

(ii) the client's current substance use counselor, if applicable;

(iii) a lead member of the client's individualized education program team or school-based mental health provider, if applicable;

(iv) a representative from the client's health care home or primary care clinic, as needed to ensure integration of medical and behavioral health care;

(v) the client's probation officer or other juvenile justice representative, if applicable; and

(vi) the client's current vocational or employment counselor, if applicable.

(d) The treatment supervisor shall be an active member of the treatment team and shall function as a practicing clinician at least on a part-time basis. The treatment team shall meet with the treatment supervisor at least weekly to discuss recipients' progress and make rapid adjustments to meet recipients' needs. The team meeting must include client-specific case reviews and general treatment discussions among team members. Client-specific case reviews and planning must be documented in the individual client's treatment record.

(e) The staffing ratio must not exceed ten clients to one full-time equivalent treatment team position.

(f) The treatment team shall serve no more than 80 clients at any one time. Should local demand exceed the team's capacity, an additional team must be established rather than exceed this limit.

(g) Nonclinical staff shall have prompt access in person or by telephone to a mental health practitioner, clinical trainee, or mental health professional. The provider shall have the capacity to promptly and appropriately respond to emergent needs and make any necessary staffing adjustments to ensure the health and safety of clients.

(h) The intensive nonresidential rehabilitative mental health services provider shall participate in evaluation of the assertive community treatment for youth (Youth ACT) model as conducted by the commissioner, including the collection and reporting of data and the reporting of performance measures as specified by contract with the commissioner.

(i) A regional treatment team may serve multiple counties.

Sec. 27. Minnesota Statutes 2022, section 256B.76, subdivision 6, is amended to read:

Subd. 6. **Medicare relative value units.** (a) Effective for services rendered on or after January 1, 2007, the commissioner shall make payments for physician and professional services based on the Medicare relative value units ~~(RVU's)~~ (RVUs). This change shall be budget neutral and the cost of implementing ~~RVU's~~ RVUs will be incorporated in the established conversion factor.

(b) Effective for services rendered on or after January 1, 2025, rates for mental health services reimbursed under the resource-based relative value scale (RBRVS) must be equal to 83 percent of the Medicare Physician Fee Schedule.

(c) Effective for services rendered on or after January 1, 2025, the commissioner shall increase capitation payments made to managed care plans and county-based purchasing plans to reflect the rate increases provided under this subdivision. Managed care plans and county-based purchasing plans must use the capitation rate increase provided under this paragraph to increase payment rates to the providers corresponding to the rate increases. The commissioner must monitor the effect of this rate increase on enrollee access to services under this subdivision. If for any contract year federal approval is not received for this paragraph, the commissioner must adjust the capitation rates paid to managed care plans and county-based purchasing plans for that contract year to reflect the removal of this paragraph. Contracts between managed care plans and county-based purchasing plans and providers to whom this paragraph applies must allow recovery of payments from those providers if capitation rates are adjusted in accordance with this paragraph. Payment recoveries must not exceed the amount equal to any increase in rates that results from this paragraph.

EFFECTIVE DATE. This section is effective January 1, 2025, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 28. Laws 2023, chapter 70, article 1, section 35, is amended to read:

Sec. 35. Minnesota Statutes 2022, section 256B.761, is amended to read:

256B.761 REIMBURSEMENT FOR MENTAL HEALTH SERVICES.

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

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

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

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

(e) Effective for services rendered on or after January 1, 2024, payment rates for behavioral health services included in the rate analysis required by Laws 2021, First Special Session chapter 7, article 17, section 18, except for adult day treatment services under section 256B.0671, subdivision 3; early intensive developmental and behavioral intervention services under section 256B.0949; and substance use disorder services under chapter 254B, must be increased by three percent from the rates in effect on December 31, 2023. Effective for services rendered on or after January 1, 2025, payment rates for behavioral health services included in the rate analysis required by Laws 2021, First Special Session chapter 7, article 17, section 18~~, except for adult day treatment services under section 256B.0671, subdivision 3~~; early intensive developmental behavioral intervention services under section 256B.0949; and substance use disorder services under chapter 254B, must be annually adjusted according to the change from the midpoint of the previous rate year to the midpoint of the rate year for which the rate is being determined using the Centers for Medicare and Medicaid Services Medicare Economic Index as forecasted in the fourth quarter of the calendar year before the rate year. For payments made in accordance with this paragraph, if and to the extent that the commissioner identifies that the state has received federal financial participation for behavioral health services in excess of the amount allowed under United States Code, title 42, section 447.321, the state shall repay the excess amount to the Centers for Medicare and Medicaid Services with state money and maintain the full payment rate under this paragraph. This paragraph does not apply to federally qualified health centers, rural health centers, Indian health services, certified community behavioral health clinics, cost-based rates, and rates that are negotiated with the county. This paragraph expires upon legislative implementation of the new rate methodology resulting from the rate analysis required by Laws 2021, First Special Session chapter 7, article 17, section 18.

(f) Effective January 1, 2024, the commissioner shall increase capitation payments made to managed care plans and county-based purchasing plans to reflect the behavioral health service rate increase provided in paragraph (e). Managed care and county-based purchasing plans must use the capitation rate increase provided under this paragraph to increase payment rates to behavioral health services providers. The commissioner must monitor the effect of this rate increase on enrollee access to behavioral health services. If for any contract year federal approval is not received for this paragraph, the commissioner must adjust the capitation rates paid to managed care plans and county-based purchasing plans for that contract year to reflect the removal of this provision. Contracts between managed care plans and county-based purchasing

plans and providers to whom this paragraph applies must allow recovery of payments from those providers if capitation rates are adjusted in accordance with this paragraph. Payment recoveries must not exceed the amount equal to any increase in rates that results from this provision.

EFFECTIVE DATE. This section is effective January 1, 2025, or upon federal approval, whichever is later. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 29. **FIRST EPISODE PSYCHOSIS COORDINATED SPECIALITY CARE MEDICAL ASSISTANCE BENEFIT.**

(a) The commissioner of human services must develop a First Episode Psychosis Coordinated Specialty Care (FEP-CSC) medical assistance benefit.

(b) The benefit must cover medically necessary treatment. Services must include:

(1) assertive outreach and engagement strategies encouraging individuals' involvement;

(2) person-centered care, delivered in the home and community, extending beyond typical hours of operation, such as evenings and weekends;

(3) crisis planning and intervention;

(4) team leadership from a mental health professional who provides ongoing consultation to the team members, coordinates admission screening, and leads the weekly team meetings to facilitate case review and entry to the program;

(5) employment and education services that enable individuals to function in workplace and educational settings that support individual preferences;

(6) family education and support that builds on an individual's identified family and natural support systems;

(7) individual and group psychotherapy that include but are not limited to cognitive behavioral therapies;

(8) care coordination services in clinic, community, and home settings to assist individuals with practical problem solving, such as securing transportation, addressing housing and other basic needs, managing money, obtaining medical care, and coordinating care with other providers; and

(9) pharmacotherapy, medication management, and primary care coordination provided by a mental health professional who is permitted to prescribe psychiatric medications.

(c) An eligible recipient is an individual who:

(1) is between the ages of 15 and 40;

(2) is experiencing early signs of psychosis with the duration of onset being less than two years; and

(3) has been on antipsychotic medications for less than a total of 12 months.

(d) By December 1, 2026, the commissioner must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over human services policy and finance. The report must include:

(1) an overview of the recommended benefit;

(2) eligibility requirements;

(3) program standards;

(4) a reimbursement methodology that covers team-based bundled costs;

(5) performance evaluation criteria for programs; and

(6) draft legislation with the statutory changes necessary to implement the benefit.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 30. **MEDICAL ASSISTANCE CHILDREN'S RESIDENTIAL MENTAL HEALTH CRISIS STABILIZATION.**

(a) The commissioner of human services must consult with providers, advocates, Tribal Nations, counties, people with lived experience as or with a child in a mental health crisis, and other interested community members to develop a covered benefit under medical assistance to provide residential mental health crisis stabilization for children. The benefit must:

(1) consist of evidence-based promising practices, or culturally responsive treatment services for children under the age of 21 experiencing a mental health crisis;

(2) embody an integrative care model that supports individuals experiencing a mental health crisis who may also be experiencing co-occurring conditions;

(3) qualify for federal financial participation; and

(4) include services that support children and families, including but not limited to:

(i) an assessment of the child's immediate needs and factors that led to the mental health crisis;

(ii) individualized care to address immediate needs and restore the child to a precrisis level of functioning;

(iii) 24-hour on-site staff and assistance;

(iv) supportive counseling and clinical services;

(v) skills training and positive support services, as identified in the child's individual crisis stabilization plan;

(vi) referrals to other service providers in the community as needed and to support the child's transition from residential crisis stabilization services;

(vii) development of an individualized and culturally responsive crisis response action plan; and

(viii) assistance to access and store medication.

(b) When developing the new benefit, the commissioner must make recommendations for providers to be reimbursed for room and board.

(c) The commissioner must consult with or contract with rate-setting experts to develop a prospective data-based rate methodology for the children's residential mental health crisis stabilization benefit.

(d) No later than October 1, 2025, the commissioner must submit to the chairs and ranking minority members of the legislative committees with jurisdiction over human services policy and finance a report detailing the children's residential mental health crisis stabilization benefit and must include:

(1) eligibility criteria, clinical and service requirements, provider standards, licensing requirements, and reimbursement rates;

(2) the process for community engagement, community input, and crisis models studied in other states;

(3) a deadline for the commissioner to submit a state plan amendment to the Centers for Medicare and Medicaid Services; and

(4) draft legislation with the statutory changes necessary to implement the benefit.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 31. **MEDICAL ASSISTANCE CLUBHOUSE BENEFIT ANALYSIS.**

The commissioner of human services must conduct an analysis to identify existing or pending Medicaid Clubhouse benefits in other states, federal authorities used, populations served, service and reimbursement design, and accreditation standards. By December 1, 2025, the commissioner must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services finance and policy. The report must include a comparative analysis of Medicaid Clubhouse programs and recommendations for designing a medical assistance benefit in Minnesota.

Sec. 32. **DIRECTION TO COMMISSIONER OF HUMAN SERVICES; MENTAL HEALTH PROCEDURE CODES.**

The commissioner of human services must develop recommendations, in consultation with external partners and medical coding and compliance experts, on simplifying mental health procedure codes and the feasibility of converting mental health procedure codes to the current procedural terminology (CPT) code structure. By October 1, 2025, the commissioner must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over mental health on the recommendations and methodology to simplify and restructure mental health procedure codes with corresponding resource-based relative value scale (RBRVS) values.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 33. **MENTAL HEALTH SERVICES FORMULA-BASED ALLOCATION.**

The commissioner of human services shall consult with the commissioner of management and budget, counties, Tribes, mental health providers, and advocacy organizations to develop recommendations for moving from the children's and adult mental health grant funding structure to a formula-based allocation structure for mental health services. The recommendations must consider formula-based allocations for grants for respite care, school-linked behavioral health, mobile crisis teams, and first episode of psychosis programs.

Sec. 34. **REVISOR INSTRUCTION.**

The revisor of statutes, in consultation with the Office of Senate Counsel, Research and Fiscal Analysis; the House Research Department; and the commissioner of human services shall prepare legislation for the

2025 legislative session to recodify Minnesota Statutes, section 256B.0622, to move provisions related to assertive community treatment and intensive residential treatment services into separate sections of statute. The revisor shall correct any cross-references made necessary by this recodification.

ARTICLE 62

DEPARTMENT OF HUMAN SERVICES POLICY

Section 1. Minnesota Statutes 2023 Supplement, section 245A.03, subdivision 2, as amended by Laws 2024, chapter 85, section 52, and Laws 2024, chapter 80, article 2, section 35, is amended to read:

Subd. 2. **Exclusion from licensure.** (a) This chapter does not apply to:

(1) residential or nonresidential programs that are provided to a person by an individual who is related;

(2) nonresidential programs that are provided by an unrelated individual to persons from a single related family;

(3) residential or nonresidential programs that are provided to adults who do not misuse substances or have a substance use disorder, a mental illness, a developmental disability, a functional impairment, or a physical disability;

(4) sheltered workshops or work activity programs that are certified by the commissioner of employment and economic development;

(5) programs operated by a public school for children 33 months or older;

(6) nonresidential programs primarily for children that provide care or supervision for periods of less than three hours a day while the child's parent or legal guardian is in the same building as the nonresidential program or present within another building that is directly contiguous to the building in which the nonresidential program is located;

(7) nursing homes or hospitals licensed by the commissioner of health except as specified under section 245A.02;

(8) board and lodge facilities licensed by the commissioner of health that do not provide children's residential services under Minnesota Rules, chapter 2960, mental health or substance use disorder treatment;

(9) programs licensed by the commissioner of corrections;

(10) recreation programs for children or adults that are operated or approved by a park and recreation board whose primary purpose is to provide social and recreational activities;

(11) noncertified boarding care homes unless they provide services for five or more persons whose primary diagnosis is mental illness or a developmental disability;

(12) programs for children such as scouting, boys clubs, girls clubs, and sports and art programs, and nonresidential programs for children provided for a cumulative total of less than 30 days in any 12-month period;

(13) residential programs for persons with mental illness, that are located in hospitals;

(14) camps licensed by the commissioner of health under Minnesota Rules, chapter 4630;

(15) mental health outpatient services for adults with mental illness or children with emotional disturbance;

(16) residential programs serving school-age children whose sole purpose is cultural or educational exchange, until the commissioner adopts appropriate rules;

(17) community support services programs as defined in section 245.462, subdivision 6, and family community support services as defined in section 245.4871, subdivision 17;

(18) ~~settings registered under chapter 144D which provide home care services licensed by the commissioner of health to fewer than seven adults~~ assisted living facilities licensed by the commissioner of health under chapter 144G;

(19) substance use disorder treatment activities of licensed professionals in private practice as defined in section 245G.01, subdivision 17;

(20) consumer-directed community support service funded under the Medicaid waiver for persons with developmental disabilities when the individual who provided the service is:

(i) the same individual who is the direct payee of these specific waiver funds or paid by a fiscal agent, fiscal intermediary, or employer of record; and

(ii) not otherwise under the control of a residential or nonresidential program that is required to be licensed under this chapter when providing the service;

(21) a county that is an eligible vendor under section 254B.05 to provide care coordination and comprehensive assessment services;

(22) a recovery community organization that is an eligible vendor under section 254B.05 to provide peer recovery support services; or

(23) programs licensed by the commissioner of children, youth, and families in chapter 142B.

(b) For purposes of paragraph (a), clause (6), a building is directly contiguous to a building in which a nonresidential program is located if it shares a common wall with the building in which the nonresidential program is located or is attached to that building by skyway, tunnel, atrium, or common roof.

~~(b)~~ (c) Except for the home and community-based services identified in section 245D.03, subdivision 1, nothing in this chapter shall be construed to require licensure for any services provided and funded according to an approved federal waiver plan where licensure is specifically identified as not being a condition for the services and funding.

Sec. 3. Minnesota Statutes 2022, section 245A.04, is amended by adding a subdivision to read:

Subd. 7b. **Notification to commissioner of changes in key staff positions; children's residential facilities and detoxification programs.** (a) A license holder must notify the commissioner within five business days of a change or vacancy in a key staff position under paragraph (b) or (c). The license holder must notify the commissioner of the staffing change on a form approved by the commissioner and include the name of the staff person now assigned to the key staff position and the staff person's qualifications for the position. The license holder must notify the program licensor of a vacancy to discuss how the duties of the key staff position will be fulfilled during the vacancy.

(b) The key staff position for a children's residential facility licensed according to Minnesota Rules, parts 2960.0130 to 2960.0220, is a program director; and

(c) The key staff positions for a detoxification program licensed according to Minnesota Rules, parts 9530.6510 to 9530.6590, are:

(1) a program director as required by Minnesota Rules, part 9530.6560, subpart 1;

(2) a registered nurse as required by Minnesota Rules, part 9530.6560, subpart 4; and

(3) a medical director as required by Minnesota Rules, part 9530.6560, subpart 5.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 2. Minnesota Statutes 2022, section 245A.043, subdivision 2, is amended to read:

Subd. 2. **Change in ownership.** (a) If the commissioner determines that there is a change in ownership, the commissioner shall require submission of a new license application. This subdivision does not apply to a licensed program or service located in a home where the license holder resides. A change in ownership occurs when:

(1) except as provided in paragraph (b), 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 to the federal tax identification number associated with the license holder; or

(5) except as provided in paragraph (b), all controlling individuals ~~associated with~~ for the original ~~application~~ license have changed.

(b) ~~Notwithstanding~~ For changes under paragraph (a), clauses (1) ~~and~~ or (5), no change in ownership has occurred and a new license application is not required if at least one controlling individual has been ~~listed~~ affiliated as a controlling individual for the license for at least the previous 12 months immediately preceding the change.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 3. Minnesota Statutes 2023 Supplement, section 245A.043, subdivision 3, is amended to read:

Subd. 3. **Standard change of ownership process.** (a) When a change in ownership is proposed and the party intends to assume operation without an interruption in service longer than 60 days after acquiring the program or service, the license holder must provide the commissioner with written notice of the proposed change on a form provided by the commissioner at least ~~60~~ 90 days before the anticipated date of the change in ownership. For purposes of this ~~subdivision and subdivision 4~~ section, "party" means the party that intends to operate the service or program.

(b) The party must submit a license application under this chapter on the form and in the manner prescribed by the commissioner at least ~~30~~ 90 days before the change in ownership is anticipated to be complete~~,~~ and must include documentation to support the upcoming change. The party must comply with background study requirements under chapter 245C and shall pay the application fee required under section 245A.10.

(c) 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 sections 245G.03, subdivision 2, paragraph (b), and 254B.03, subdivision 2, paragraphs (c) and (d).

~~(c)~~ (d) The commissioner may streamline 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. For purposes of this subdivision, "substantial compliance" means within the previous 12 months the commissioner did not (1) issue a sanction under section 245A.07 against a license held by the party, or (2) make a license held by the party conditional according to section 245A.06.

~~(d) Except when a temporary change in ownership license is issued pursuant to subdivision 4~~ (e) While the standard change of ownership process is pending, the existing license holder ~~is solely~~ remains responsible for operating the program according to applicable laws and rules until a license under this chapter is issued to the party.

~~(e)~~ (f) 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 (1) proof that the premises was inspected by a fire marshal or that the fire marshal deemed that an inspection was not warranted, and (2) proof that the premises was inspected for compliance with the building code or that no inspection was deemed warranted.

~~(f)~~ (g) If the party is seeking a license for a program or service that has an outstanding action under section 245A.06 or 245A.07, the party must submit a ~~letter~~ written plan as part of the application process identifying how the party has or will come into full compliance with the licensing requirements.

~~(g)~~ (h) The commissioner shall evaluate the party's application according to section 245A.04, subdivision 6. If the commissioner determines that the party has remedied or demonstrates the ability to remedy the outstanding actions under section 245A.06 or 245A.07 and has determined that the program otherwise complies with all applicable laws and rules, the commissioner shall issue a license or conditional license under this chapter. A conditional license issued under this section is final and not subject to reconsideration under section 245A.06, subdivision 4. The conditional license remains in effect until the commissioner determines that the grounds for the action are corrected or no longer exist.

~~(h)~~ (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.

~~(i)~~ (j) This subdivision does not apply to a licensed program or service located in a home where the license holder resides.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 4. Minnesota Statutes 2022, section 245A.043, is amended by adding a subdivision to read:

Subd. 3a. **Emergency change in ownership process.** (a) In the event of a death of a license holder or sole controlling individual or a court order or other event that results in the license holder being inaccessible or unable to operate the program or service, a party may submit a request to the commissioner to allow the party to assume operation of the program or service under an emergency change in ownership process to ensure persons continue to receive services while the commissioner evaluates the party's license application.

(b) To request the emergency change of ownership process, the party must immediately:

(1) notify the commissioner of the event resulting in the inability of the license holder to operate the program and of the party's intent to assume operations; and

(2) provide the commissioner with documentation that demonstrates the party has a legal or legitimate ownership interest in the program or service if applicable and is able to operate the program or service.

(c) If the commissioner approves the party to continue operating the program or service under an emergency change in ownership process, the party must:

(1) request to be added as a controlling individual or license holder to the existing license;

(2) notify persons receiving services of the emergency change in ownership in a manner approved by the commissioner;

(3) submit an application for a new license within 30 days of approval;

(4) comply with the background study requirements under chapter 245C; and

(5) pay the application fee required under section 245A.10.

(d) While the emergency change of ownership process is pending, a party approved under this subdivision is responsible for operating the program under the existing license according to applicable laws and rules until a new license under this chapter is issued.

(e) The provisions in subdivision 3, paragraphs (c), (d), and (f) to (i) apply to this subdivision.

(f) Once a party is issued a new license or has decided not to seek a new license, the commissioner must close the existing license.

(g) This subdivision applies to any program or service licensed under this chapter.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 5. Minnesota Statutes 2022, section 245A.043, subdivision 4, is amended to read:

Subd. 4. **Temporary ~~change in ownership~~ transitional license.** ~~(a) After receiving the party's application pursuant to subdivision 3, upon the written request of the existing license holder and the party, the commissioner may issue a temporary change in 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 existing license holder's ownership interest in the licensed program or service does not terminate the existing license.~~

~~(b) The commissioner may issue a temporary change in ownership license when a license holder's death, divorce, or other event affects the ownership of the program and 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.~~

~~(c) This subdivision applies to any program or service licensed under this chapter.~~

If a party's application under subdivision 2 is for a satellite license for a community residential setting under section 245D.23 or day services facility under 245D.27 and if the party already holds an active license to provide services under chapter 245D, the commissioner may issue a temporary transitional license to the

party for the community residential setting or day services facility while the commissioner evaluates the party's application. Until a decision is made to grant or deny a community residential setting or day services facility satellite license, the party must be solely responsible for operating the program according to applicable laws and rules, and the existing license must be closed. The temporary transitional license expires after 12 months from the date it was issued or upon issuance of the community residential setting or day services facility satellite license, whichever occurs first.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 6. Minnesota Statutes 2022, section 245A.043, is amended by adding a subdivision to read:

Subd. 5. **Failure to comply.** If the commissioner finds that the applicant or license holder has not fully complied with this section, the commissioner may impose a licensing sanction under section 245A.05, 245A.06, or 245A.07.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 7. Minnesota Statutes 2023 Supplement, section 245A.07, subdivision 1, as amended by Laws 2024, chapter 80, article 2, section 44, is amended to read:

Subdivision 1. **Sanctions; appeals; license.** (a) In addition to making a license conditional under section 245A.06, the commissioner may suspend or revoke the license, impose a fine, or secure an injunction against the continuing operation of the program of a license holder who does not comply with applicable law or rule.

When applying sanctions authorized under this section, the commissioner shall consider the nature, chronicity, or severity of the violation of law or rule and the effect of the violation on the health, safety, or rights of persons served by the program.

(b) If a license holder appeals the suspension or revocation of a license and the license holder continues to operate the program pending a final order on the appeal, the commissioner shall issue the license holder a temporary provisional license. The commissioner may include terms the license holder must follow pending a final order on the appeal. Unless otherwise specified by the commissioner, variances in effect on the date of the license sanction under appeal continue under the temporary provisional license. If a license holder fails to comply with applicable law or rule while operating under a temporary provisional license, the commissioner may impose additional sanctions under this section and section 245A.06, and may terminate any prior variance. If a temporary provisional license is set to expire, a new temporary provisional license shall be issued to the license holder upon payment of any fee required under section 245A.10. The temporary provisional license shall expire on the date the final order is issued. If the license holder prevails on the appeal, a new nonprovisional license shall be issued for the remainder of the current license period.

(c) If a license holder is under investigation and the license issued under this chapter is due to expire before completion of the investigation, the program shall be issued a new license upon completion of the reapplication requirements and payment of any applicable license fee. Upon completion of the investigation, a licensing sanction may be imposed against the new license under this section, section 245A.06, or 245A.08.

(d) Failure to reapply or closure of a license issued under this chapter by the license holder prior to the completion of any investigation shall not preclude the commissioner from issuing a licensing sanction under this section or section 245A.06 at the conclusion of the investigation.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 8. Minnesota Statutes 2022, section 245A.07, subdivision 6, is amended to read:

Subd. 6. **Appeal of multiple sanctions.** (a) When the license holder appeals more than one licensing action or sanction that were simultaneously issued by the commissioner, the license holder shall specify the actions or sanctions that are being appealed.

(b) If there are different timelines prescribed in statutes for the licensing actions or sanctions being appealed, the license holder must submit the appeal within the longest of those timelines specified in statutes.

(c) The appeal must be made in writing by certified mail ~~or~~, by personal service, or through the provider licensing and reporting hub. If mailed, the appeal must be postmarked and sent to the commissioner within the prescribed timeline with the first day beginning the day after the license holder receives the certified letter. If a request is made by personal service, it must be received by the commissioner within the prescribed timeline with the first day beginning the day after the license holder receives the certified letter. If the appeal is made through the provider licensing and reporting hub, it must be received by the commissioner within the prescribed timeline with the first day beginning the day after the commissioner issued the order through the hub.

(d) When there are different timelines prescribed in statutes for the appeal of licensing actions or sanctions simultaneously issued by the commissioner, the commissioner shall specify in the notice to the license holder the timeline for appeal as specified under paragraph (b).

Sec. 9. Minnesota Statutes 2023 Supplement, section 245A.11, subdivision 7, is amended to read:

Subd. 7. **Adult foster care and community residential setting; variance for alternate overnight supervision.** (a) The commissioner may grant a variance under section 245A.04, subdivision 9, to statute or rule parts requiring a caregiver to be present in an adult foster care home or a community residential setting during normal sleeping hours to allow for alternative methods of overnight supervision. The commissioner may grant the variance if the local county licensing agency recommends the variance and the county recommendation includes documentation verifying that:

(1) the county has approved the license holder's plan for alternative methods of providing overnight supervision and determined the plan protects the residents' health, safety, and rights;

(2) the license holder has obtained written and signed informed consent from each resident or each resident's legal representative documenting the resident's or legal representative's agreement with the alternative method of overnight supervision; and

(3) the alternative method of providing overnight supervision, which may include the use of technology, is specified for each resident in the resident's: (i) individualized plan of care; (ii) ~~individual service~~ support plan under section 256B.092, subdivision 1b, if required; or (iii) individual resident placement agreement under Minnesota Rules, part 9555.5105, subpart 19, if required.

(b) To be eligible for a variance under paragraph (a), the adult foster care or community residential setting license holder must not have had a conditional license issued under section 245A.06, or any other licensing sanction issued under section 245A.07 during the prior 24 months based on failure to provide adequate supervision, health care services, or resident safety in the adult foster care home or a community residential setting.

(c) A license holder requesting a variance under this subdivision to utilize technology as a component of a plan for alternative overnight supervision may request the commissioner's review in the absence of a

county recommendation. Upon receipt of such a request from a license holder, the commissioner shall review the variance request with the county.

~~(d) The variance requirements under this subdivision for alternative overnight supervision do not apply to community residential settings licensed under chapter 245D.~~

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

Sec. 10. Minnesota Statutes 2023 Supplement, section 245A.16, subdivision 1, as amended by Laws 2024, chapter 80, article 2, section 65, is amended to read:

Subdivision 1. **Delegation of authority to agencies.** (a) County agencies that have been designated by the commissioner to perform licensing functions and activities under section 245A.04; to recommend denial of applicants under section 245A.05; to issue correction orders, to issue variances, and recommend a conditional license under section 245A.06; or to recommend suspending or revoking a license or issuing a fine under section 245A.07, shall comply with rules and directives of the commissioner governing those functions and with this section. The following variances are excluded from the delegation of variance authority and may be issued only by the commissioner:

(1) dual licensure of family child foster care and family adult foster care, dual licensure of child foster residence setting and community residential setting, and dual licensure of family adult foster care and family child care;

(2) adult foster care or community residential setting maximum capacity;

(3) adult foster care or community residential setting minimum age requirement;

(4) child foster care maximum age requirement;

(5) variances regarding disqualified individuals;

(6) the required presence of a caregiver in the adult foster care residence during normal sleeping hours;

(7) variances to requirements relating to chemical use problems of a license holder or a household member of a license holder; and

(8) variances to section 142B.46 for the use of a cradleboard for a cultural accommodation.

(b) For family adult day services programs, the commissioner may authorize licensing reviews every two years after a licensee has had at least one annual review.

(c) A license issued under this section may be issued for up to two years.

(d) During implementation of chapter 245D, the commissioner shall consider:

(1) the role of counties in quality assurance;

(2) the duties of county licensing staff; and

(3) the possible use of joint powers agreements, according to section 471.59, with counties through which some licensing duties under chapter 245D may be delegated by the commissioner to the counties.

Any consideration related to this paragraph must meet all of the requirements of the corrective action plan ordered by the federal Centers for Medicare and Medicaid Services.

(e) Licensing authority specific to section 245D.06, subdivisions 5, 6, 7, and 8, or successor provisions; and section 245D.061 or successor provisions, for family child foster care programs providing out-of-home respite, as identified in section 245D.03, subdivision 1, paragraph (b), clause (1), is excluded from the delegation of authority to county agencies.

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

Sec. 11. Minnesota Statutes 2023 Supplement, section 245A.211, subdivision 4, is amended to read:

Subd. 4. **Contraindicated physical restraints.** A license or certification holder must not implement a restraint on a person receiving services in a program in a way that is contraindicated for any of the person's known medical or psychological conditions. Prior to using restraints on a person~~, the license or certification holder must assess and document a determination of any~~ with a known medical or psychological conditions that restraints are contraindicated for, the license or certification holder must document the contraindication and the type of restraints that will not be used on the person based on this determination.

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

Sec. 12. Minnesota Statutes 2023 Supplement, section 245A.242, subdivision 2, is amended to read:

Subd. 2. **Emergency overdose treatment.** (a) A license holder must maintain a supply of opiate antagonists as defined in section 604A.04, subdivision 1, available for emergency treatment of opioid overdose and must have a written standing order protocol by a physician who is licensed under chapter 147, advanced practice registered nurse who is licensed under chapter 148, or physician assistant who is licensed under chapter 147A, that permits the license holder to maintain a supply of opiate antagonists on site. A license holder must require staff to undergo training in the specific mode of administration used at the program, which may include intranasal administration, intramuscular injection, or both.

(b) Notwithstanding any requirements to the contrary in Minnesota Rules, chapters 2960 and 9530, and Minnesota Statutes, chapters 245F, 245G, and 245I:

(1) emergency opiate antagonist medications are not required to be stored in a locked area and staff and adult clients may carry this medication on them and store it in an unlocked location;

(2) staff persons who only administer emergency opiate antagonist medications only require the training required by paragraph (a), which any knowledgeable trainer may provide. The trainer is not required to be a registered nurse or part of an accredited educational institution; and

(3) nonresidential substance use disorder treatment programs that do not administer client medications beyond emergency opiate antagonist medications are not required to have the policies and procedures required in section 245G.08, subdivisions 5 and 6, and must instead describe the program's procedures for administering opiate antagonist medications in the license holder's description of health care services under section 245G.08, subdivision 1.

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

Sec. 13. Minnesota Statutes 2023 Supplement, section 245C.02, subdivision 13e, is amended to read:

Subd. 13e. **NETStudy 2.0.** (a) "NETStudy 2.0" means the commissioner's system that replaces both NETStudy and the department's internal background study processing system. NETStudy 2.0 is designed to enhance protection of children and vulnerable adults by improving the accuracy of background studies

through fingerprint-based criminal record checks and expanding the background studies to include a review of information from the Minnesota Court Information System and the national crime information database. NETStudy 2.0 is also designed to increase efficiencies in and the speed of the hiring process by:

(1) providing access to and updates from public web-based data related to employment eligibility;

(2) decreasing the need for repeat studies through electronic updates of background study subjects' criminal records;

(3) supporting identity verification using subjects' Social Security numbers and photographs;

(4) using electronic employer notifications;

(5) issuing immediate verification of subjects' eligibility to provide services as more studies are completed under the NETStudy 2.0 system; and

(6) providing electronic access to certain notices for entities and background study subjects.

(b) Information obtained by entities from public web-based data through NETStudy 2.0 under paragraph (a), clause (1), or any other source that is not direct correspondence from the commissioner is not a notice of disqualification from the commissioner under this chapter.

Sec. 14. **[245C.041] EMERGENCY WAIVER TO TEMPORARILY MODIFY BACKGROUND STUDY REQUIREMENTS.**

(a) In the event of an emergency identified by the commissioner, the commissioner may temporarily waive or modify provisions in this chapter, except that the commissioner shall not waive or modify:

(1) disqualification standards in section 245C.14 or 245C.15; or

(2) any provision regarding the scope of individuals required to be subject to a background study conducted under this chapter.

(b) For the purposes of this section, an emergency may include, but is not limited to a public health emergency, environmental emergency, natural disaster, or other unplanned event that the commissioner has determined prevents the requirements in this chapter from being met. This authority shall not exceed the amount of time needed to respond to the emergency and reinstate the requirements of this chapter. The commissioner has the authority to establish the process and time frame for returning to full compliance with this chapter. The commissioner shall determine the length of time an emergency study is valid.

(c) At the conclusion of the emergency, entities must submit a new, compliant background study application and fee for each individual who was the subject of background study affected by the powers created in this section, referred to as an "emergency study" to have a new study that fully complies with this chapter within a time frame and notice period established by the commissioner.

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

Sec. 15. Minnesota Statutes 2022, section 245C.05, subdivision 5, is amended to read:

Subd. 5. **Fingerprints and photograph.** (a) Notwithstanding paragraph ~~(b)~~ (c), for background studies conducted by the commissioner for child foster care, children's residential facilities, adoptions, or a transfer of permanent legal and physical custody of a child, the subject of the background study, who is 18 years of

age or older, shall provide the commissioner with a set of classifiable fingerprints obtained from an authorized agency for a national criminal history record check.

(b) Notwithstanding paragraph (c), for background studies conducted by the commissioner for Head Start programs, the subject of the background study shall provide the commissioner with a set of classifiable fingerprints obtained from an authorized agency for a national criminal history record check.

~~(b)~~ (c) For background studies initiated on or after the implementation of NETStudy 2.0, except as provided under subdivision 5a, every subject of a background study must provide the commissioner with a set of the background study subject's classifiable fingerprints and photograph. The photograph and fingerprints must be recorded at the same time by the authorized fingerprint collection vendor or vendors and sent to the commissioner through the commissioner's secure data system described in section 245C.32, subdivision 1a, paragraph (b).

~~(c)~~ (d) The fingerprints shall be submitted by the commissioner to the Bureau of Criminal Apprehension and, when specifically required by law, submitted to the Federal Bureau of Investigation for a national criminal history record check.

~~(d)~~ (e) The fingerprints must not be retained by the Department of Public Safety, Bureau of Criminal Apprehension, or the commissioner. The Federal Bureau of Investigation will not retain background study subjects' fingerprints.

~~(e)~~ (f) The authorized fingerprint collection vendor or vendors shall, for purposes of verifying the identity of the background study subject, be able to view the identifying information entered into NETStudy 2.0 by the entity that initiated the background study, but shall not retain the subject's fingerprints, photograph, or information from NETStudy 2.0. The authorized fingerprint collection vendor or vendors shall retain no more than the name and date and time the subject's fingerprints were recorded and sent, only as necessary for auditing and billing activities.

~~(f)~~ (g) For any background study conducted under this chapter, the subject shall provide the commissioner with a set of classifiable fingerprints when the commissioner has reasonable cause to require a national criminal history record check as defined in section 245C.02, subdivision 15a.

Sec. 16. Minnesota Statutes 2023 Supplement, section 245C.08, subdivision 1, is amended to read:

Subdivision 1. **Background studies conducted by Department of Human Services.** (a) For a background study conducted by the Department of Human Services, the commissioner shall review:

(1) information related to names of substantiated perpetrators of maltreatment of vulnerable adults that has been received by the commissioner as required under section 626.557, subdivision 9c, paragraph (j);

(2) the commissioner's records relating to the maltreatment of minors in licensed programs, and from findings of maltreatment of minors as indicated through the social service information system;

(3) information from juvenile courts as required ~~in subdivision 4 for individuals listed in section 245C.03, subdivision 1, paragraph (a),~~ for studies under this chapter when there is reasonable cause;

(4) information from the Bureau of Criminal Apprehension, including information regarding a background study subject's registration in Minnesota as a predatory offender under section 243.166;

(5) except as provided in clause (6), information received as a result of submission of fingerprints for a national criminal history record check, as defined in section 245C.02, subdivision 13c, when the commissioner

has reasonable cause for a national criminal history record check as defined under section 245C.02, subdivision 15a, or as required under section 144.057, subdivision 1, clause (2);

(6) for a background study related to a child foster family setting application for licensure, foster residence settings, children's residential facilities, a transfer of permanent legal and physical custody of a child under sections 260C.503 to 260C.515, or adoptions, and for a background study required for family child care, certified license-exempt child care, child care centers, and legal nonlicensed child care authorized under chapter 119B, the commissioner shall also review:

(i) information from the child abuse and neglect registry for any state in which the background study subject has resided for the past five years;

(ii) when the background study subject is 18 years of age or older, or a minor under section 245C.05, subdivision 5a, paragraph (c), information received following submission of fingerprints for a national criminal history record check; and

(iii) when the background study subject is 18 years of age or older or a minor under section 245C.05, subdivision 5a, paragraph (d), for licensed family child care, certified license-exempt child care, licensed child care centers, and legal nonlicensed child care authorized under chapter 119B, information obtained using non-fingerprint-based data including information from the criminal and sex offender registries for any state in which the background study subject resided for the past five years and information from the national crime information database and the national sex offender registry;

(7) for a background study required for family child care, certified license-exempt child care centers, licensed child care centers, and legal nonlicensed child care authorized under chapter 119B, the background study shall also include, to the extent practicable, a name and date-of-birth search of the National Sex Offender Public website; and

(8) for a background study required for treatment programs for sexual psychopathic personalities or sexually dangerous persons, the background study shall only include a review of the information required under paragraph (a), clauses (1) to (4).

(b) Except as otherwise provided in this paragraph, notwithstanding expungement by a court, the commissioner may consider information obtained under paragraph (a), clauses (3) and (4), unless:

(1) the commissioner received notice of the petition for expungement and the court order for expungement is directed specifically to the commissioner; or

(2) the commissioner received notice of the expungement order issued pursuant to section 609A.017, 609A.025, or 609A.035, and the order for expungement is directed specifically to the commissioner.

The commissioner may not consider information obtained under paragraph (a), clauses (3) and (4), or from any other source that identifies a violation of chapter 152 without determining if the offense involved the possession of marijuana or tetrahydrocannabinol and, if so, whether the person received a grant of expungement or order of expungement, or the person was resentenced to a lesser offense. If the person received a grant of expungement or order of expungement, the commissioner may not consider information related to that violation but may consider any other relevant information arising out of the same incident.

(c) The commissioner shall also review criminal case information received according to section 245C.04, subdivision 4a, from the Minnesota court information system that relates to individuals who have already been studied under this chapter and who remain affiliated with the agency that initiated the background study.

(d) When the commissioner has reasonable cause to believe that the identity of a background study subject is uncertain, the commissioner may require the subject to provide a set of classifiable fingerprints for purposes of completing a fingerprint-based record check with the Bureau of Criminal Apprehension. Fingerprints collected under this paragraph shall not be saved by the commissioner after they have been used to verify the identity of the background study subject against the particular criminal record in question.

(e) The commissioner may inform the entity that initiated a background study under NETStudy 2.0 of the status of processing of the subject's fingerprints.

Sec. 17. Minnesota Statutes 2022, section 245C.10, subdivision 18, is amended to read:

Subd. 18. **Applicants, licensees, and other occupations regulated by commissioner of health.** The applicant or license holder is responsible for paying to the Department of Human Services all fees associated with the preparation of the fingerprints, the criminal records check consent form, and, through a fee of no more than $44 per study, the criminal background check.

Sec. 18. Minnesota Statutes 2022, section 245C.14, subdivision 1, is amended to read:

Subdivision 1. **Disqualification from direct contact.** (a) The commissioner shall disqualify an individual who is the subject of a background study from any position allowing direct contact with persons receiving services from the license holder or entity identified in section 245C.03, upon receipt of information showing, or when a background study completed under this chapter shows any of the following:

(1) a conviction of, admission to, or Alford plea to one or more crimes listed in section 245C.15, regardless of whether the conviction or admission is a felony, gross misdemeanor, or misdemeanor level crime;

(2) a preponderance of the evidence indicates the individual has committed an act or acts that meet the definition of any of the crimes listed in section 245C.15, regardless of whether the preponderance of the evidence is for a felony, gross misdemeanor, or misdemeanor level crime; ~~or~~

(3) an investigation results in an administrative determination listed under section 245C.15, subdivision 4, paragraph (b)~~.~~; or

(4) the individual's parental rights have been terminated under section 260C.301, subdivision 1, paragraph (b), or section 260C.301, subdivision 3.

(b) No individual who is disqualified following a background study under section 245C.03, subdivisions 1 and 2, may be retained in a position involving direct contact with persons served by a program or entity identified in section 245C.03, unless the commissioner has provided written notice under section 245C.17 stating that:

(1) the individual may remain in direct contact during the period in which the individual may request reconsideration as provided in section 245C.21, subdivision 2;

(2) the commissioner has set aside the individual's disqualification for that program or entity identified in section 245C.03, as provided in section 245C.22, subdivision 4; or

(3) the license holder has been granted a variance for the disqualified individual under section 245C.30.

(c) Notwithstanding paragraph (a), for the purposes of a background study affiliated with a licensed family foster setting, the commissioner shall disqualify an individual who is the subject of a background study from any position allowing direct contact with persons receiving services from the license holder or

entity identified in section 245C.03, upon receipt of information showing or when a background study completed under this chapter shows reason for disqualification under section 245C.15, subdivision 4a.

Sec. 19. Minnesota Statutes 2022, section 245C.14, is amended by adding a subdivision to read:

Subd. 5. **Basis for disqualification.** Information obtained by entities from public web-based data through NETStudy 2.0 or any other source that is not direct correspondence from the commissioner is not a notice of disqualification from the commissioner under this chapter.

Sec. 20. Minnesota Statutes 2023 Supplement, section 245C.15, subdivision 2, is amended to read:

Subd. 2. **15-year disqualification.** (a) An individual is disqualified under section 245C.14 if: (1) less than 15 years have passed since the discharge of the sentence imposed, if any, for the offense; and (2) the individual has committed a felony-level violation of any of the following offenses: sections 152.021, subdivision 1 or 2b, (aggravated controlled substance crime in the first degree; sale crimes); 152.022, subdivision 1 (controlled substance crime in the second degree; sale crimes); 152.023, subdivision 1 (controlled substance crime in the third degree; sale crimes); 152.024, subdivision 1 (controlled substance crime in the fourth degree; sale crimes); 256.98 (wrongfully obtaining assistance); 268.182 (fraud); 393.07, subdivision 10, paragraph (c) (federal SNAP fraud); 518B.01, subdivision 14 (violation of an order for protection); 609.165 (felon ineligible to possess firearm); 609.2112, 609.2113, or 609.2114 (criminal vehicular homicide or injury); 609.215 (suicide); 609.223 or 609.2231 (assault in the third or fourth degree); repeat offenses under 609.224 (assault in the fifth degree); 609.229 (crimes committed for benefit of a gang); 609.2325 (criminal abuse of a vulnerable adult); 609.2335 (financial exploitation of a vulnerable adult); 609.235 (use of drugs to injure or facilitate crime); 609.24 (simple robbery); 609.247, subdivision 4 (carjacking in the third degree); 609.255 (false imprisonment); 609.2664 (manslaughter of an unborn child in the first degree); 609.2665 (manslaughter of an unborn child in the second degree); 609.267 (assault of an unborn child in the first degree); 609.2671 (assault of an unborn child in the second degree); 609.268 (injury or death of an unborn child in the commission of a crime); 609.27 (coercion); 609.275 (attempt to coerce); 609.466 (medical assistance fraud); 609.495 (aiding an offender); 609.498, subdivision 1 or 1b (aggravated first-degree or first-degree tampering with a witness); 609.52 (theft); 609.521 (possession of shoplifting gear); 609.522 (organized retail theft); 609.525 (bringing stolen goods into Minnesota); 609.527 (identity theft); 609.53 (receiving stolen property); 609.535 (issuance of dishonored checks); 609.562 (arson in the second degree); 609.563 (arson in the third degree); 609.582 (burglary); 609.59 (possession of burglary tools); 609.611 (insurance fraud); 609.625 (aggravated forgery); 609.63 (forgery); 609.631 (check forgery; offering a forged check); 609.635 (obtaining signature by false pretense); 609.66 (dangerous weapons); 609.67 (machine guns and short-barreled shotguns); 609.687 (adulteration); 609.71 (riot); 609.713 (terroristic threats); 609.746 (interference with privacy); 609.82 (fraud in obtaining credit); 609.821 (financial transaction card fraud); 617.23 (indecent exposure), not involving a minor; repeat offenses under 617.241 (obscene materials and performances; distribution and exhibition prohibited; penalty); or 624.713 (certain persons not to possess firearms).

(b) An individual is disqualified under section 245C.14 if less than 15 years has passed since the individual's aiding and abetting, attempt, or conspiracy to commit any of the offenses listed in paragraph (a), as each of these offenses is defined in Minnesota Statutes.

(c) An individual is disqualified under section 245C.14 if less than 15 years has passed since the termination of the individual's parental rights under section 260C.301, subdivision 1, paragraph (b), or subdivision 3.

(d) An individual is disqualified under section 245C.14 if less than 15 years has passed since the discharge of the sentence imposed for an offense in any other state or country, the elements of which are substantially similar to the elements of the offenses listed in paragraph (a) or since the termination of parental rights in any other state or country, the elements of which are substantially similar to the elements listed in paragraph (c).

(e) If the individual studied commits one of the offenses listed in paragraph (a), but the sentence or level of offense is a gross misdemeanor or misdemeanor, the individual is disqualified but the disqualification look-back period for the offense is the period applicable to the gross misdemeanor or misdemeanor disposition.

(f) When a disqualification is based on a judicial determination other than a conviction, the disqualification period begins from the date of the court order. When a disqualification is based on an admission, the disqualification period begins from the date of an admission in court. When a disqualification is based on an Alford Plea, the disqualification period begins from the date the Alford Plea is entered in court. When a disqualification is based on a preponderance of evidence of a disqualifying act, the disqualification date begins from the date of the dismissal, the date of discharge of the sentence imposed for a conviction for a disqualifying crime of similar elements, or the date of the incident, whichever occurs last.

Sec. 21. Minnesota Statutes 2022, section 245C.15, subdivision 3, is amended to read:

Subd. 3. **Ten-year disqualification.** (a) An individual is disqualified under section 245C.14 if: (1) less than ten years have passed since the discharge of the sentence imposed, if any, for the offense; and (2) the individual has committed a gross misdemeanor-level violation of any of the following offenses: sections 256.98 (wrongfully obtaining assistance); 260B.425 (criminal jurisdiction for contributing to status as a juvenile petty offender or delinquency); 260C.425 (criminal jurisdiction for contributing to need for protection or services); 268.182 (fraud); 393.07, subdivision 10, paragraph (c) (federal SNAP fraud); 609.2112, 609.2113, or 609.2114 (criminal vehicular homicide or injury); 609.221 or 609.222 (assault in the first or second degree); 609.223 or 609.2231 (assault in the third or fourth degree); 609.224 (assault in the fifth degree); 609.224, subdivision 2, paragraph (c) (assault in the fifth degree by a caregiver against a vulnerable adult); 609.2242 and 609.2243 (domestic assault); 609.23 (mistreatment of persons confined); 609.231 (mistreatment of residents or patients); 609.2325 (criminal abuse of a vulnerable adult); 609.233 (criminal neglect of a vulnerable adult); 609.2335 (financial exploitation of a vulnerable adult); 609.234 (failure to report maltreatment of a vulnerable adult); 609.265 (abduction); 609.275 (attempt to coerce); 609.324, subdivision 1a (other prohibited acts; minor engaged in prostitution); 609.33 (disorderly house); 609.377 (malicious punishment of a child); 609.378 (neglect or endangerment of a child); 609.466 (medical assistance fraud); 609.52 (theft); 609.522 (organized retail theft); 609.525 (bringing stolen goods into Minnesota); 609.527 (identity theft); 609.53 (receiving stolen property); 609.535 (issuance of dishonored checks); 609.582 (burglary); 609.59 (possession of burglary tools); 609.611 (insurance fraud); 609.631 (check forgery; offering a forged check); 609.66 (dangerous weapons); 609.71 (riot); 609.72, subdivision 3 (disorderly conduct against a vulnerable adult); ~~repeat offenses under 609.746 (interference with privacy);~~ 609.749, subdivision 2 (harassment); 609.82 (fraud in obtaining credit); 609.821 (financial transaction card fraud); 617.23 (indecent exposure), not involving a minor; 617.241 (obscene materials and performances); 617.243 (indecent literature, distribution); 617.293 (harmful materials; dissemination and display to minors prohibited); or Minnesota Statutes 2012, section 609.21; or violation of an order for protection under section 518B.01, subdivision 14.

(b) An individual is disqualified under section 245C.14 if less than ten years has passed since the individual's aiding and abetting, attempt, or conspiracy to commit any of the offenses listed in paragraph (a), as each of these offenses is defined in Minnesota Statutes.

(c) An individual is disqualified under section 245C.14 if less than ten years has passed since the discharge of the sentence imposed for an offense in any other state or country, the elements of which are substantially similar to the elements of any of the offenses listed in paragraph (a).

(d) If the individual studied commits one of the offenses listed in paragraph (a), but the sentence or level of offense is a misdemeanor disposition, the individual is disqualified but the disqualification lookback period for the offense is the period applicable to misdemeanors.

(e) When a disqualification is based on a judicial determination other than a conviction, the disqualification period begins from the date of the court order. When a disqualification is based on an admission, the disqualification period begins from the date of an admission in court. When a disqualification is based on an Alford Plea, the disqualification period begins from the date the Alford Plea is entered in court. When a disqualification is based on a preponderance of evidence of a disqualifying act, the disqualification date begins from the date of the dismissal, the date of discharge of the sentence imposed for a conviction for a disqualifying crime of similar elements, or the date of the incident, whichever occurs last.

Sec. 22. Minnesota Statutes 2022, section 245C.15, subdivision 4, is amended to read:

Subd. 4. **Seven-year disqualification.** (a) An individual is disqualified under section 245C.14 if: (1) less than seven years has passed since the discharge of the sentence imposed, if any, for the offense; and (2) the individual has committed a misdemeanor-level violation of any of the following offenses: sections 256.98 (wrongfully obtaining assistance); 260B.425 (criminal jurisdiction for contributing to status as a juvenile petty offender or delinquency); 260C.425 (criminal jurisdiction for contributing to need for protection or services); 268.182 (fraud); 393.07, subdivision 10, paragraph (c) (federal SNAP fraud); 609.2112, 609.2113, or 609.2114 (criminal vehicular homicide or injury); 609.221 (assault in the first degree); 609.222 (assault in the second degree); 609.223 (assault in the third degree); 609.2231 (assault in the fourth degree); 609.224 (assault in the fifth degree); 609.2242 (domestic assault); 609.2335 (financial exploitation of a vulnerable adult); 609.234 (failure to report maltreatment of a vulnerable adult); 609.2672 (assault of an unborn child in the third degree); 609.27 (coercion); violation of an order for protection under 609.3232 (protective order authorized; procedures; penalties); 609.466 (medical assistance fraud); 609.52 (theft); 609.522 (organized retail theft); 609.525 (bringing stolen goods into Minnesota); 609.527 (identity theft); 609.53 (receiving stolen property); 609.535 (issuance of dishonored checks); 609.611 (insurance fraud); 609.66 (dangerous weapons); 609.665 (spring guns); 609.746 (interference with privacy); 609.79 (obscene or harassing telephone calls); 609.795 (letter, telegram, or package; opening; harassment); 609.82 (fraud in obtaining credit); 609.821 (financial transaction card fraud); 617.23 (indecent exposure), not involving a minor; 617.293 (harmful materials; dissemination and display to minors prohibited); or Minnesota Statutes 2012, section 609.21; or violation of an order for protection under section 518B.01 (Domestic Abuse Act).

(b) An individual is disqualified under section 245C.14 if less than seven years has passed since a determination or disposition of the individual's:

(1) failure to make required reports under section 260E.06 or 626.557, subdivision 3, for incidents in which: (i) the final disposition under section 626.557 or chapter 260E was substantiated maltreatment, and (ii) the maltreatment was recurring or serious; or

(2) substantiated serious or recurring maltreatment of a minor under chapter 260E, a vulnerable adult under section 626.557, or serious or recurring maltreatment in any other state, the elements of which are substantially similar to the elements of maltreatment under section 626.557 or chapter 260E for which: (i) there is a preponderance of evidence that the maltreatment occurred, and (ii) the subject was responsible for the maltreatment.

(c) An individual is disqualified under section 245C.14 if less than seven years has passed since the individual's aiding and abetting, attempt, or conspiracy to commit any of the offenses listed in paragraphs (a) and (b), as each of these offenses is defined in Minnesota Statutes.

(d) An individual is disqualified under section 245C.14 if less than seven years has passed since the discharge of the sentence imposed for an offense in any other state or country, the elements of which are substantially similar to the elements of any of the offenses listed in paragraphs (a) and (b).

(e) When a disqualification is based on a judicial determination other than a conviction, the disqualification period begins from the date of the court order. When a disqualification is based on an admission, the disqualification period begins from the date of an admission in court. When a disqualification is based on an Alford Plea, the disqualification period begins from the date the Alford Plea is entered in court. When a disqualification is based on a preponderance of evidence of a disqualifying act, the disqualification date begins from the date of the dismissal, the date of discharge of the sentence imposed for a conviction for a disqualifying crime of similar elements, or the date of the incident, whichever occurs last.

(f) An individual is disqualified under section 245C.14 if less than seven years has passed since the individual was disqualified under section 256.98, subdivision 8.

Sec. 23. Minnesota Statutes 2023 Supplement, section 245C.15, subdivision 4a, is amended to read:

Subd. 4a. **Licensed family foster setting disqualifications.** (a) Notwithstanding subdivisions 1 to 4, for a background study affiliated with a licensed family foster setting, regardless of how much time has passed, an individual is disqualified under section 245C.14 if the individual committed an act that resulted in a felony-level conviction for sections: 609.185 (murder in the first degree); 609.19 (murder in the second degree); 609.195 (murder in the third degree); 609.20 (manslaughter in the first degree); 609.205 (manslaughter in the second degree); 609.2112 (criminal vehicular homicide); 609.221 (assault in the first degree); 609.223, subdivision 2 (assault in the third degree, past pattern of child abuse); 609.223, subdivision 3 (assault in the third degree, victim under four); a felony offense under sections 609.2242 and 609.2243 (domestic assault, spousal abuse, child abuse or neglect, or a crime against children); 609.2247 (domestic assault by strangulation); 609.2325 (criminal abuse of a vulnerable adult resulting in the death of a vulnerable adult); 609.245 (aggravated robbery); 609.247, subdivision 2 or 3 (carjacking in the first or second degree); 609.25 (kidnapping); 609.255 (false imprisonment); 609.2661 (murder of an unborn child in the first degree); 609.2662 (murder of an unborn child in the second degree); 609.2663 (murder of an unborn child in the third degree); 609.2664 (manslaughter of an unborn child in the first degree); 609.2665 (manslaughter of an unborn child in the second degree); 609.267 (assault of an unborn child in the first degree); 609.2671 (assault of an unborn child in the second degree); 609.268 (injury or death of an unborn child in the commission of a crime); 609.322, subdivision 1 (solicitation, inducement, and promotion of prostitution; sex trafficking in the first degree); 609.324, subdivision 1 (other prohibited acts; engaging in, hiring, or agreeing to hire minor to engage in prostitution); 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); 609.3451 (criminal sexual conduct in the fifth degree); 609.3453 (criminal sexual predatory conduct); 609.3458 (sexual extortion); 609.352 (solicitation of children to engage in sexual conduct); 609.377 (malicious punishment of a child); 609.378 (neglect or endangerment of a child); 609.561 (arson in the first degree); 609.582, subdivision 1 (burglary in the first degree); 609.746 (interference with privacy); 617.23 (indecent exposure); 617.246 (use of minors in sexual performance prohibited); or 617.247 (possession of pictorial representations of minors).

(b) Notwithstanding subdivisions 1 to 4, for the purposes of a background study affiliated with a licensed family foster setting, an individual is disqualified under section 245C.14, regardless of how much time has passed, if the individual:

(1) committed an action under paragraph (e) that resulted in death or involved sexual abuse, as defined in section 260E.03, subdivision 20;

(2) committed an act that resulted in a gross misdemeanor-level conviction for section 609.3451 (criminal sexual conduct in the fifth degree);

(3) committed an act against or involving a minor that resulted in a felony-level conviction for: section 609.222 (assault in the second degree); 609.223, subdivision 1 (assault in the third degree); 609.2231 (assault in the fourth degree); or 609.224 (assault in the fifth degree); or

(4) committed an act that resulted in a misdemeanor or gross misdemeanor-level conviction for section 617.293 (dissemination and display of harmful materials to minors).

(c) Notwithstanding subdivisions 1 to 4, for a background study affiliated with a licensed family foster setting, an individual is disqualified under section 245C.14 if fewer than 20 years have passed since the termination of the individual's parental rights under section 260C.301, subdivision 1, paragraph (b), or if the individual consented to a termination of parental rights under section 260C.301, subdivision 1, paragraph (a), to settle a petition to involuntarily terminate parental rights. An individual is disqualified under section 245C.14 if fewer than 20 years have passed since the termination of the individual's parental rights in any other state or country, where the conditions for the individual's termination of parental rights are substantially similar to the conditions in section 260C.301, subdivision 1, paragraph (b).

(d) Notwithstanding subdivisions 1 to 4, for a background study affiliated with a licensed family foster setting, an individual is disqualified under section 245C.14 if fewer than five years have passed since a felony-level violation for sections: 152.021 (controlled substance crime in the first degree); 152.022 (controlled substance crime in the second degree); 152.023 (controlled substance crime in the third degree); 152.024 (controlled substance crime in the fourth degree); 152.025 (controlled substance crime in the fifth degree); 152.0261 (importing controlled substances across state borders); 152.0262, subdivision 1, paragraph (b) (possession of substance with intent to manufacture methamphetamine); 152.027, subdivision 6, paragraph (c) (sale or possession of synthetic cannabinoids); 152.096 (conspiracies prohibited); 152.097 (simulated controlled substances); 152.136 (anhydrous ammonia; prohibited conduct; criminal penalties; civil liabilities); 152.137 (methamphetamine-related crimes involving children or vulnerable adults); 169A.24 (felony first-degree driving while impaired); 243.166 (violation of predatory offender registration requirements); 609.2113 (criminal vehicular operation; bodily harm); 609.2114 (criminal vehicular operation; unborn child); 609.228 (great bodily harm caused by distribution of drugs); 609.2325 (criminal abuse of a vulnerable adult not resulting in the death of a vulnerable adult); 609.233 (criminal neglect); 609.235 (use of drugs to injure or facilitate a crime); 609.24 (simple robbery); 609.247, subdivision 4 (carjacking in the third degree); 609.322, subdivision 1a (solicitation, inducement, and promotion of prostitution; sex trafficking in the second degree); 609.498, subdivision 1 (tampering with a witness in the first degree); 609.498, subdivision 1b (aggravated first-degree witness tampering); 609.562 (arson in the second degree); 609.563 (arson in the third degree); 609.582, subdivision 2 (burglary in the second degree); 609.66 (felony dangerous weapons); 609.687 (adulteration); 609.713 (terroristic threats); 609.749, subdivision 3, 4, or 5 (felony-level harassment or stalking); 609.855, subdivision 5 (shooting at or in a public transit vehicle or facility); or 624.713 (certain people not to possess firearms).

(e) Notwithstanding subdivisions 1 to 4, except as provided in paragraph (a), for a background study affiliated with a licensed family child foster care license, an individual is disqualified under section 245C.14 if fewer than five years have passed since:

(1) a felony-level violation for an act not against or involving a minor that constitutes: section 609.222 (assault in the second degree); 609.223, subdivision 1 (assault in the third degree); 609.2231 (assault in the fourth degree); or 609.224, subdivision 4 (assault in the fifth degree);

(2) a violation of an order for protection under section 518B.01, subdivision 14;

(3) a determination or disposition of the individual's failure to make required reports under section 260E.06 or 626.557, subdivision 3, for incidents in which the final disposition under chapter 260E or section 626.557 was substantiated maltreatment and the maltreatment was recurring or serious;

(4) a determination or disposition of the individual's substantiated serious or recurring maltreatment of a minor under chapter 260E, a vulnerable adult under section 626.557, or serious or recurring maltreatment in any other state, the elements of which are substantially similar to the elements of maltreatment under chapter 260E or section 626.557 and meet the definition of serious maltreatment or recurring maltreatment;

(5) a gross misdemeanor-level violation for sections: 609.224, subdivision 2 (assault in the fifth degree); 609.2242 and 609.2243 (domestic assault); 609.233 (criminal neglect); 609.377 (malicious punishment of a child); 609.378 (neglect or endangerment of a child); 609.746 (interference with privacy); 609.749 (stalking); or 617.23 (indecent exposure); or

(6) committing an act against or involving a minor that resulted in a misdemeanor-level violation of section 609.224, subdivision 1 (assault in the fifth degree).

(f) For purposes of this subdivision, the disqualification begins from:

(1) the date of the alleged violation, if the individual was not convicted;

(2) the date of conviction, if the individual was convicted of the violation but not committed to the custody of the commissioner of corrections; or

(3) the date of release from prison, if the individual was convicted of the violation and committed to the custody of the commissioner of corrections.

Notwithstanding clause (3), if the individual is subsequently reincarcerated for a violation of the individual's supervised release, the disqualification begins from the date of release from the subsequent incarceration.

(g) An individual's aiding and abetting, attempt, or conspiracy to commit any of the offenses listed in paragraphs (a) and (b), as each of these offenses is defined in Minnesota Statutes, permanently disqualifies the individual under section 245C.14. An individual is disqualified under section 245C.14 if fewer than five years have passed since the individual's aiding and abetting, attempt, or conspiracy to commit any of the offenses listed in paragraphs (d) and (e).

(h) An individual's offense in any other state or country, where the elements of the offense are substantially similar to any of the offenses listed in paragraphs (a) and (b), permanently disqualifies the individual under section 245C.14. An individual is disqualified under section 245C.14 if fewer than five years have passed since an offense in any other state or country, the elements of which are substantially similar to the elements of any offense listed in paragraphs (d) and (e).

Sec. 24. Minnesota Statutes 2022, 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) For an individual seeking a child foster care license who is a relative of the child, the commissioner shall consider the importance of maintaining the child's relationship with relatives as an additional significant factor in determining whether a background study disqualification should be set aside.

~~(c)~~ (d) 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)~~ (e) For an individual seeking employment in the substance use disorder treatment field, the commissioner shall set aside the disqualification if the following criteria are met:

(1) the individual is not disqualified for a crime of violence as listed under section 624.712, subdivision 5, except for the following crimes: crimes listed under section 152.021, subdivision 2 or 2a; 152.022, subdivision 2; 152.023, subdivision 2; 152.024; or 152.025;

(2) the individual is not disqualified under section 245C.15, subdivision 1;

(3) the individual is not disqualified under section 245C.15, subdivision 4, paragraph (b);

(4) 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, and has had no disqualifying crimes or conduct under section 245C.15 after the successful completion of treatment;

(5) the individual provided documentation demonstrating abstinence from controlled substances, as defined in section 152.01, subdivision 4, for the period of one year prior to the date of the request for reconsideration; and

(6) the individual is seeking employment in the substance use disorder treatment field.

Sec. 25. Minnesota Statutes 2022, section 245C.24, subdivision 2, is amended to read:

Subd. 2. **Permanent bar to set aside a disqualification.** (a) Except as provided in paragraphs (b) to ~~(f)~~ (g), the commissioner may not set aside the disqualification of any individual disqualified pursuant to this chapter, regardless of how much time has passed, if the individual was disqualified for a crime or conduct listed in section 245C.15, subdivision 1.

(b) For an individual in the substance use disorder or corrections field who was disqualified for a crime or conduct listed under section 245C.15, subdivision 1, and whose disqualification was set aside prior to July 1, 2005, the commissioner must consider granting a variance pursuant to section 245C.30 for the license holder for a program dealing primarily with adults. A request for reconsideration evaluated under this paragraph must include a letter of recommendation from the license holder that was subject to the prior set-aside decision addressing the individual's quality of care to children or vulnerable adults and the circumstances of the individual's departure from that service.

(c) If an individual who requires a background study for nonemergency medical transportation services under section 245C.03, subdivision 12, was disqualified for a crime or conduct listed under section 245C.15, subdivision 1, and if more than 40 years have passed since the discharge of the sentence imposed, the commissioner may consider granting a set-aside pursuant to section 245C.22. A request for reconsideration evaluated under this paragraph must include a letter of recommendation from the employer. This paragraph does not apply to a person disqualified based on a violation of sections 243.166; 609.185 to 609.205; 609.25; 609.342 to 609.3453; 609.352; 617.23, subdivision 2, clause (1), or 3, clause (1); 617.246; or 617.247.

(d) When a licensed foster care provider adopts an individual who had received foster care services from the provider for over six months, and the adopted individual is required to receive a background study under section 245C.03, subdivision 1, paragraph (a), clause (2) or (6), the commissioner may grant a variance to the license holder under section 245C.30 to permit the adopted individual with a permanent disqualification to remain affiliated with the license holder under the conditions of the variance when the variance is recommended by the county of responsibility for each of the remaining individuals in placement in the home and the licensing agency for the home.

(e) For an individual 18 years of age or older affiliated with a licensed family foster setting, the commissioner must not set aside or grant a variance for the disqualification of any individual disqualified pursuant to this chapter, regardless of how much time has passed, if the individual was disqualified for a crime or conduct listed in section 245C.15, subdivision 4a, paragraphs (a) and (b).

(f) In connection with a family foster setting license, the commissioner may grant a variance to the disqualification for an individual who is under 18 years of age at the time the background study is submitted.

(g) In connection with foster residence settings and children's residential facilities, the commissioner must not set aside or grant a variance for the disqualification of any individual disqualified pursuant to this chapter, regardless of how much time has passed, if the individual was disqualified for a crime or conduct listed in section 245C.15, subdivision 4a, paragraph (a) or (b).

Sec. 26. Minnesota Statutes 2022, section 245C.24, subdivision 5, is amended to read:

Subd. 5. **Five-year bar to set aside or variance disqualification; children's residential facilities, foster residence settings.** The commissioner shall not set aside or grant a variance for the disqualification of an individual in connection with a license for a children's residential facility or foster residence setting who was convicted of a felony within the past five years for: (1) physical assault or battery; or (2) a drug-related offense.

Sec. 27. Minnesota Statutes 2022, section 245C.30, is amended by adding a subdivision to read:

Subd. 1b. **Child foster care variances.** For an individual seeking a child foster care license who is a relative of the child, the commissioner shall consider the importance of maintaining the child's relationship with relatives as an additional significant factor in determining whether the individual should be granted a variance.

Sec. 28. Minnesota Statutes 2022, section 245F.09, subdivision 2, is amended to read:

Subd. 2. **Protective procedures plan.** A license holder must have a written policy and procedure that establishes the protective procedures that program staff must follow when a patient is in imminent danger of harming self or others. The policy must be appropriate to the type of facility and the level of staff training. The protective procedures policy must include:

(1) an approval signed and dated by the program director and medical director prior to implementation. Any changes to the policy must also be approved, signed, and dated by the current program director and the medical director prior to implementation;

(2) which protective procedures the license holder will use to prevent patients from imminent danger of harming self or others;

(3) the emergency conditions under which the protective procedures are permitted to be used, if any;

(4) the patient's health conditions that limit the specific procedures that may be used and alternative means of ensuring safety;

(5) emergency resources the program staff must contact when a patient's behavior cannot be controlled by the procedures established in the policy;

(6) the training that staff must have before using any protective procedure;

(7) documentation of approved therapeutic holds;

(8) the use of law enforcement personnel as described in subdivision 4;

(9) standards governing emergency use of seclusion. Seclusion must be used only when less restrictive measures are ineffective or not feasible. The standards in items (i) to (vii) must be met when seclusion is used with a patient:

(i) seclusion must be employed solely for the purpose of preventing a patient from imminent danger of harming self or others;

(ii) seclusion rooms must be equipped in a manner that prevents patients from self-harm using projections, windows, electrical fixtures, or hard objects, and must allow the patient to be readily observed without being interrupted;

(iii) seclusion must be authorized by the program director, a licensed physician, a registered nurse, or a licensed physician assistant. If one of these individuals is not present in the facility, the program director or a licensed physician, registered nurse, or physician assistant must be contacted and authorization must be obtained within 30 minutes of initiating seclusion, according to written policies;

(iv) patients must not be placed in seclusion for more than 12 hours at any one time;

(v) once the condition of a patient in seclusion has been determined to be safe enough to end continuous observation, a patient in seclusion must be observed at a minimum of every 15 minutes for the duration of seclusion and must always be within hearing range of program staff;

(vi) a process for program staff to use to remove a patient to other resources available to the facility if seclusion does not sufficiently assure patient safety; and

(vii) a seclusion area may be used for other purposes, such as intensive observation, if the room meets normal standards of care for the purpose and if the room is not locked; and

(10) physical holds may only be used when less restrictive measures are not feasible. The standards in items (i) to (iv) must be met when physical holds are used with a patient:

(i) physical holds must be employed solely for preventing a patient from imminent danger of harming self or others;

(ii) physical holds must be authorized by the program director, a licensed physician, a registered nurse, or a physician assistant. If one of these individuals is not present in the facility, the program director or a licensed physician, registered nurse, or physician assistant must be contacted and authorization must be obtained within 30 minutes of initiating a physical hold, according to written policies;

(iii) the patient's health concerns must be considered in deciding whether to use physical holds and which holds are appropriate for the patient; and

(iv) only approved holds may be utilized. Prone and contraindicated holds are not allowed according to section 245A.211 and must not be authorized.

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

Sec. 29. Minnesota Statutes 2022, section 245F.14, is amended by adding a subdivision to read:

Subd. 8. **Notification to commissioner of changes in key staff positions.** A license holder must notify the commissioner within five business days of a change or vacancy in a key staff position. The key positions are a program director as required by subdivision 1, a registered nurse as required by subdivision 4, and a medical director as required by subdivision 5. The license holder must notify the commissioner of the staffing change on a form approved by the commissioner and include the name of the staff person now assigned to the key staff position and the staff person's qualifications for the position. The license holder must notify the program licensor of a vacancy to discuss how the duties of the key staff position will be fulfilled during the vacancy.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 30. Minnesota Statutes 2022, section 245F.17, is amended to read:

245F.17 PERSONNEL FILES.

A license holder must maintain a separate personnel file for each staff member. At a minimum, the file must contain:

(1) a completed application for employment signed by the staff member that contains the staff member's qualifications for employment and documentation related to the applicant's background study data, as defined in chapter 245C;

(2) documentation of the staff member's current professional license or registration, if relevant;

(3) documentation of orientation and subsequent training; and

(4) ~~documentation of a statement of freedom from substance use problems; and~~

~~(5)~~ an annual job performance evaluation.

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

Sec. 31. Minnesota Statutes 2022, section 245G.07, subdivision 4, is amended to read:

Subd. 4. **Location of service provision.** ~~The license holder may provide services at any of the license holder's licensed locations or at another suitable location including a school, government building, medical or behavioral health facility, or social service organization, upon notification and approval of the commissioner. If services are provided off site from the licensed site, the reason for the provision of services remotely must be documented. The license holder may provide additional services under subdivision 2, clauses (2) to (5), off-site if the license holder includes a policy and procedure detailing the off-site location as a part of the treatment service description and the program abuse prevention plan.~~

(a) The license holder must provide all treatment services a client receives at one of the license holder's substance use disorder treatment licensed locations or at a location allowed under paragraphs (b) to (f). If the services are provided at the locations in paragraphs (b) to (d), the license holder must document in the client record the location services were provided.

(b) The license holder may provide nonresidential individual treatment services at a client's home or place of residence.

(c) If the license holder provides treatment services by telehealth, the services must be provided according to this paragraph:

(1) the license holder must maintain a licensed physical location in Minnesota where the license holder must offer all treatment services in subdivision 1, paragraph (a), clauses (1) to (4), physically in-person to each client;

(2) the license holder must meet all requirements for the provision of telehealth in sections 254B.05, subdivision 5, paragraph (f), and 256B.0625, subdivision 3b. The license holder must document all items in section 256B.0625, subdivision 3b, paragraph (c), for each client receiving services by telehealth, regardless of payment type or whether the client is a medical assistance enrollee;

(3) the license holder may provide treatment services by telehealth to clients individually;

(4) the license holder may provide treatment services by telehealth to a group of clients that are each in a separate physical location;

(5) the license holder must not provide treatment services remotely by telehealth to a group of clients meeting together in person, unless permitted under clause (7);

(6) clients and staff may join an in-person group by telehealth if a staff member qualified to provide the treatment service is physically present with the group of clients meeting together in person; and

(7) the qualified professional providing a residential group treatment service by telehealth must be physically present on-site at the licensed residential location while the service is being provided. If weather conditions or short-term illness prohibit a qualified professional from traveling to the residential program and another qualified professional is not available to provide the service, a qualified professional may provide a residential group treatment service by telehealth from a location away from the licensed residential location. In such circumstances, the license holder must ensure that a qualified professional does not provide a residential group treatment service by telehealth from a location away from the licensed residential location for more than one day at a time, must ensure that a staff person who qualifies as a paraprofessional is physically present with the group of clients, and must document the reason for providing the remote telehealth service in the records of clients receiving the service. The license holder must document the dates that residential group treatment services were provided by telehealth from a location away from the licensed residential location in a central log and must provide the log to the commissioner upon request.

(d) The license holder may provide the additional treatment services under subdivision 2, clauses (2) to (6) and (8), away from the licensed location at a suitable location appropriate to the treatment service.

(e) Upon written approval from the commissioner for each satellite location, the license holder may provide nonresidential treatment services at satellite locations that are in a school, jail, or nursing home. A satellite location may only provide services to students of the school, inmates of the jail, or residents of the nursing home. Schools, jails, and nursing homes are exempt from the licensing requirements in section 245A.04, subdivision 2a, to document compliance with building codes, fire and safety codes, health rules, and zoning ordinances.

(f) The commissioner may approve other suitable locations as satellite locations for nonresidential treatment services. The commissioner may require satellite locations under this paragraph to meet all applicable licensing requirements. The license holder may not have more than two satellite locations per license under this paragraph.

(g) The license holder must provide the commissioner access to all files, documentation, staff persons, and any other information the commissioner requires at the main licensed location for all clients served at any location under paragraphs (b) to (f).

(h) Notwithstanding sections 245A.65, subdivision 2, and 626.557, subdivision 14, a program abuse prevention plan is not required for satellite or other locations under paragraphs (b) to (e). An individual abuse prevention plan is still required for any client that is a vulnerable adult as defined in section 626.5572, subdivision 21.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 32. Minnesota Statutes 2022, section 245G.08, subdivision 5, is amended to read:

Subd. 5. **Administration of medication and assistance with self-medication.** (a) A license holder must meet the requirements in this subdivision if a service provided includes the administration of medication.

(b) A staff member, other than a licensed practitioner or nurse, who is delegated by a licensed practitioner or a registered nurse the task of administration of medication or assisting with self-medication, must:

(1) successfully complete a medication administration training program for unlicensed personnel through an accredited Minnesota postsecondary educational institution. A staff member's completion of the course must be documented in writing and placed in the staff member's personnel file;

(2) be trained according to a formalized training program that is taught by a registered nurse and offered by the license holder. ~~The training must include the process for administration of naloxone, if naloxone is kept on site.~~ A staff member's completion of the training must be documented in writing and placed in the staff member's personnel records; or

(3) demonstrate to a registered nurse competency to perform the delegated activity. A registered nurse must be employed or contracted to develop the policies and procedures for administration of medication or assisting with self-administration of medication, or both.

(c) A registered nurse must provide supervision as defined in section 148.171, subdivision 23. The registered nurse's supervision must include, at a minimum, monthly on-site supervision or more often if warranted by a client's health needs. The policies and procedures must include:

(1) a provision that a delegation of administration of medication is limited to a method a staff member has been trained to administer and limited to:

(i) a medication that is administered orally, topically, or as a suppository, an eye drop, an ear drop, an inhalant, or an intranasal; and

(ii) an intramuscular injection of ~~naloxone~~ an opiate antagonist as defined in section 604A.04, subdivision 1, or epinephrine;

(2) a provision that each client's file must include documentation indicating whether staff must conduct the administration of medication or the client must self-administer medication, or both;

(3) a provision that a client may carry emergency medication such as nitroglycerin as instructed by the client's physician, advanced practice registered nurse, or physician assistant;

(4) a provision for the client to self-administer medication when a client is scheduled to be away from the facility;

(5) a provision that if a client self-administers medication when the client is present in the facility, the client must self-administer medication under the observation of a trained staff member;

(6) a provision that when a license holder serves a client who is a parent with a child, the parent may only administer medication to the child under a staff member's supervision;

(7) requirements for recording the client's use of medication, including staff signatures with date and time;

(8) guidelines for when to inform a nurse of problems with self-administration of medication, including a client's failure to administer, refusal of a medication, adverse reaction, or error; and

(9) procedures for acceptance, documentation, and implementation of a prescription, whether written, verbal, telephonic, or electronic.

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

Sec. 33. Minnesota Statutes 2022, section 245G.08, subdivision 6, is amended to read:

Subd. 6. **Control of drugs.** A license holder must have and implement written policies and procedures developed by a registered nurse that contain:

(1) a requirement that each drug must be stored in a locked compartment. A Schedule II drug, as defined by section 152.02, subdivision 3, must be stored in a separately locked compartment, permanently affixed to the physical plant or medication cart;

(2) a system which accounts for all scheduled drugs each shift;

(3) a procedure for recording the client's use of medication, including the signature of the staff member who completed the administration of the medication with the time and date;

(4) a procedure to destroy a discontinued, outdated, or deteriorated medication;

(5) a statement that only authorized personnel are permitted access to the keys to a locked compartment;

(6) a statement that no legend drug supply for one client shall be given to another client; and

(7) a procedure for monitoring the available supply of ~~naloxone~~ an opiate antagonist as defined in section 604A.04, subdivision 1, on site~~,~~ and replenishing the ~~naloxone~~ supply when needed~~, and destroying naloxone according to clause (4)~~.

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

Sec. 34. Minnesota Statutes 2022, section 245G.10, is amended by adding a subdivision to read:

Subd. 6. **Notification to commissioner of changes in key staff positions.** A license holder must notify the commissioner within five business days of a change or vacancy in a key staff position. The key positions are a treatment director as required by subdivision 1, an alcohol and drug counselor supervisor as required by subdivision 2, and a registered nurse as required by section 245G.08, subdivision 5, paragraph (c). The license holder must notify the commissioner of the staffing change on a form approved by the commissioner and include the name of the staff person now assigned to the key staff position and the staff person's qualifications for the position. The license holder must notify the program licensor of a vacancy to discuss how the duties of the key staff position will be fulfilled during the vacancy.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 35. Minnesota Statutes 2023 Supplement, section 245G.22, subdivision 2, is amended to read:

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

(b) "Diversion" means the use of a medication for the treatment of opioid addiction being diverted from intended use of the medication.

(c) "Guest dose" means administration of a medication used for the treatment of opioid addiction to a person who is not a client of the program that is administering or dispensing the medication.

(d) "Medical director" means a practitioner licensed to practice medicine in the jurisdiction that the opioid treatment program is located who assumes responsibility for administering all medical services performed by the program, either by performing the services directly or by delegating specific responsibility to a practitioner of the opioid treatment program.

(e) "Medication used for the treatment of opioid use disorder" means a medication approved by the Food and Drug Administration for the treatment of opioid use disorder.

(f) "Minnesota health care programs" has the meaning given in section 256B.0636.

(g) "Opioid treatment program" has the meaning given in Code of Federal Regulations, title 42, section 8.12, and includes programs licensed under this chapter.

(h) "Practitioner" means a staff member holding a current, unrestricted license to practice medicine issued by the Board of Medical Practice or nursing issued by the Board of Nursing and is currently registered with the Drug Enforcement Administration to order or dispense controlled substances in Schedules II to V under the Controlled Substances Act, United States Code, title 21, part B, section 821. ~~Practitioner includes an advanced practice registered nurse and physician assistant if the staff member receives a variance by the state opioid treatment authority under section 254A.03 and the federal Substance Abuse and Mental Health Services Administration.~~

(i) "Unsupervised use" or "take-home" means the use of a medication for the treatment of opioid use disorder dispensed for use by a client outside of the program setting.

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

Sec. 36. Minnesota Statutes 2022, section 245G.22, subdivision 6, is amended to read:

Subd. 6. **Criteria for unsupervised use.** (a) To limit the potential for diversion of medication used for the treatment of opioid use disorder to the illicit market, medication dispensed to a client for unsupervised use shall be subject to the requirements of this subdivision. Any client in an opioid treatment program may receive ~~a single unsupervised use dose for a day that the clinic is closed for business, including Sundays and state and federal holidays~~ their individualized take-home doses as ordered for days that the clinic is closed for business, on one weekend day (e.g., Sunday) and state and federal holidays, no matter their length of time in treatment, as allowed under Code of Federal Regulations, title 42, part 8.12 (i)(1).

(b) For take-home doses beyond those allowed by paragraph (a), a practitioner ~~with authority to prescribe~~ must review and document the criteria in ~~this paragraph and paragraph (c)~~ the Code of Federal Regulations, title 42, part 8.12 (i)(2), when determining whether dispensing medication for a client's unsupervised use is safe and it is appropriate to implement, increase, or extend the amount of time between visits to the program. ~~The criteria are:~~

~~(1) absence of recent abuse of drugs including but not limited to opioids, non-narcotics, and alcohol;~~

~~(2) regularity of program attendance;~~

~~(3) absence of serious behavioral problems at the program;~~

~~(4) absence of known recent criminal activity such as drug dealing;~~

~~(5) stability of the client's home environment and social relationships;~~

~~(6) length of time in comprehensive maintenance treatment;~~

~~(7) reasonable assurance that unsupervised use medication will be safely stored within the client's home; and~~

~~(8) whether the rehabilitative benefit the client derived from decreasing the frequency of program attendance outweighs the potential risks of diversion or unsupervised use.~~

(c) The determination, including the basis of the determination must be documented by a practitioner in the client's medical record.

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

Sec. 37. Minnesota Statutes 2022, section 245G.22, subdivision 7, is amended to read:

Subd. 7. **Restrictions for unsupervised use of methadone hydrochloride.** (a) If a ~~medical director or prescribing~~ practitioner assesses ~~and~~, determines, and documents that a client meets the criteria in subdivision 6 ~~and may be dispensed a medication used for the treatment of opioid addiction, the restrictions in this subdivision must be followed when the medication to be dispensed is methadone hydrochloride. The results of the assessment must be contained in the client file. The number of unsupervised use medication doses per week in paragraphs (b) to (d) is in addition to the number of unsupervised use medication doses a client may receive for days the clinic is closed for business as allowed by subdivision 6, paragraph (a)~~ and that a patient is safely able to manage unsupervised doses of methadone, the number of take-home doses the client receives must be limited by the number allowed by the Code of Federal Regulations, title 42, part 8.12 (i)(3).

~~(b) During the first 90 days of treatment, the unsupervised use medication supply must be limited to a maximum of a single dose each week and the client shall ingest all other doses under direct supervision.~~

~~(c) In the second 90 days of treatment, the unsupervised use medication supply must be limited to two doses per week.~~

~~(d) In the third 90 days of treatment, the unsupervised use medication supply must not exceed three doses per week.~~

~~(e) In the remaining months of the first year, a client may be given a maximum six-day unsupervised use medication supply.~~

~~(f) After one year of continuous treatment, a client may be given a maximum two-week unsupervised use medication supply.~~

~~(g) After two years of continuous treatment, a client may be given a maximum one-month unsupervised use medication supply, but must make monthly visits to the program.~~

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

Sec. 38. Minnesota Statutes 2023 Supplement, section 245G.22, subdivision 17, is amended to read:

Subd. 17. **Policies and procedures.** (a) A license holder must develop and maintain the policies and procedures required in this subdivision.

(b) For a program that is not open every day of the year, the license holder must maintain a policy and procedure that covers requirements under section 245G.22, subdivisions 6 and 7. Unsupervised use of medication used for the treatment of opioid use disorder for days that the program is closed for business~~, including but not limited to Sundays~~ on one weekend day and state and federal holidays, must meet the requirements under section 245G.22, subdivisions 6 and 7.

(c) The license holder must maintain a policy and procedure that includes specific measures to reduce the possibility of diversion. The policy and procedure must:

(1) specifically identify and define the responsibilities of the medical and administrative staff for performing diversion control measures; and

(2) include a process for contacting no less than five percent of clients who have unsupervised use of medication, excluding clients approved solely under subdivision 6, paragraph (a), to require clients to physically return to the program each month. The system must require clients to return to the program within a stipulated time frame and turn in all unused medication containers related to opioid use disorder treatment. The license holder must document all related contacts on a central log and the outcome of the contact for each client in the client's record. The medical director must be informed of each outcome that results in a situation in which a possible diversion issue was identified.

(d) Medication used for the treatment of opioid use disorder must be ordered, administered, and dispensed according to applicable state and federal regulations and the standards set by applicable accreditation entities. If a medication order requires assessment by the person administering or dispensing the medication to determine the amount to be administered or dispensed, the assessment must be completed by an individual whose professional scope of practice permits an assessment. For the purposes of enforcement of this paragraph, the commissioner has the authority to monitor the person administering or dispensing the medication for compliance with state and federal regulations and the relevant standards of the license holder's accreditation agency and may issue licensing actions according to sections 245A.05, 245A.06, and 245A.07, based on the commissioner's determination of noncompliance.

(e) A counselor in an opioid treatment program must not supervise more than 50 clients.

(f) Notwithstanding paragraph (e), from July 1, 2023, to June 30, 2024, a counselor in an opioid treatment program may supervise up to 60 clients. The license holder may continue to serve a client who was receiving services at the program on June 30, 2024, at a counselor to client ratio of up to one to 60 and is not required to discharge any clients in order to return to the counselor to client ratio of one to 50. The license holder may not, however, serve a new client after June 30, 2024, unless the counselor who would supervise the new client is supervising fewer than 50 existing clients.

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

Sec. 39. Minnesota Statutes 2023 Supplement, section 256B.064, subdivision 4, is amended to read:

Subd. 4. **Notice.** (a) The department shall serve the notice required under subdivision 2 ~~by certified mail at~~ using a signature-verified confirmed delivery method to the address submitted to the department by the individual or entity. Service is complete upon mailing.

(b) The department shall give notice in writing to a recipient placed in the Minnesota restricted recipient program under section 256B.0646 and Minnesota Rules, part 9505.2200. The department shall send the notice by first class mail to the recipient's current address on file with the department. A recipient placed in

the Minnesota restricted recipient program may contest the placement by submitting a written request for a hearing to the department within 90 days of the notice being mailed.

Sec. 40. Minnesota Statutes 2022, section 256B.0757, subdivision 4a, is amended to read:

Subd. 4a. **Behavioral health home services provider requirements.** A behavioral health home services provider must:

(1) be an enrolled Minnesota Health Care Programs provider;

(2) provide a medical assistance covered primary care or behavioral health service;

(3) utilize an electronic health record;

(4) utilize an electronic patient registry that contains data elements required by the commissioner;

(5) demonstrate the organization's capacity to administer screenings approved by the commissioner for substance use disorder or alcohol and tobacco use;

(6) demonstrate the organization's capacity to refer an individual to resources appropriate to the individual's screening results;

(7) have policies and procedures to track referrals to ensure that the referral met the individual's needs;

(8) conduct a brief needs assessment when an individual begins receiving behavioral health home services. The brief needs assessment must be completed with input from the individual and the individual's identified supports. The brief needs assessment must address the individual's immediate safety and transportation needs and potential barriers to participating in behavioral health home services;

(9) conduct a health wellness assessment within 60 days after intake that contains all required elements identified by the commissioner;

(10) conduct a health action plan that contains all required elements identified by the commissioner. The plan must be completed within 90 days after intake and must be updated at least once every six months, or more frequently if significant changes to an individual's needs or goals occur;

(11) agree to cooperate with and participate in the state's monitoring and evaluation of behavioral health home services; and

(12) obtain the individual's ~~written~~ consent to begin receiving behavioral health home services using a form approved by the commissioner.

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

Sec. 41. Minnesota Statutes 2022, section 256B.0757, subdivision 4d, is amended to read:

Subd. 4d. **Behavioral health home services delivery standards.** (a) A behavioral health home services provider must meet the following service delivery standards:

(1) establish and maintain processes to support the coordination of an individual's primary care, behavioral health, and dental care;

(2) maintain a team-based model of care, including regular coordination and communication between behavioral health home services team members;

(3) use evidence-based practices that recognize and are tailored to the medical, social, economic, behavioral health, functional impairment, cultural, and environmental factors affecting the individual's health and health care choices;

(4) use person-centered planning practices to ensure the individual's health action plan accurately reflects the individual's preferences, goals, resources, and optimal outcomes for the individual and the individual's identified supports;

(5) use the patient registry to identify individuals and population subgroups requiring specific levels or types of care and provide or refer the individual to needed treatment, intervention, or services;

(6) ~~utilize the Department of Human Services Partner Portal to~~ identify past and current treatment or services and identify potential gaps in care using a tool approved by the commissioner;

(7) deliver services consistent with the standards for frequency and face-to-face contact required by the commissioner;

(8) ensure that a diagnostic assessment is completed for each individual receiving behavioral health home services within six months of the start of behavioral health home services;

(9) deliver services in locations and settings that meet the needs of the individual;

(10) provide a central point of contact to ensure that individuals and the individual's identified supports can successfully navigate the array of services that impact the individual's health and well-being;

(11) have capacity to assess an individual's readiness for change and the individual's capacity to integrate new health care or community supports into the individual's life;

(12) offer or facilitate the provision of wellness and prevention education on evidenced-based curriculums specific to the prevention and management of common chronic conditions;

(13) help an individual set up and prepare for medical, behavioral health, social service, or community support appointments, including accompanying the individual to appointments as appropriate, and providing follow-up with the individual after these appointments;

(14) offer or facilitate the provision of health coaching related to chronic disease management and how to navigate complex systems of care to the individual, the individual's family, and identified supports;

(15) connect an individual, the individual's family, and identified supports to appropriate support services that help the individual overcome access or service barriers, increase self-sufficiency skills, and improve overall health;

(16) provide effective referrals and timely access to services; and

(17) establish a continuous quality improvement process for providing behavioral health home services.

(b) The behavioral health home services provider must also create a plan, in partnership with the individual and the individual's identified supports, to support the individual after discharge from a hospital, residential treatment program, or other setting. The plan must include protocols for:

(1) maintaining contact between the behavioral health home services team member, the individual, and the individual's identified supports during and after discharge;

(2) linking the individual to new resources as needed;

(3) reestablishing the individual's existing services and community and social supports; and

(4) following up with appropriate entities to transfer or obtain the individual's service records as necessary for continued care.

(c) If the individual is enrolled in a managed care plan, a behavioral health home services provider must:

(1) notify the behavioral health home services contact designated by the managed care plan within 30 days of when the individual begins behavioral health home services; and

(2) adhere to the managed care plan communication and coordination requirements described in the behavioral health home services manual.

(d) Before terminating behavioral health home services, the behavioral health home services provider must:

(1) provide a 60-day notice of termination of behavioral health home services to all individuals receiving behavioral health home services, the commissioner, and managed care plans, if applicable; and

(2) refer individuals receiving behavioral health home services to a new behavioral health home services provider.

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

Sec. 42. Minnesota Statutes 2023 Supplement, section 256D.01, subdivision 1a, is amended to read:

Subd. 1a. **Standards.** (a) A principal objective in providing general assistance is to provide for single adults, childless couples, or children as defined in section 256D.02, subdivision 2b, ineligible for federal programs who are unable to provide for themselves. The minimum standard of assistance determines the total amount of the general assistance grant without separate standards for shelter, utilities, or other needs.

(b) The standard of assistance for an assistance unit consisting of a recipient who is childless and unmarried or living apart from children and spouse and who does not live with a parent or parents or a legal custodian, or consisting of a childless couple, is $350 per month effective October 1, 2024, and must be adjusted by a percentage equal to the change in the consumer price index as of January 1 every year, beginning October 1, 2025.

(c) For an assistance unit consisting of a single adult who lives with a parent or parents, the general assistance standard of assistance is $350 per month effective October 1, ~~2023~~ 2024, and must be adjusted by a percentage equal to the change in the consumer price index as of January 1 every year, beginning October 1, 2025. Benefits received by a responsible relative of the assistance unit under the Supplemental Security Income program, a workers' compensation program, the Minnesota supplemental aid program, or any other program based on the responsible relative's disability, and any benefits received by a responsible relative of the assistance unit under the Social Security retirement program, may not be counted in the determination of eligibility or benefit level for the assistance unit. Except as provided below, the assistance unit is ineligible for general assistance if the available resources or the countable income of the assistance unit and the parent or parents with whom the assistance unit lives are such that a family consisting of the assistance unit's parent or parents, the parent or parents' other family members and the assistance unit as the only or additional minor child would be financially ineligible for general assistance. For the purposes of calculating the countable income of the assistance unit's parent or parents, the calculation methods must follow the provisions under section 256P.06.

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

Sec. 43. Minnesota Statutes 2022, section 256I.04, subdivision 2f, is amended to read:

Subd. 2f. **Required services.** (a) In ~~licensed and registered~~ authorized settings under subdivision 2a, providers shall ensure that participants have at a minimum:

(1) food preparation and service for three nutritional meals a day on site;

(2) a bed, clothing storage, linen, bedding, laundering, and laundry supplies or service;

(3) housekeeping, including cleaning and lavatory supplies or service; and

(4) maintenance and operation of the building and grounds, including heat, water, garbage removal, electricity, telephone for the site, cooling, supplies, and parts and tools to repair and maintain equipment and facilities.

(b) In addition, when providers serve participants described in subdivision 1, paragraph (c), the providers are required to assist the participants in applying for continuing housing support payments before the end of the eligibility period.

Sec. 44. Minnesota Statutes 2023 Supplement, section 256I.05, subdivision 1a, is amended to read:

Subd. 1a. **Supplementary service rates.** (a) Subject to the provisions of section 256I.04, subdivision 3, the agency may negotiate a payment not to exceed $494.91 for other services necessary to provide room and board if the residence is licensed by or registered by the Department of Health, or licensed by the Department of Human Services to provide services in addition to room and board, and if the provider of services is not also concurrently receiving funding for services for a recipient in the residence under the following programs or funding sources: (1) home and community-based waiver services under chapter 256S or section 256B.0913, 256B.092, or 256B.49; (2) personal care assistance under section 256B.0659; (3) community first services and supports under section 256B.85; or (4) services for adults with mental illness grants under section 245.73. If funding is available for other necessary services through a home and community-based waiver under chapter 256S, or section 256B.0913, 256B.092, or 256B.49; personal care assistance services under section 256B.0659; community first services and supports under section 256B.85; or services for adults with mental illness grants under section 245.73, then the housing support rate is limited to the rate set in subdivision 1. Unless otherwise provided in law, in no case may the supplementary service rate exceed $494.91. The registration and licensure requirement does not apply to establishments which are exempt from state licensure because they are located on Indian reservations and for which the tribe has prescribed health and safety requirements. Service payments under this section may be prohibited under rules to prevent the supplanting of federal funds with state funds.

~~(b) The commissioner is authorized to make cost-neutral transfers from the housing support fund for beds under this section to other funding programs administered by the department after consultation with the agency in which the affected beds are located. The commissioner may also make cost-neutral transfers from the housing support fund to agencies for beds permanently removed from the housing support census under a plan submitted by the agency and approved by the commissioner. The commissioner shall report the amount of any transfers under this provision annually to the legislature.~~

~~(c)~~ (b) Agencies must not negotiate supplementary service rates with providers of housing support that are licensed as board and lodging with special services and that do not encourage a policy of sobriety on

their premises and make referrals to available community services for volunteer and employment opportunities for residents.

Sec. 45. Minnesota Statutes 2023 Supplement, section 256I.05, subdivision 11, is amended to read:

Subd. 11. ~~**Transfer of emergency shelter funds**~~ **Cost-neutral transfers from the housing support fund.** (a) The commissioner is authorized to make cost-neutral transfers from the housing support fund for beds under this section to other funding programs administered by the department after consultation with the agency in which the affected beds are located.

(b) The commissioner may also make cost-neutral transfers from the housing support fund to agencies for beds removed from the housing support census under a plan submitted by the agency and approved by the commissioner.

~~(a)~~ (c) The commissioner shall make a cost-neutral transfer of funding from the housing support fund to the agency for emergency shelter beds removed from the housing support census under a ~~biennial~~ plan submitted by the agency and approved by the commissioner. Plans submitted under this paragraph must include anticipated and actual outcomes for persons experiencing homelessness in emergency shelters.

~~The plan~~ (d) Plans submitted under paragraph (b) or (c) must describe: (1) ~~anticipated and actual outcomes for persons experiencing homelessness in emergency shelters; (2)~~ improved efficiencies in administration; ~~(3)~~ (2) requirements for individual eligibility; and ~~(4)~~ (3) plans for quality assurance monitoring and quality assurance outcomes. The commissioner shall review ~~the~~ agency ~~plan~~ plans to monitor implementation and outcomes at least biennially, and more frequently if the commissioner deems necessary.

~~(b) The~~ (e) Funding under paragraph ~~(a)~~ (b), (c), or (d) may be used for the provision of room and board or supplemental services according to section 256I.03, subdivisions 14a and 14b. Providers must meet the requirements of section 256I.04, subdivisions 2a to 2f. Funding must be allocated annually, and the room and board portion of the allocation shall be adjusted according to the percentage change in the housing support room and board rate. ~~The room and board portion of the allocation shall be determined at the time of transfer.~~ The commissioner or agency may return beds to the housing support fund with 180 days' notice, including financial reconciliation.

Sec. 46. Minnesota Statutes 2022, section 260E.33, subdivision 2, as amended by Laws 2024, chapter 80, article 8, section 44, is amended to read:

Subd. 2. **Request for reconsideration.** (a) Except as provided under subdivision 5, an individual or facility that the commissioner of human services; commissioner of children, youth, and families; a local welfare agency; or the commissioner of education determines has maltreated a child, an interested person acting on behalf of the child, regardless of the determination, who contests the investigating agency's final determination regarding maltreatment may request the investigating agency to reconsider its final determination regarding maltreatment. The request for reconsideration must be submitted in writing or submitted in the provider licensing and reporting hub to the investigating agency within 15 calendar days after receipt of notice of the final determination regarding maltreatment or, if the request is made by an interested person who is not entitled to notice, within 15 days after receipt of the notice by the parent or guardian of the child. If mailed, the request for reconsideration must be postmarked and sent to the investigating agency within 15 calendar days of the individual's or facility's receipt of the final determination. If the request for reconsideration is made by personal service, it must be received by the investigating agency within 15 calendar days after the individual's or facility's receipt of the final determination. Upon implementation of the provider licensing and reporting hub, the individual or facility must use the hub to

request reconsideration. The reconsideration must be received by the commissioner within 15 calendar days of the individual's receipt of the notice of disqualification.

(b) An individual who was determined to have maltreated a child under this chapter and who was disqualified on the basis of serious or recurring maltreatment under sections 245C.14 and 245C.15 may request reconsideration of the maltreatment determination and the disqualification. The request for reconsideration of the maltreatment determination and the disqualification must be submitted within 30 calendar days of the individual's receipt of the notice of disqualification under sections 245C.16 and 245C.17. If mailed, the request for reconsideration of the maltreatment determination and the disqualification must be postmarked and sent to the investigating agency within 30 calendar days of the individual's receipt of the maltreatment determination and notice of disqualification. If the request for reconsideration is made by personal service, it must be received by the investigating agency within 30 calendar days after the individual's receipt of the notice of disqualification.

Sec. 47. Laws 2024, chapter 80, article 2, section 6, subdivision 2, is amended to read:

Subd. 2. **Change in ownership.** (a) If the commissioner determines that there is a change in ownership, the commissioner shall require submission of a new license application. This subdivision does not apply to a licensed program or service located in a home where the license holder resides. A change in ownership occurs when:

(1) except as provided in paragraph (b), 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 to the federal tax identification number associated with the license holder; or

(5) except as provided in paragraph (b), all controlling individuals ~~associated with~~ for the original ~~application~~ license have changed.

(b) ~~Notwithstanding~~ For changes under paragraph (a), ~~clauses (1) and (5)~~ clause (1) or (5), no change in ownership has occurred and a new license application is not required if at least one controlling individual has been ~~listed~~ affiliated as a controlling individual for the license for at least the previous 12 months immediately preceding the change.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 48. Laws 2024, chapter 80, article 2, section 6, subdivision 3, is amended to read:

Subd. 3. **Standard change of ownership process.** (a) When a change in ownership is proposed and the party intends to assume operation without an interruption in service longer than 60 days after acquiring the program or service, the license holder must provide the commissioner with written notice of the proposed change on a form provided by the commissioner at least ~~60~~ 90 days before the anticipated date of the change in ownership. For purposes of this ~~subdivision and subdivision 4~~ section, "party" means the party that intends to operate the service or program.

(b) The party must submit a license application under this chapter on the form and in the manner prescribed by the commissioner at least ~~30~~ 90 days before the change in ownership is anticipated to be

complete and must include documentation to support the upcoming change. The party must comply with background study requirements under chapter 245C and shall pay the application fee required under section 245A.10.

(c) The commissioner may streamline 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. For purposes of this subdivision, "substantial compliance" means within the previous 12 months the commissioner did not (1) issue a sanction under section 245A.07 against a license held by the party, or (2) make a license held by the party conditional according to section 245A.06.

(d) ~~Except when a temporary change in ownership license is issued pursuant to subdivision 4~~ While the standard change of ownership process is pending, the existing license holder ~~is solely~~ remains responsible for operating the program according to applicable laws and rules 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 (1) proof that the premises was inspected by a fire marshal or that the fire marshal deemed that an inspection was not warranted, and (2) 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 action under section 245A.06 or 245A.07, the party must submit a letter as part of the application process identifying how the party has or will come into full compliance with the licensing requirements.

(g) The commissioner shall evaluate the party's application according to section 245A.04, subdivision 6. If the commissioner determines that the party has remedied or demonstrates the ability to remedy the outstanding actions under section 245A.06 or 245A.07 and has determined that the program otherwise complies with all applicable laws and rules, the commissioner shall issue a license or conditional license under this chapter. A conditional license issued under this section is final and not subject to reconsideration under section 142B.16, subdivision 4. The conditional license remains in effect until the commissioner determines that the grounds for the action are corrected or no longer exist.

(h) 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.

(i) This subdivision does not apply to a licensed program or service located in a home where the license holder resides.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 49. Laws 2024, chapter 80, article 2, section 6, is amended by adding a subdivision to read:

Subd. 3a. **Emergency change in ownership process.** (a) In the event of a death of a license holder or sole controlling individual or a court order or other event that results in the license holder being inaccessible or unable to operate the program or service, a party may submit a request to the commissioner to allow the party to assume operation of the program or service under an emergency change in ownership process to ensure persons continue to receive services while the commissioner evaluates the party's license application.

(b) To request the emergency change of ownership process, the party must immediately:

(1) notify the commissioner of the event resulting in the inability of the license holder to operate the program and of the party's intent to assume operations; and

(2) provide the commissioner with documentation that demonstrates the party has a legal or legitimate ownership interest in the program or service if applicable and is able to operate the program or service.

(c) If the commissioner approves the party to continue operating the program or service under an emergency change in ownership process, the party must:

(1) request to be added as a controlling individual or license holder to the existing license;

(2) notify persons receiving services of the emergency change in ownership in a manner approved by the commissioner;

(3) submit an application for a new license within 30 days of approval;

(4) comply with the background study requirements under chapter 245C; and

(5) pay the application fee required under section 142B.12.

(d) While the emergency change of ownership process is pending, a party approved under this subdivision is responsible for operating the program under the existing license according to applicable laws and rules until a new license under this chapter is issued.

(e) The provisions in subdivision 3, paragraphs (c), (g), and (h), apply to this subdivision.

(f) Once a party is issued a new license or has decided not to seek a new license, the commissioner must close the existing license.

(g) This subdivision applies to any program or service licensed under this chapter.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 50. Laws 2024, chapter 80, article 2, section 6, is amended by adding a subdivision to read:

Subd. 5. **Failure to comply.** If the commissioner finds that the applicant or license holder has not fully complied with this section, the commissioner may impose a licensing sanction under section 142B.15, 142B.16, or 142B.18.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 51. Laws 2024, chapter 80, article 2, section 10, subdivision 1, is amended to read:

Subdivision 1. **Sanctions; appeals; license.** (a) In addition to making a license conditional under section 142B.16, the commissioner may suspend or revoke the license, impose a fine, or secure an injunction against the continuing operation of the program of a license holder who:

(1) does not comply with applicable law or rule;

(2) has nondisqualifying background study information, as described in section 245C.05, subdivision 4, that reflects on the license holder's ability to safely provide care to foster children; or

(3) has an individual living in the household where the licensed services are provided or is otherwise subject to a background study, and the individual has nondisqualifying background study information, as described in section 245C.05, subdivision 4, that reflects on the license holder's ability to safely provide care to foster children.

When applying sanctions authorized under this section, the commissioner shall consider the nature, chronicity, or severity of the violation of law or rule and the effect of the violation on the health, safety, or rights of persons served by the program.

(b) If a license holder appeals the suspension or revocation of a license and the license holder continues to operate the program pending a final order on the appeal, the commissioner shall issue the license holder a temporary provisional license. Unless otherwise specified by the commissioner, variances in effect on the date of the license sanction under appeal continue under the temporary provisional license. The commissioner may include terms the license holder must follow pending a final order on the appeal. If a license holder fails to comply with applicable law or rule while operating under a temporary provisional license, the commissioner may impose additional sanctions under this section and section 142B.16 and may terminate any prior variance. If a temporary provisional license is set to expire, a new temporary provisional license shall be issued to the license holder upon payment of any fee required under section 142B.12. The temporary provisional license shall expire on the date the final order is issued. If the license holder prevails on the appeal, a new nonprovisional license shall be issued for the remainder of the current license period.

(c) If a license holder is under investigation and the license issued under this chapter is due to expire before completion of the investigation, the program shall be issued a new license upon completion of the reapplication requirements and payment of any applicable license fee. Upon completion of the investigation, a licensing sanction may be imposed against the new license under this section or section 142B.16 or 142B.20.

(d) Failure to reapply or closure of a license issued under this chapter by the license holder prior to the completion of any investigation shall not preclude the commissioner from issuing a licensing sanction under this section or section 142B.16 at the conclusion of the investigation.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 52. **REVISOR INSTRUCTION.**

The revisor of statutes shall renumber Minnesota Statutes, section 256D.21, as Minnesota Statutes, section 261.004.

Sec. 53. **REPEALER.**

(a) Minnesota Statutes 2022, sections 256D.19, subdivisions 1 and 2; 256D.20, subdivisions 1, 2, 3, and 4; and 256D.23, subdivisions 1, 2, and 3, are repealed.

(b) Minnesota Statutes 2022, section 245C.125, is repealed.

(c) Minnesota Statutes 2023 Supplement, section 245C.08, subdivision 2, is repealed.

(d) Laws 2024, chapter 80, article 2, section 6, subdivision 4, is repealed.

EFFECTIVE DATE. Paragraph (a) is effective the day following final enactment.

ARTICLE 63

OFFICE OF EMERGENCY MEDICAL SERVICES

Section 1. Minnesota Statutes 2022, section 144E.001, is amended by adding a subdivision to read:

Subd. 16. **Director.** "Director" means the director of the Office of Emergency Medical Services.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 2. Minnesota Statutes 2022, section 144E.001, is amended by adding a subdivision to read:

Subd. 17. **Office.** "Office" means the Office of Emergency Medical Services.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 3. **[144E.011] OFFICE OF EMERGENCY MEDICAL SERVICES.**

Subdivision 1. **Establishment.** The Office of Emergency Medical Services is established with the powers and duties established in law. In administering this chapter, the office must promote the public health and welfare, protect the safety of the public, and effectively regulate and support the operation of the emergency medical services system in this state.

Subd. 2. **Director.** The governor must appoint a director for the office with the advice and consent of the senate. The director must be in the unclassified service and must serve at the pleasure of the governor. The salary of the director shall be determined according to section 15A.0815. The director shall direct the activities of the office.

Subd. 3. **Powers and duties.** The director has the following powers and duties:

(1) to administer and enforce this chapter and adopt rules as needed to implement this chapter. Rules for which notice is published in the State Register before July 1, 2026, may be adopted using the expedited rulemaking process in section 14.389;

(2) to license ambulance services in the state and regulate their operation;

(3) to establish and modify primary service areas;

(4) to designate an ambulance service as authorized to provide service in a primary service area and to remove an ambulance service's authorization to provide service in a primary service area;

(5) to register medical response units in the state and regulate their operation;

(6) to certify emergency medical technicians, advanced emergency medical technicians, community emergency medical technicians, paramedics, and community paramedics and to register emergency medical responders;

(7) to approve education programs for ambulance service personnel and emergency medical responders and to administer qualifications for instructors of education programs;

(8) to administer grant programs related to emergency medical services;

(9) to report to the legislature, by February 15 each year, on the work of the office and the advisory councils in the previous calendar year and with recommendations for any needed policy changes related to

emergency medical services, including but not limited to improving access to emergency medical services, improving service delivery by ambulance services and medical response units, and improving the effectiveness of the state's emergency medical services system. The director must develop the reports and recommendations in consultation with the office's deputy directors and advisory councils;

(10) to investigate complaints against and hold hearings regarding ambulance services, ambulance service personnel, and emergency medical responders and to impose disciplinary action or otherwise resolve complaints; and

(11) to perform other duties related to the provision of emergency medical services in the state.

Subd. 4. **Employees.** The director may employ personnel in the classified service and unclassified personnel as necessary to carry out the duties of this chapter.

Subd. 5. **Work plan.** The director must prepare a work plan to guide the work of the office. The work plan must be updated biennially.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 4. **[144E.015] MEDICAL SERVICES DIVISION.**

A Medical Services Division is created in the Office of Emergency Medical Services. The Medical Services Division shall be under the supervision of a deputy director of medical services appointed by the director. The deputy director of medical services must be a physician licensed under chapter 147. The deputy director, under the direction of the director, shall enforce and coordinate the laws, rules, and policies assigned by the director, which may include overseeing the clinical aspects of prehospital medical care and education programs for emergency medical service personnel.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 5. **[144E.016] AMBULANCE SERVICES DIVISION.**

An Ambulance Services Division is created in the Office of Emergency Medical Services. The Ambulance Services Division shall be under the supervision of a deputy director of ambulance services appointed by the director. The deputy director, under the direction of the director, shall enforce and coordinate the laws, rules, and policies assigned by the director, which may include operating standards and licensing of ambulance services; registration and operation of medical response units; establishment and modification of primary service areas; authorization of ambulance services to provide service in a primary service area and revocation of such authorization; coordination of ambulance services within regions and across the state; and administration of grants.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 6. **[144E.017] EMERGENCY MEDICAL SERVICE PROVIDERS DIVISION.**

An Emergency Medical Service Providers Division is created in the Office of Emergency Medical Services. The Emergency Medical Service Providers Division shall be under the supervision of a deputy director of emergency medical service providers appointed by the director. The deputy director, under the direction of the director, shall enforce and coordinate the laws, rules, and policies assigned by the director, which may include certification and registration of individual emergency medical service providers; overseeing

worker safety, worker well-being, and working conditions; implementation of education programs; and administration of grants.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 7. **[144E.03] EMERGENCY MEDICAL SERVICES ADVISORY COUNCIL.**

Subdivision 1. **Establishment; membership.** The Emergency Medical Services Advisory Council is established and consists of the following members:

(1) one emergency medical technician currently practicing with a licensed ambulance service, appointed by the Minnesota Ambulance Association;

(2) one paramedic currently practicing with a licensed ambulance service or a medical response unit, appointed jointly by the Minnesota Professional Fire Fighters Association and the Minnesota Ambulance Association;

(3) one medical director of a licensed ambulance service, appointed by the National Association of EMS Physicians, Minnesota Chapter;

(4) one firefighter currently serving as an emergency medical responder, appointed by the Minnesota State Fire Chiefs Association;

(5) one registered nurse who is certified or currently practicing as a flight nurse, appointed jointly by the regional emergency services boards of the designated regional emergency medical services systems;

(6) one hospital administrator, appointed by the Minnesota Hospital Association;

(7) one social worker, appointed by the Board of Social Work;

(8) one member of a federally recognized Tribal Nation in Minnesota, appointed by the Minnesota Indian Affairs Council;

(9) three public members, appointed by the governor. At least one of the public members must reside outside the metropolitan counties listed in section 473.121, subdivision 4;

(10) one member with experience working as an employee organization representative representing emergency medical service providers, appointed by an employee organization representing emergency medical service providers;

(11) one member representing a local government, appointed by the Coalition of Greater Minnesota Cities;

(12) one member representing a local government in the seven-county metropolitan area, appointed by the League of Minnesota Cities;

(13) two members of the house of representatives and two members of the senate, appointed according to subdivision 2; and

(14) the commissioner of health and commissioner of public safety or their designees as ex officio members.

Subd. 2. **Legislative members.** The speaker of the house and the house minority leader must each appoint one member of the house of representatives to serve on the advisory council. The senate majority

leader and the senate minority leader must each appoint one member of the senate to serve on the advisory council. Legislative members appointed under this subdivision serve until successors are appointed. Legislative members may receive per diem compensation and reimbursement for expenses according to the rules of their respective bodies.

Subd. 3. **Terms, compensation, removal, vacancies, and expiration.** Compensation and reimbursement for expenses for members appointed under subdivision 1, clauses (1) to (12); removal of members; filling of vacancies of members; and, except for initial appointments, membership terms are governed by section 15.059. Notwithstanding section 15.059, subdivision 6, the advisory council does not expire.

Subd. 4. **Officers; meetings.** (a) The advisory council must elect a chair and vice-chair from among its membership and may elect other officers as the advisory council deems necessary.

(b) The advisory council must meet quarterly or at the call of the chair.

(c) Meetings of the advisory council are subject to chapter 13D.

Subd. 5. **Duties.** The advisory council must review and make recommendations to the director and the deputy director of ambulance services on the administration of this chapter; the regulation of ambulance services and medical response units; the operation of the emergency medical services system in the state; and other topics as directed by the director.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 8. **[144E.035] EMERGENCY MEDICAL SERVICES PHYSICIAN ADVISORY COUNCIL.**

Subdivision 1. **Establishment; membership.** The Emergency Medical Services Physician Advisory Council is established and consists of the following members:

(1) eight physicians who meet the qualifications for medical directors in section 144E.265, subdivision 1, with one physician appointed by each of the regional emergency services boards of the designated regional emergency medical services systems;

(2) one physician who meets the qualifications for medical directors in section 144E.265, subdivision 1, appointed by the Minnesota State Fire Chiefs Association;

(3) one physician who is board-certified in pediatrics, appointed by the Minnesota Emergency Medical Services for Children program; and

(4) the medical director member of the Emergency Medical Services Advisory Council appointed under section 144E.03, subdivision 1, clause (3).

Subd. 2. **Terms, compensation, removal, vacancies, and expiration.** Compensation and reimbursement for expenses, removal of members, filling of vacancies of members, and, except for initial appointments, membership terms are governed by section 15.059. Notwithstanding section 15.059, subdivision 6, the advisory council shall not expire.

Subd. 3. **Officers; meetings.** (a) The advisory council must elect a chair and vice-chair from among its membership and may elect other officers as it deems necessary.

(b) The advisory council must meet twice per year or upon the call of the chair.

(c) Meetings of the advisory council are subject to chapter 13D.

Subd. 4. **Duties.** The advisory council must:

(1) review and make recommendations to the director and deputy director of medical services on clinical aspects of prehospital medical care. In doing so, the advisory council must incorporate information from medical literature, advances in bedside clinical practice, and advisory council member experience; and

(2) serve as subject matter experts for the director and deputy director of medical services on evolving topics in clinical medicine, including but not limited to infectious disease, pharmaceutical and equipment shortages, and implementation of new therapeutics.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 9. **[144E.04] LABOR AND EMERGENCY MEDICAL SERVICE PROVIDERS ADVISORY COUNCIL.**

Subdivision 1. **Establishment; membership.** The Labor and Emergency Medical Service Providers Advisory Council is established and consists of the following members:

(1) one emergency medical service provider of any type from each of the designated regional emergency medical services systems, appointed by their respective regional emergency services boards;

(2) one emergency medical technician instructor, appointed by an employee organization representing emergency medical service providers;

(3) two members with experience working as an employee organization representative representing emergency medical service providers, appointed by an employee organization representing emergency medical service providers;

(4) one emergency medical service provider based in a fire department, appointed jointly by the Minnesota State Fire Chiefs Association and the Minnesota Professional Fire Fighters Association; and

(5) one emergency medical service provider not based in a fire department, appointed by the League of Minnesota Cities.

Subd. 2. **Terms, compensation, removal, vacancies, and expiration.** Compensation and reimbursement for expenses for members appointed under subdivision 1; removal of members; filling of vacancies of members; and, except for initial appointments, membership terms are governed by section 15.059. Notwithstanding section 15.059, subdivision 6, the Labor and Emergency Medical Service Providers Advisory Council does not expire.

Subd. 3. **Officers; meetings.** (a) The Labor and Emergency Medical Service Providers Advisory Council must elect a chair and vice-chair from among its membership and may elect other officers as the advisory council deems necessary.

(b) The Labor and Emergency Medical Service Providers Advisory Council must meet quarterly or at the call of the chair.

(c) Meetings of the Labor and Emergency Medical Service Providers Advisory Council are subject to chapter 13D.

Subd. 4. **Duties.** The Labor and Emergency Medical Service Providers Advisory Council must review and make recommendations to the director and deputy director of emergency medical service providers on

the laws, rules, and policies assigned to the Emergency Medical Service Providers Division and other topics as directed by the director.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 10. Minnesota Statutes 2022, section 144E.16, subdivision 5, is amended to read:

Subd. 5. **Local government's powers.** (a) Local units of government may, with the approval of the ~~board~~ director, establish standards for ambulance services which impose additional requirements upon such services. Local units of government intending to impose additional requirements shall consider whether any benefit accruing to the public health would outweigh the costs associated with the additional requirements.

(b) Local units of government that desire to impose additional requirements shall, prior to adoption of relevant ordinances, rules, or regulations, furnish the ~~board~~ director with a copy of the proposed ordinances, rules, or regulations, along with information that affirmatively substantiates that the proposed ordinances, rules, or regulations:

(1) will in no way conflict with the relevant rules of the ~~board~~ office;

(2) will establish additional requirements tending to protect the public health;

(3) will not diminish public access to ambulance services of acceptable quality; and

(4) will not interfere with the orderly development of regional systems of emergency medical care.

(c) The ~~board~~ director shall base any decision to approve or disapprove local standards upon whether or not the local unit of government in question has affirmatively substantiated that the proposed ordinances, rules, or regulations meet the criteria specified in paragraph (b).

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 11. Minnesota Statutes 2022, section 144E.19, subdivision 3, is amended to read:

Subd. 3. **Temporary suspension.** (a) In addition to any other remedy provided by law, the ~~board~~ director may temporarily suspend the license of a licensee after conducting a preliminary inquiry to determine whether the ~~board~~ director believes that the licensee has violated a statute or rule that the ~~board~~ director is empowered to enforce and determining that the continued provision of service by the licensee would create an imminent risk to public health or harm to others.

(b) A temporary suspension order prohibiting a licensee from providing ambulance service shall give notice of the right to a preliminary hearing according to paragraph (d) and shall state the reasons for the entry of the temporary suspension order.

(c) Service of a temporary suspension order is effective when the order is served on the licensee personally or by certified mail, which is complete upon receipt, refusal, or return for nondelivery to the most recent address provided to the ~~board~~ director for the licensee.

(d) At the time the ~~board~~ director issues a temporary suspension order, the ~~board~~ director shall schedule a hearing~~, to be held before a group of its members designated by the board,~~ that shall begin within 60 days after issuance of the temporary suspension order or within 15 working days of the date of the ~~board's~~ director's receipt of a request for a hearing from a licensee, whichever is sooner. The hearing shall be on the sole issue

of whether there is a reasonable basis to continue, modify, or lift the temporary suspension. A hearing under this paragraph is not subject to chapter 14.

(e) Evidence presented by the ~~board~~ director or licensee may be in the form of an affidavit. The licensee or the licensee's designee may appear for oral argument.

(f) Within five working days of the hearing, the ~~board~~ director shall issue its order and, if the suspension is continued, notify the licensee of the right to a contested case hearing under chapter 14.

(g) If a licensee requests a contested case hearing within 30 days after receiving notice under paragraph (f), the ~~board~~ director shall initiate a contested case hearing according to chapter 14. The administrative law judge shall issue a report and recommendation within 30 days after the closing of the contested case hearing record. The ~~board~~ director shall issue a final order within 30 days after receipt of the administrative law judge's report.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 12. Minnesota Statutes 2022, section 144E.27, subdivision 5, is amended to read:

Subd. 5. **Denial, suspension, revocation.** (a) The ~~board~~ director may deny, suspend, revoke, place conditions on, or refuse to renew the registration of an individual who the ~~board~~ director determines:

(1) violates sections 144E.001 to 144E.33 or the rules adopted under those sections, an agreement for corrective action, or an order that the ~~board~~ director issued or is otherwise empowered to enforce;

(2) misrepresents or falsifies information on an application form for registration;

(3) is convicted or pleads guilty or nolo contendere to any felony; any gross misdemeanor relating to assault, sexual misconduct, theft, or the illegal use of drugs or alcohol; or any misdemeanor relating to assault, sexual misconduct, theft, or the illegal use of drugs or alcohol;

(4) is actually or potentially unable to provide emergency medical services with reasonable skill and safety to patients by reason of illness, use of alcohol, drugs, chemicals, or any other material, or as a result of any mental or physical condition;

(5) engages in unethical conduct, including, but not limited to, conduct likely to deceive, defraud, or harm the public, or demonstrating a willful or careless disregard for the health, welfare, or safety of the public;

(6) maltreats or abandons a patient;

(7) violates any state or federal controlled substance law;

(8) engages in unprofessional conduct or any other conduct which has the potential for causing harm to the public, including any departure from or failure to conform to the minimum standards of acceptable and prevailing practice without actual injury having to be established;

(9) provides emergency medical services under lapsed or nonrenewed credentials;

(10) is subject to a denial, corrective, disciplinary, or other similar action in another jurisdiction or by another regulatory authority;

(11) engages in conduct with a patient that is sexual or may reasonably be interpreted by the patient as sexual, or in any verbal behavior that is seductive or sexually demeaning to a patient; ~~or~~

(12) makes a false statement or knowingly provides false information to the ~~board~~ director, or fails to cooperate with an investigation of the ~~board~~ director as required by section 144E.30~~.~~; or

(13) fails to engage with the health professionals services program or diversion program required under section 144E.287 after being referred to the program, violates the terms of the program participation agreement, or leaves the program except upon fulfilling the terms for successful completion of the program as set forth in the participation agreement.

(b) Before taking action under paragraph (a), the ~~board~~ director shall give notice to an individual of the right to a contested case hearing under chapter 14. If an individual requests a contested case hearing within 30 days after receiving notice, the ~~board~~ director shall initiate a contested case hearing according to chapter 14.

(c) The administrative law judge shall issue a report and recommendation within 30 days after closing the contested case hearing record. The ~~board~~ director shall issue a final order within 30 days after receipt of the administrative law judge's report.

(d) After six months from the ~~board's~~ director's decision to deny, revoke, place conditions on, or refuse renewal of an individual's registration for disciplinary action, the individual shall have the opportunity to apply to the ~~board~~ director for reinstatement.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 13. Minnesota Statutes 2022, section 144E.28, subdivision 5, is amended to read:

Subd. 5. **Denial, suspension, revocation.** (a) The ~~board~~ director may deny certification or take any action authorized in subdivision 4 against an individual who the ~~board~~ director determines:

(1) violates sections 144E.001 to 144E.33 or the rules adopted under those sections, or an order that the ~~board~~ director issued or is otherwise authorized or empowered to enforce, or agreement for corrective action;

(2) misrepresents or falsifies information on an application form for certification;

(3) is convicted or pleads guilty or nolo contendere to any felony; any gross misdemeanor relating to assault, sexual misconduct, theft, or the illegal use of drugs or alcohol; or any misdemeanor relating to assault, sexual misconduct, theft, or the illegal use of drugs or alcohol;

(4) is actually or potentially unable to provide emergency medical services with reasonable skill and safety to patients by reason of illness, use of alcohol, drugs, chemicals, or any other material, or as a result of any mental or physical condition;

(5) engages in unethical conduct, including, but not limited to, conduct likely to deceive, defraud, or harm the public or demonstrating a willful or careless disregard for the health, welfare, or safety of the public;

(6) maltreats or abandons a patient;

(7) violates any state or federal controlled substance law;

(8) engages in unprofessional conduct or any other conduct which has the potential for causing harm to the public, including any departure from or failure to conform to the minimum standards of acceptable and prevailing practice without actual injury having to be established;

(9) provides emergency medical services under lapsed or nonrenewed credentials;

(10) is subject to a denial, corrective, disciplinary, or other similar action in another jurisdiction or by another regulatory authority;

(11) engages in conduct with a patient that is sexual or may reasonably be interpreted by the patient as sexual, or in any verbal behavior that is seductive or sexually demeaning to a patient; ~~or~~

(12) makes a false statement or knowingly provides false information to the ~~board~~ director or fails to cooperate with an investigation of the ~~board~~ director as required by section 144E.30~~.~~; or

(13) fails to engage with the health professionals services program or diversion program required under section 144E.287 after being referred to the program, violates the terms of the program participation agreement, or leaves the program except upon fulfilling the terms for successful completion of the program as set forth in the participation agreement.

(b) Before taking action under paragraph (a), the ~~board~~ director shall give notice to an individual of the right to a contested case hearing under chapter 14. If an individual requests a contested case hearing within 30 days after receiving notice, the ~~board~~ director shall initiate a contested case hearing according to chapter 14 and no disciplinary action shall be taken at that time.

(c) The administrative law judge shall issue a report and recommendation within 30 days after closing the contested case hearing record. The ~~board~~ director shall issue a final order within 30 days after receipt of the administrative law judge's report.

(d) After six months from the ~~board's~~ director's decision to deny, revoke, place conditions on, or refuse renewal of an individual's certification for disciplinary action, the individual shall have the opportunity to apply to the ~~board~~ director for reinstatement.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 14. Minnesota Statutes 2022, section 144E.28, subdivision 6, is amended to read:

Subd. 6. **Temporary suspension.** (a) In addition to any other remedy provided by law, the ~~board~~ director may temporarily suspend the certification of an individual after conducting a preliminary inquiry to determine whether the ~~board~~ director believes that the individual has violated a statute or rule that the ~~board~~ director is empowered to enforce and determining that the continued provision of service by the individual would create an imminent risk to public health or harm to others.

(b) A temporary suspension order prohibiting an individual from providing emergency medical care shall give notice of the right to a preliminary hearing according to paragraph (d) and shall state the reasons for the entry of the temporary suspension order.

(c) Service of a temporary suspension order is effective when the order is served on the individual personally or by certified mail, which is complete upon receipt, refusal, or return for nondelivery to the most recent address provided to the ~~board~~ director for the individual.

(d) At the time the ~~board~~ director issues a temporary suspension order, the ~~board~~ director shall schedule a hearing~~, to be held before a group of its members designated by the board,~~ that shall begin within 60 days after issuance of the temporary suspension order or within 15 working days of the date of the ~~board's~~ director's receipt of a request for a hearing from the individual, whichever is sooner. The hearing shall be on the sole

issue of whether there is a reasonable basis to continue, modify, or lift the temporary suspension. A hearing under this paragraph is not subject to chapter 14.

(e) Evidence presented by the ~~board~~ director or the individual may be in the form of an affidavit. The individual or individual's designee may appear for oral argument.

(f) Within five working days of the hearing, the ~~board~~ director shall issue its order and, if the suspension is continued, notify the individual of the right to a contested case hearing under chapter 14.

(g) If an individual requests a contested case hearing within 30 days of receiving notice under paragraph (f), the ~~board~~ director shall initiate a contested case hearing according to chapter 14. The administrative law judge shall issue a report and recommendation within 30 days after the closing of the contested case hearing record. The ~~board~~ director shall issue a final order within 30 days after receipt of the administrative law judge's report.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 15. Minnesota Statutes 2022, section 144E.285, subdivision 6, is amended to read:

Subd. 6. **Temporary suspension.** (a) In addition to any other remedy provided by law, the ~~board~~ director may temporarily suspend approval of the education program after conducting a preliminary inquiry to determine whether the ~~board~~ director believes that the education program has violated a statute or rule that the ~~board~~ director is empowered to enforce and determining that the continued provision of service by the education program would create an imminent risk to public health or harm to others.

(b) A temporary suspension order prohibiting the education program from providing emergency medical care training shall give notice of the right to a preliminary hearing according to paragraph (d) and shall state the reasons for the entry of the temporary suspension order.

(c) Service of a temporary suspension order is effective when the order is served on the education program personally or by certified mail, which is complete upon receipt, refusal, or return for nondelivery to the most recent address provided to the ~~board~~ director for the education program.

(d) At the time the ~~board~~ director issues a temporary suspension order, the ~~board~~ director shall schedule a hearing~~, to be held before a group of its members designated by the board,~~ that shall begin within 60 days after issuance of the temporary suspension order or within 15 working days of the date of the ~~board's~~ director's receipt of a request for a hearing from the education program, whichever is sooner. The hearing shall be on the sole issue of whether there is a reasonable basis to continue, modify, or lift the temporary suspension. A hearing under this paragraph is not subject to chapter 14.

(e) Evidence presented by the ~~board~~ director or the individual may be in the form of an affidavit. The education program or counsel of record may appear for oral argument.

(f) Within five working days of the hearing, the ~~board~~ director shall issue its order and, if the suspension is continued, notify the education program of the right to a contested case hearing under chapter 14.

(g) If an education program requests a contested case hearing within 30 days of receiving notice under paragraph (f), the ~~board~~ director shall initiate a contested case hearing according to chapter 14. The administrative law judge shall issue a report and recommendation within 30 days after the closing of the contested case hearing record. The ~~board~~ director shall issue a final order within 30 days after receipt of the administrative law judge's report.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 16. Minnesota Statutes 2022, section 144E.287, is amended to read:

144E.287 DIVERSION PROGRAM.

The ~~board~~ director shall either conduct a health professionals ~~service~~ services program ~~under sections 214.31 to 214.37~~ or contract for a diversion program ~~under section 214.28~~ for professionals regulated ~~by the board~~ under this chapter who are unable to perform their duties with reasonable skill and safety by reason of illness, use of alcohol, drugs, chemicals, or any other materials, or as a result of any mental, physical, or psychological condition.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 17. Minnesota Statutes 2022, section 144E.305, subdivision 3, is amended to read:

Subd. 3. **Immunity.** (a) An individual, licensee, health care facility, business, or organization is immune from civil liability or criminal prosecution for submitting in good faith a report to the ~~board~~ director under subdivision 1 or 2 or for otherwise reporting in good faith to the ~~board~~ director violations or alleged violations of sections 144E.001 to 144E.33. Reports are classified as confidential data on individuals or protected nonpublic data under section 13.02 while an investigation is active. Except for the ~~board's~~ director's final determination, all communications or information received by or disclosed to the ~~board~~ director relating to disciplinary matters of any person or entity subject to the ~~board's~~ director's regulatory jurisdiction are confidential and privileged and any disciplinary hearing shall be closed to the public.

(b) ~~Members of the board~~ The director, persons employed by the ~~board~~ director, persons engaged in the investigation of violations and in the preparation and management of charges of violations of sections 144E.001 to 144E.33 on behalf of the ~~board~~ director, and persons participating in the investigation regarding charges of violations are immune from civil liability and criminal prosecution for any actions, transactions, or publications, made in good faith, in the execution of, or relating to, their duties under sections 144E.001 to 144E.33.

~~(c) For purposes of this section, a member of the board is considered a state employee under section 3.736, subdivision 9.~~

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 18. **INITIAL MEMBERS AND FIRST MEETING; EMERGENCY MEDICAL SERVICES ADVISORY COUNCIL.**

(a) Initial appointments of members to the Emergency Medical Services Advisory Council must be made by January 1, 2025. The terms of initial appointees shall be determined by lot by the secretary of state and shall be as follows:

(1) eight members shall serve two-year terms; and

(2) eight members shall serve three-year terms.

(b) The medical director appointee must convene the first meeting of the Emergency Medical Services Advisory Council by February 1, 2025.

Sec. 19. **INITIAL MEMBERS AND FIRST MEETING; EMERGENCY MEDICAL SERVICES PHYSICIAN ADVISORY COUNCIL.**

(a) Initial appointments of members to the Emergency Medical Services Physician Advisory Council must be made by January 1, 2025. The terms of initial appointees shall be determined by lot by the secretary of state and shall be as follows:

(1) five members shall serve two-year terms;

(2) five members shall serve three-year terms; and

(3) the term for the medical director appointee to the Emergency Medical Services Physician Advisory Council shall coincide with that member's term on the Emergency Medical Services Advisory Council.

(b) The medical director appointee must convene the first meeting of the Emergency Medical Services Physician Advisory Council by February 1, 2025.

Sec. 20. **INITIAL MEMBERS AND FIRST MEETING; LABOR AND EMERGENCY MEDICAL SERVICE PROVIDERS ADVISORY COUNCIL.**

(a) Initial appointments of members to the Labor and Emergency Medical Service Providers Advisory Council must be made by January 1, 2025. The terms of initial appointees shall be determined by lot by the secretary of state and shall be as follows:

(1) six members shall serve two-year terms; and

(2) seven members shall serve three-year terms.

(b) The emergency medical technician instructor appointee must convene the first meeting of the Labor and Emergency Medical Service Providers Advisory Council by February 1, 2025.

Sec. 21. **TRANSITION.**

Subdivision 1. **Appointment of director; operation of office.** No later than October 1, 2024, the governor shall appoint a director-designee of the Office of Emergency Medical Services. The individual appointed as the director-designee of the Office of Emergency Medical Services shall become the governor's appointee as director of the Office of Emergency Medical Services on January 1, 2025. Effective January 1, 2025, the responsibilities to regulate emergency medical services in the state under Minnesota Statutes, chapter 144E, and Minnesota Rules, chapter 4690, are transferred from the Emergency Medical Services Regulatory Board to the Office of Emergency Medical Services and the director of the Office of Emergency Medical Services.

Subd. 2. **Transfer of responsibilities.** Minnesota Statutes, section 15.039, applies to the transfer of responsibilities from the Emergency Medical Services Regulatory Board to the Office of Emergency Medical Services required by this act. The commissioner of administration, with the approval of the governor, may issue reorganization orders under Minnesota Statutes, section 16B.37, as necessary to carry out the transfer of responsibilities required by this act. The provision of Minnesota Statutes, section 16B.37, subdivision 1, which states that transfers under that section may be made only to an agency that has been in existence for at least one year, does not apply to transfers in this act to the Office of Emergency Medical Services.

Sec. 22. **REVISOR INSTRUCTION.**

(a) In Minnesota Statutes, chapter 144E, the revisor of statutes shall replace "board" with "director"; "board's" with "director's"; "Emergency Medical Services Regulatory Board" or "Minnesota Emergency Medical Services Regulatory Board" with "director"; and "board-approved" with "director-approved," except that:

(1) in Minnesota Statutes, section 144E.11, the revisor of statutes shall not modify the term "county board," "community health board," or "community health boards";

(2) in Minnesota Statutes, sections 144E.40, subdivision 2; 144E.42, subdivision 2; 144E.44; and 144E.45, subdivision 2, the revisor of statutes shall not modify the term "State Board of Investment"; and

(3) in Minnesota Statutes, sections 144E.50 and 144E.52, the revisor of statutes shall not modify the term "regional emergency medical services board," "regional board," "regional emergency medical services board's," or "regional boards."

(b) In the following sections of Minnesota Statutes, the revisor of statutes shall replace "Emergency Medical Services Regulatory Board" with "director of the Office of Emergency Medical Services": sections 13.717, subdivision 10; 62J.49, subdivision 2; 144.604; 144.608; 147.09; 156.12, subdivision 2; 169.686, subdivision 3; and 299A.41, subdivision 4.

(c) In the following sections of Minnesota Statutes, the revisor of statutes shall replace "Emergency Medical Services Regulatory Board" with "Office of Emergency Medical Services": sections 144.603 and 161.045, subdivision 3.

(d) In making the changes specified in this section, the revisor of statutes may make technical and other necessary changes to sentence structure to preserve the meaning of the text.

Sec. 23. **REPEALER.**

Minnesota Statutes 2022, sections 144E.001, subdivision 5; 144E.01; 144E.123, subdivision 5; and 144E.50, subdivision 3, are repealed.

EFFECTIVE DATE. This section is effective January 1, 2025.

ARTICLE 64

EMERGENCY MEDICAL SERVICES CONFORMING CHANGES

Section 1. Minnesota Statutes 2023 Supplement, section 15A.0815, subdivision 2, is amended to read:

Subd. 2. **Agency head salaries.** The salary for a position listed in this subdivision shall be determined by the Compensation Council under section 15A.082. The commissioner of management and budget must publish the salaries on the department's website. This subdivision applies to the following positions:

Commissioner of administration;

Commissioner of agriculture;

Commissioner of education;

Commissioner of children, youth, and families;

Commissioner of commerce;

Commissioner of corrections;

Commissioner of health;

Commissioner, Minnesota Office of Higher Education;

Commissioner, Minnesota IT Services;

Commissioner, Housing Finance Agency;

Commissioner of human rights;

Commissioner of human services;

Commissioner of labor and industry;

Commissioner of management and budget;

Commissioner of natural resources;

Commissioner, Pollution Control Agency;

Commissioner of public safety;

Commissioner of revenue;

Commissioner of employment and economic development;

Commissioner of transportation;

Commissioner of veterans affairs;

Executive director of the Gambling Control Board;

Executive director of the Minnesota State Lottery;

Commissioner of Iron Range resources and rehabilitation;

Commissioner, Bureau of Mediation Services;

Ombudsman for mental health and developmental disabilities;

Ombudsperson for corrections;

Chair, Metropolitan Council;

Chair, Metropolitan Airports Commission;

School trust lands director;

Executive director of pari-mutuel racing; ~~and~~

Commissioner, Public Utilities Commission~~.~~; and

Director of the Office of Emergency Medical Services.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 2. Minnesota Statutes 2023 Supplement, section 43A.08, subdivision 1a, is amended to read:

Subd. 1a. **Additional unclassified positions.** Appointing authorities for the following agencies may designate additional unclassified positions according to this subdivision: the Departments of Administration; Agriculture; Children, Youth, and Families; Commerce; Corrections; Direct Care and Treatment; Education; Employment and Economic Development; Explore Minnesota Tourism; Management and Budget; Health; Human Rights; Human Services; Labor and Industry; Natural Resources; Public Safety; Revenue; Transportation; and Veterans Affairs; the Housing Finance and Pollution Control Agencies; the State Lottery; the State Board of Investment; the Office of Administrative Hearings; the Department of Information Technology Services; the Offices of the Attorney General, Secretary of State, and State Auditor; the Minnesota State Colleges and Universities; the Minnesota Office of Higher Education; the Perpich Center for Arts Education; ~~and~~ the Minnesota Zoological Board; and the Office of Emergency Medical Services.

A position designated by an appointing authority according to this subdivision must meet the following standards and criteria:

(1) the designation of the position would not be contrary to other law relating specifically to that agency;

(2) the person occupying the position would report directly to the agency head or deputy agency head and would be designated as part of the agency head's management team;

(3) the duties of the position would involve significant discretion and substantial involvement in the development, interpretation, and implementation of agency policy;

(4) the duties of the position would not require primarily personnel, accounting, or other technical expertise where continuity in the position would be important;

(5) there would be a need for the person occupying the position to be accountable to, loyal to, and compatible with, the governor and the agency head, the employing statutory board or commission, or the employing constitutional officer;

(6) the position would be at the level of division or bureau director or assistant to the agency head; and

(7) the commissioner has approved the designation as being consistent with the standards and criteria in this subdivision.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 3. Minnesota Statutes 2022, section 62J.49, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** The director of the Office of Emergency Medical Services ~~Regulatory Board~~ established under chapter ~~144~~ 144E shall establish a financial data collection system for all ambulance services licensed in this state. To establish the financial database, the ~~Emergency Medical Services Regulatory Board~~ director may contract with an entity that has experience in ambulance service financial data collection.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 4. Minnesota Statutes 2023 Supplement, 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 dispensing practitioner or licensed pharmacist to the extent necessary to determine whether corrections made to the data reported under subdivision 4 are accurate;

(4) 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);

(5) 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;

(6) personnel or designees of a health-related licensing board listed in section 214.01, subdivision 2, or of the Office of Emergency Medical Services ~~Regulatory Board~~, assigned to conduct a bona fide investigation of a complaint received by that board or office 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);

(7) 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;

(8) authorized personnel under contract with the board, or under contract with the state of Minnesota and approved by the board, who are engaged in the design, evaluation, implementation, operation, or 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);

(9) federal, state, and local law enforcement authorities acting pursuant to a valid search warrant;

(10) 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;

(11) personnel of the Department of Human Services assigned to access the data pursuant to paragraph (k);

(12) 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;

(13) personnel or designees of a health-related licensing board other than the Board of Pharmacy 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. For the purposes of this clause, the health-related licensing board may also obtain utilization data; and

(14) personnel of the board specifically assigned to conduct a bona fide investigation of a specific licensee or registrant. For the purposes of this clause, the board may also obtain utilization data.

(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, 2021, a prescriber 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:

(1) before the prescriber issues an initial prescription order for a Schedules II through IV opiate controlled substance to the patient; and

(2) at least once every three months for patients receiving an opiate for treatment of chronic pain or participating in medically assisted treatment for an opioid addiction.

(e) Paragraph (d) does not apply if:

(1) the patient is receiving palliative care, or hospice or other end-of-life care;

(2) the patient is being treated for pain due to cancer or the treatment of cancer;

(3) the prescription order is for a number of doses that is intended to last the patient five days or less and is not subject to a refill;

(4) the prescriber and patient have a current or ongoing provider/patient relationship of a duration longer than one year;

(5) the prescription order is issued within 14 days following surgery or three days following oral surgery or follows the prescribing protocols established under the opioid prescribing improvement program under section 256B.0638;

(6) the controlled substance is prescribed or administered to a patient who is admitted to an inpatient hospital;

(7) the controlled substance is lawfully administered by injection, ingestion, or any other means to the patient by the prescriber, a pharmacist, or by the patient at the direction of a prescriber and in the presence of the prescriber or pharmacist;

(8) 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

(9) 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), (4), (7), (8), (10), and (11), 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 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.

(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.

(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.

(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.

(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.

(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.

(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.

(m) The board shall conduct random audits, on at least a quarterly basis, of electronic access by permissible users, as identified in paragraph (b), clauses (1), (2), (3), (4), (7), (8), (10), and (11), to the data in subdivision 4, to ensure compliance with permissible use as defined in this section. A permissible user whose account has been selected for a random audit shall respond to an inquiry by the board, no later than 30 days after receipt of notice that an audit is being conducted. Failure to respond may result in deactivation of access to the electronic system and referral to the appropriate health licensing board, or the commissioner of human services, for further action. The board shall report the results of random audits to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance and government data practices.

(n) A permissible user who has delegated the task of accessing the data in subdivision 4 to an agent or employee shall audit the use of the electronic system by delegated agents or employees on at least a quarterly basis to ensure compliance with permissible use as defined in this section. When a delegated agent or employee has been identified as inappropriately accessing data, the permissible user must immediately remove access for that individual and notify the board within seven days. The board shall notify all permissible users associated with the delegated agent or employee of the alleged violation.

(o) A permissible user who delegates access to the data submitted under subdivision 4 to an agent or employee shall terminate that individual's access to the data within three business days of the agent or employee leaving employment with the permissible user. The board may conduct random audits to determine compliance with this requirement.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 5. Minnesota Statutes 2022, section 214.025, is amended to read:

214.025 COUNCIL OF HEALTH BOARDS.

The health-related licensing boards may establish a Council of Health Boards consisting of representatives of the health-related licensing boards ~~and the Emergency Medical Services Regulatory Board~~. When reviewing legislation or legislative proposals relating to the regulation of health occupations, the council shall include the commissioner of health or a designee and the director of the Office of Emergency Medical Services or a designee.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 6. Minnesota Statutes 2022, section 214.04, subdivision 2a, is amended to read:

Subd. 2a. **Performance of executive directors.** The governor may request that a health-related licensing board ~~or the Emergency Medical Services Regulatory Board~~ review the performance of the board's executive director. Upon receipt of the request, the board must respond by establishing a performance improvement plan or taking disciplinary or other corrective action, including dismissal. The board shall include the governor's representative as a voting member of the board in the board's discussions and decisions regarding the governor's request. The board shall report to the governor on action taken by the board, including an explanation if no action is deemed necessary.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 7. Minnesota Statutes 2022, section 214.29, is amended to read:

214.29 PROGRAM REQUIRED.

Each health-related licensing board~~, including the Emergency Medical Services Regulatory Board under chapter 144E,~~ shall either conduct a health professionals service program under sections 214.31 to 214.37 or contract for a diversion program under section 214.28.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 8. Minnesota Statutes 2022, section 214.31, is amended to read:

214.31 AUTHORITY.

Two or more of the health-related licensing boards listed in section 214.01, subdivision 2, may jointly conduct a health professionals services program to protect the public from persons regulated by the boards who are unable to practice with reasonable skill and safety by reason of illness, use of alcohol, drugs, chemicals, or any other materials, or as a result of any mental, physical, or psychological condition. The program does not affect a board's authority to discipline violations of a board's practice act. ~~For purposes of sections 214.31 to 214.37, the emergency medical services regulatory board shall be included in the definition of a health-related licensing board under chapter 144E.~~

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 9. Minnesota Statutes 2022, section 214.355, is amended to read:

214.355 GROUNDS FOR DISCIPLINARY ACTION.

Each health-related licensing board~~, including the Emergency Medical Services Regulatory Board under chapter 144E,~~ shall consider it grounds for disciplinary action if a regulated person violates the terms of the health professionals services program participation agreement or leaves the program except upon fulfilling the terms for successful completion of the program as set forth in the participation agreement.

EFFECTIVE DATE. This section is effective January 1, 2025.

ARTICLE 65

AMBULANCE SERVICE PERSONNEL AND EMERGENCY MEDICAL RESPONDERS

Section 1. Minnesota Statutes 2022, section 144E.001, subdivision 3a, is amended to read:

Subd. 3a. **Ambulance service personnel.** "Ambulance service personnel" means individuals who are authorized by a licensed ambulance service to provide emergency care for the ambulance service and are:

(1) EMTs, AEMTs, or paramedics;

(2) Minnesota registered nurses who are: (i) EMTs, are currently practicing nursing, and have ~~passed a paramedic practical skills test, as approved by the board and administered by an educational program approved by the board~~ been approved by the ambulance service medical director; (ii) on the roster of an ambulance service on or before January 1, 2000; ~~or~~ (iii) after petitioning the board, deemed by the board to have training and skills equivalent to an EMT, as determined on a case-by-case basis; or (iv) certified as a certified flight registered nurse or certified emergency nurse; or

(3) Minnesota licensed physician assistants who are: (i) EMTs, are currently practicing as physician assistants, and have ~~passed a paramedic practical skills test, as approved by the board and administered by an educational program approved by the board~~ been approved by the ambulance service medical director; (ii) on the roster of an ambulance service on or before January 1, 2000; or (iii) after petitioning the board, deemed by the board to have training and skills equivalent to an EMT, as determined on a case-by-case basis.

Sec. 2. Minnesota Statutes 2023 Supplement, section 144E.101, subdivision 6, is amended to read:

Subd. 6. **Basic life support.** (a) Except as provided in ~~paragraph (f)~~ subdivision 6a, a basic life-support ambulance shall be staffed by at least ~~two EMTs, one of whom must accompany the patient and provide a level of care so as to ensure that~~:

(1) one individual who is:

(i) certified as an EMT;

(ii) a Minnesota registered nurse who meets the qualification requirements in section 144E.001, subdivision 3a, clause (2); or

(iii) a Minnesota licensed physician assistant who meets the qualification requirements in section 144E.001, subdivision 3a, clause (3); and

(2) one individual to drive the ambulance who:

(i) either meets one of the qualification requirements in clause (1) or is a registered emergency medical responder driver; and

(ii) satisfies the requirements in subdivision 10.

(b) An individual who meets one of the qualification requirements in paragraph (a), clause (1), must accompany the patient and provide a level of care so as to ensure that:

(1) life-threatening situations and potentially serious injuries are recognized;

(2) patients are protected from additional hazards;

(3) basic treatment to reduce the seriousness of emergency situations is administered; and

(4) patients are transported to an appropriate medical facility for treatment.

~~(b)~~ (c) A basic life-support service shall provide basic airway management.

~~(c)~~ (d) A basic life-support service shall provide automatic defibrillation.

~~(d)~~ (e) A basic life-support service shall administer opiate antagonists consistent with protocols established by the service's medical director.

~~(e)~~ (f) A basic life-support service licensee's medical director may authorize ambulance service personnel to perform intravenous infusion and use equipment that is within the licensure level of the ambulance service. Ambulance service personnel must be properly trained. Documentation of authorization for use, guidelines for use, continuing education, and skill verification must be maintained in the licensee's files.

~~(f) For emergency ambulance calls and interfacility transfers, an ambulance service may staff its basic life-support ambulances with one EMT, who must accompany the patient, and one registered emergency medical responder driver. For purposes of this paragraph, "ambulance service" means either an ambulance service whose primary service area is mainly located outside the metropolitan counties listed in section 473.121, subdivision 4, and outside the cities of Duluth, Mankato, Moorhead, Rochester, and St. Cloud; or an ambulance service based in a community with a population of less than 2,500.~~

Sec. 3. Minnesota Statutes 2022, section 144E.101, is amended by adding a subdivision to read:

Subd. 6a. **Variance; staffing of basic life-support ambulance.** (a) Upon application from an ambulance service that includes evidence demonstrating hardship, the board may grant a variance from the staff requirements in subdivision 6, paragraph (a), and may authorize a basic life-support ambulance to be staffed, for all emergency calls and interfacility transfers, with one individual who meets the qualification requirements in paragraph (b) to drive the ambulance and one individual who meets one of the qualification requirements in subdivision 6, paragraph (a), clause (1), and who must accompany the patient. The variance applies to basic life-support ambulances until the ambulance service renews its license. When the variance expires, the ambulance service may apply for a new variance under this subdivision.

(b) In order to drive an ambulance under a variance granted under this subdivision, an individual must:

(1) hold a valid driver's license from any state;

(2) have attended an emergency vehicle driving course approved by the ambulance service;

(3) have completed a course on cardiopulmonary resuscitation approved by the ambulance service; and

(4) register with the board according to a process established by the board.

(c) If an individual serving as a driver under this subdivision commits or has a record of committing an act listed in section 144E.27, subdivision 5, paragraph (a), the board may temporarily suspend or prohibit the individual from driving an ambulance or place conditions on the individual's ability to drive an ambulance using the procedures and authority in section 144E.27, subdivisions 5 and 6.

Sec. 4. Minnesota Statutes 2023 Supplement, section 144E.101, subdivision 7, as amended by Laws 2024, chapter 85, section 32, is amended to read:

Subd. 7. **Advanced life support.** (a) Except as provided in paragraphs (f) and (g), an advanced life-support ambulance shall be staffed by at least:

(1) one EMT or one AEMT and one paramedic;

(2) one EMT or one AEMT and one registered nurse who: (i) is an EMT or an AEMT, is currently practicing nursing, and ~~has passed a paramedic practical skills test approved by the board and administered by an education program~~ has been approved by the ambulance service medical director; or (ii) is certified as a certified flight registered nurse or certified emergency nurse; or

(3) one EMT or one AEMT and one physician assistant who is an EMT or an AEMT, is currently practicing as a physician assistant, and ~~has passed a paramedic practical skills test approved by the board and administered by an education program~~ has been approved by the ambulance service medical director.

(b) An advanced life-support service shall provide basic life support, as specified under subdivision 6, paragraph ~~(a)~~ (b), advanced airway management, manual defibrillation, administration of intravenous fluids and pharmaceuticals, and administration of opiate antagonists.

(c) In addition to providing advanced life support, an advanced life-support service may staff additional ambulances to provide basic life support according to subdivision 6 and section 144E.103, subdivision 1.

(d) An ambulance service providing advanced life support shall have a written agreement with its medical director to ensure medical control for patient care 24 hours a day, seven days a week. The terms of the agreement shall include a written policy on the administration of medical control for the service. The policy shall address the following issues:

(1) two-way communication for physician direction of ambulance service personnel;

(2) patient triage, treatment, and transport;

(3) use of standing orders; and

(4) the means by which medical control will be provided 24 hours a day.

The agreement shall be signed by the licensee's medical director and the licensee or the licensee's designee and maintained in the files of the licensee.

(e) When an ambulance service provides advanced life support, the authority of a paramedic, Minnesota registered nurse-EMT, or Minnesota registered physician assistant-EMT to determine the delivery of patient care prevails over the authority of an EMT.

(f) Upon application from an ambulance service that includes evidence demonstrating hardship, the board may grant a variance from the staff requirements in paragraph (a), clause (1), and may authorize an advanced life-support ambulance to be staffed by a registered emergency medical responder driver with a paramedic for all emergency calls and interfacility transfers. The variance shall apply to advanced life-support ambulance services until the ambulance service renews its license. When the variance expires, an ambulance service may apply for a new variance under this paragraph. ~~This paragraph applies only to an ambulance service whose primary service area is mainly located outside the metropolitan counties listed in section 473.121, subdivision 4, and outside the cities of Duluth, Mankato, Moorhead, Rochester, and St. Cloud, or an ambulance service based in a community with a population of less than 1,000 persons.~~

(g) After an initial emergency ambulance call, each subsequent emergency ambulance response, until the initial ambulance is again available, and interfacility transfers, may be staffed by one registered emergency medical responder driver and an EMT or paramedic. ~~This paragraph applies only to an ambulance service whose primary service area is mainly located outside the metropolitan counties listed in section 473.121, subdivision 4, and outside the cities of Duluth, Mankato, Moorhead, Rochester, and St. Cloud, or an ambulance service based in a community with a population of less than 1,000 persons.~~

(h) An individual who staffs an advanced life-support ambulance as a driver must also meet the requirements in subdivision 10.

Sec. 5. Minnesota Statutes 2022, section 144E.27, subdivision 3, is amended to read:

Subd. 3. **Renewal.** (a) The board may renew the registration of an emergency medical responder who:

(1) successfully completes a board-approved refresher course; ~~and~~

(2) successfully completes a course in cardiopulmonary resuscitation approved by the board or by the licensee's medical director. This course may be a component of a board-approved refresher course; and

~~(2)~~ (3) submits a completed renewal application to the board before the registration expiration date.

(b) The board may renew the lapsed registration of an emergency medical responder who:

(1) successfully completes a board-approved refresher course; ~~and~~

(2) successfully completes a course in cardiopulmonary resuscitation approved by the board or by the licensee's medical director. This course may be a component of a board-approved refresher course; and

~~(2)~~ (3) submits a completed renewal application to the board within ~~12~~ 48 months after the registration expiration date.

Sec. 6. Minnesota Statutes 2022, section 144E.27, subdivision 5, is amended to read:

Subd. 5. **Denial, suspension, revocation; emergency medical responders and drivers.** (a) This subdivision applies to individuals seeking registration or registered as an emergency medical responder and to individuals seeking registration or registered as a driver of a basic life-support ambulance under section 144E.101, subdivision 6a. The board may deny, suspend, revoke, place conditions on, or refuse to renew the registration of an individual who the board determines:

(1) violates sections 144E.001 to 144E.33 or the rules adopted under those sections, an agreement for corrective action, or an order that the board issued or is otherwise empowered to enforce;

(2) misrepresents or falsifies information on an application form for registration;

(3) is convicted or pleads guilty or nolo contendere to any felony; any gross misdemeanor relating to assault, sexual misconduct, theft, or the illegal use of drugs or alcohol; or any misdemeanor relating to assault, sexual misconduct, theft, or the illegal use of drugs or alcohol;

(4) is actually or potentially unable to provide emergency medical services or drive an ambulance with reasonable skill and safety to patients by reason of illness, use of alcohol, drugs, chemicals, or any other material, or as a result of any mental or physical condition;

(5) engages in unethical conduct, including, but not limited to, conduct likely to deceive, defraud, or harm the public, or demonstrating a willful or careless disregard for the health, welfare, or safety of the public;

(6) maltreats or abandons a patient;

(7) violates any state or federal controlled substance law;

(8) engages in unprofessional conduct or any other conduct which has the potential for causing harm to the public, including any departure from or failure to conform to the minimum standards of acceptable and prevailing practice without actual injury having to be established;

(9) for emergency medical responders, provides emergency medical services under lapsed or nonrenewed credentials;

(10) is subject to a denial, corrective, disciplinary, or other similar action in another jurisdiction or by another regulatory authority;

(11) engages in conduct with a patient that is sexual or may reasonably be interpreted by the patient as sexual, or in any verbal behavior that is seductive or sexually demeaning to a patient; or

(12) makes a false statement or knowingly provides false information to the board, or fails to cooperate with an investigation of the board as required by section 144E.30.

(b) Before taking action under paragraph (a), the board shall give notice to an individual of the right to a contested case hearing under chapter 14. If an individual requests a contested case hearing within 30 days after receiving notice, the board shall initiate a contested case hearing according to chapter 14.

(c) The administrative law judge shall issue a report and recommendation within 30 days after closing the contested case hearing record. The board shall issue a final order within 30 days after receipt of the administrative law judge's report.

(d) After six months from the board's decision to deny, revoke, place conditions on, or refuse renewal of an individual's registration for disciplinary action, the individual shall have the opportunity to apply to the board for reinstatement.

Sec. 7. Minnesota Statutes 2022, section 144E.27, subdivision 6, is amended to read:

Subd. 6. **Temporary suspension; emergency medical responders and drivers.** (a) This subdivision applies to emergency medical responders registered under this section and to individuals registered as drivers of basic life-support ambulances under section 144E.101, subdivision 6a. In addition to any other remedy provided by law, the board may temporarily suspend the registration of an individual after conducting a preliminary inquiry to determine whether the board believes that the individual has violated a statute or rule that the board is empowered to enforce and determining that the continued provision of service by the individual would create an imminent risk to public health or harm to others.

(b) A temporary suspension order prohibiting an individual from providing emergency medical care or from driving a basic life-support ambulance shall give notice of the right to a preliminary hearing according to paragraph (d) and shall state the reasons for the entry of the temporary suspension order.

(c) Service of a temporary suspension order is effective when the order is served on the individual personally or by certified mail, which is complete upon receipt, refusal, or return for nondelivery to the most recent address provided to the board for the individual.

(d) At the time the board issues a temporary suspension order, the board shall schedule a hearing, to be held before a group of its members designated by the board, that shall begin within 60 days after issuance of the temporary suspension order or within 15 working days of the date of the board's receipt of a request for a hearing from the individual, whichever is sooner. The hearing shall be on the sole issue of whether there is a reasonable basis to continue, modify, or lift the temporary suspension. A hearing under this paragraph is not subject to chapter 14.

(e) Evidence presented by the board or the individual may be in the form of an affidavit. The individual or the individual's designee may appear for oral argument.

(f) Within five working days of the hearing, the board shall issue its order and, if the suspension is continued, notify the individual of the right to a contested case hearing under chapter 14.

(g) If an individual requests a contested case hearing within 30 days after receiving notice under paragraph (f), the board shall initiate a contested case hearing according to chapter 14. The administrative law judge shall issue a report and recommendation within 30 days after the closing of the contested case hearing record. The board shall issue a final order within 30 days after receipt of the administrative law judge's report.

Sec. 8. Minnesota Statutes 2022, section 144E.28, subdivision 3, is amended to read:

Subd. 3. **Reciprocity.** The board may certify an individual who possesses a current National Registry of Emergency Medical Technicians ~~registration~~ certification from another jurisdiction if the individual submits a board-approved application form. The board certification classification shall be the same as the National Registry's classification. Certification shall be for the duration of the applicant's ~~registration~~ certification period in another jurisdiction, not to exceed two years.

Sec. 9. Minnesota Statutes 2022, section 144E.28, subdivision 8, is amended to read:

Subd. 8. **Reinstatement.** (a) Within four years of a certification expiration date, a person whose certification has expired under subdivision 7, paragraph (d), may have the certification reinstated upon submission of:

(1) evidence to the board of training equivalent to the continuing education requirements of subdivision 7 or, for community paramedics, evidence to the board of training equivalent to the continuing education requirements of subdivision 9, paragraph (c); and

(2) a board-approved application form.

(b) If more than four years have passed since a certificate expiration date, an applicant must complete the initial certification process required under subdivision 1.

(c) Beginning July 1, 2024, through December 31, 2025, and notwithstanding paragraph (b), a person whose certification as an EMT, AEMT, paramedic, or community paramedic expired more than four years ago but less than ten years ago may have the certification reinstated upon submission of:

(1) evidence to the board of the training required under paragraph (a), clause (1). This training must have been completed within the 24 months prior to the date of the application for reinstatement;

(2) a board-approved application form; and

(3) a recommendation from an ambulance service medical director.

This paragraph expires December 31, 2025.

Sec. 10. Minnesota Statutes 2022, section 144E.285, subdivision 1, is amended to read:

Subdivision 1. **Approval required.** (a) All education programs for an EMR, EMT, AEMT, or paramedic must be approved by the board.

(b) To be approved by the board, an education program must:

(1) submit an application prescribed by the board that includes:

(i) type ~~and length~~ of course to be offered;

(ii) names, addresses, and qualifications of the program medical director, program education coordinator, and instructors;

~~(iii) names and addresses of clinical sites, including a contact person and telephone number;~~

~~(iv)~~ (iii) admission criteria for students; and

~~(v)~~ (iv) materials and equipment to be used;

(2) for each course, implement the most current version of the United States Department of Transportation EMS Education Standards, or its equivalent as determined by the board applicable to EMR, EMT, AEMT, or paramedic education;

(3) have a program medical director and a program coordinator;

(4) utilize instructors who meet the requirements of section 144E.283 for teaching at least 50 percent of the course content. The remaining 50 percent of the course may be taught by guest lecturers approved by the education program coordinator or medical director;

~~(5) have at least one instructor for every ten students at the practical skill stations;~~

~~(6) maintain a written agreement with a licensed hospital or licensed ambulance service designating a clinical training site;~~

~~(7)~~ (5) retain documentation of program approval by the board, course outline, and student information;

~~(8)~~ (6) notify the board of the starting date of a course prior to the beginning of a course; and

~~(9)~~ (7) submit the appropriate fee as required under section 144E.29~~; and~~.

~~(10) maintain a minimum average yearly pass rate as set by the board on an annual basis. The pass rate will be determined by the percent of candidates who pass the exam on the first attempt. An education program not meeting this yearly standard shall be placed on probation and shall be on a performance improvement plan approved by the board until meeting the pass rate standard. While on probation, the education program may continue providing classes if meeting the terms of the performance improvement plan as determined by the board. If an education program having probation status fails to meet the pass rate standard after two years in which an EMT initial course has been taught, the board may take disciplinary action under subdivision 5.~~

Sec. 11. Minnesota Statutes 2022, section 144E.285, is amended by adding a subdivision to read:

Subd. 1a. **EMR education program requirements.** The National EMS Education Standards established by the National Highway Traffic Safety Administration of the United States Department of Transportation specify the minimum requirements for knowledge and skills for emergency medical responders. An education program applying for approval to teach EMRs must comply with the requirements under subdivision 1, paragraph (b). A medical director of an emergency medical responder group may establish additional knowledge and skill requirements for EMRs.

Sec. 12. Minnesota Statutes 2022, section 144E.285, is amended by adding a subdivision to read:

Subd. 1b. **EMT education program requirements.** In addition to the requirements under subdivision 1, paragraph (b), an education program applying for approval to teach EMTs must:

(1) include in the application prescribed by the board the names and addresses of clinical sites, including a contact person and telephone number;

(2) maintain a written agreement with at least one clinical training site that is of a type recognized by the National EMS Education Standards established by the National Highway Traffic Safety Administration; and

(3) maintain a minimum average yearly pass rate as set by the board. An education program not meeting this standard must be placed on probation and must comply with a performance improvement plan approved by the board until the program meets the pass-rate standard. While on probation, the education program may continue to provide classes if the program meets the terms of the performance improvement plan, as determined by the board. If an education program that is on probation status fails to meet the pass-rate standard after two years in which an EMT initial course has been taught, the board may take disciplinary action under subdivision 5.

Sec. 13. Minnesota Statutes 2022, section 144E.285, subdivision 2, is amended to read:

Subd. 2. **AEMT and paramedic education program requirements.** (a) In addition to the requirements under subdivision 1, paragraph (b), an education program applying for approval to teach AEMTs and paramedics must:

(1) be administered by an educational institution accredited by the Commission of Accreditation of Allied Health Education Programs (CAAHEP)~~.~~;

(2) include in the application prescribed by the board the names and addresses of clinical sites, including a contact person and telephone number; and

(3) maintain a written agreement with a licensed hospital or licensed ambulance service designating a clinical training site.

(b) An AEMT and paramedic education program that is administered by an educational institution not accredited by CAAHEP, but that is in the process of completing the accreditation process, may be granted provisional approval by the board upon verification of submission of its self-study report and the appropriate review fee to CAAHEP.

(c) An educational institution that discontinues its participation in the accreditation process must notify the board immediately and provisional approval shall be withdrawn.

~~(d) This subdivision does not apply to a paramedic education program when the program is operated by an advanced life-support ambulance service licensed by the Emergency Medical Services Regulatory Board under this chapter, and the ambulance service meets the following criteria:~~

~~(1) covers a rural primary service area that does not contain a hospital within the primary service area or contains a hospital within the primary service area that has been designated as a critical access hospital under section 144.1483, clause (9);~~

~~(2) has tax-exempt status in accordance with the Internal Revenue Code, section 501(c)(3);~~

~~(3) received approval before 1991 from the commissioner of health to operate a paramedic education program;~~

~~(4) operates an AEMT and paramedic education program exclusively to train paramedics for the local ambulance service; and~~

~~(5) limits enrollment in the AEMT and paramedic program to five candidates per biennium.~~

Sec. 14. Minnesota Statutes 2022, section 144E.285, subdivision 4, is amended to read:

Subd. 4. **Reapproval.** An education program shall apply to the board for reapproval at least ~~three months~~ 30 days prior to the expiration date of its approval and must:

(1) submit an application prescribed by the board specifying any changes from the information provided for prior approval and any other information requested by the board to clarify incomplete or ambiguous information presented in the application; ~~and~~

(2) comply with the requirements under subdivision 1, paragraph (b), clauses (2) to ~~(10).~~ (7);

(3) be subject to a site visit by the board;

(4) for education programs that teach EMRs, comply with the requirements in subdivision 1a;

(5) for education programs that teach EMTs, comply with the requirements in subdivision 1b; and

(6) for education programs that teach AEMTs and paramedics, comply with the requirements in subdivision 2 and maintain accreditation with CAAHEP.

Sec. 15. **REPEALER.**

Minnesota Statutes 2022, section 144E.27, subdivisions 1 and 1a, are repealed.

ARTICLE 66

MISCELLANEOUS

Section 1. Minnesota Statutes 2022, section 16A.055, subdivision 1a, is amended to read:

Subd. 1a. ~~**Additional duties**~~ **Program evaluation and organizational development services.** The commissioner may assist state agencies by providing analytical, statistical, program evaluation using experimental or quasi-experimental design, and organizational development services to state agencies in order to assist the agency to achieve the agency's mission and to operate efficiently and effectively. For purposes of this section, "experimental design" means a method of evaluating the impact of a service that

uses random assignment to assign participants into groups that respectively receive the studied service and those that receive service as usual, so that any difference in outcomes found at the end of the evaluation can be attributed to the studied service; and "quasi-experimental design" means a method of evaluating the impact of a service that uses strategies other than random assignment to establish statistically similar groups that respectively receive the service and those that receive service as usual, so that any difference in outcomes found at the end of the evaluation can be attributed to the studied service.

Sec. 2. Minnesota Statutes 2022, section 16A.055, is amended by adding a subdivision to read:

Subd. 1b. **Consultation to develop performance measures for grants.** (a) The commissioner must, in consultation with the commissioners of health, human services, and children, youth, and families, develop an ongoing consultation schedule to create, review, and revise, as necessary, performance measures, data collection, and program evaluation plans for all state-funded grants administered by the commissioners of health, human services, and children, youth, and families that distribute at least $1,000,000 annually.

(b) Following the development of the ongoing consultation schedule under paragraph (a), the commissioner and the commissioner of the administering agency must conduct a grant program consultation in accordance with the ongoing consultation schedule. Each grant program consultation must include a review of performance measures, data collection, program evaluation plans, and reporting for each grant program. Following each consultation, the commissioner and the commissioner of the administering agency may revise evaluation metrics of a grant program. The commissioner may provide continuing support to the grant program in accordance with subdivision 1a.

Sec. 3. **[137.095] EVIDENCE IN SUPPORT OF APPROPRIATION.**

Subdivision 1. **Written report.** Prior to the introduction of a bill proposing to appropriate money to the Board of Regents of the University of Minnesota to benefit the University of Minnesota's health sciences schools and colleges, the proponents of the bill are requested to submit a written report to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education and health and human services policy and finance setting out the information described in subdivision 2. The University of Minnesota's health sciences schools and colleges are medicine, nursing, public health, pharmacy, dentistry, and veterinary medicine.

Subd. 2. **Contents of report.** (a) The report requested under this section must include the following information as specifically as possible:

(1) the dollar amount requested;

(2) how the requested dollar amount was calculated;

(3) the necessity for the appropriation's purpose to be funded by public funds;

(4) University of Minnesota budgeting considerations and decisions impacting the necessity analysis required by clause (3);

(5) all goals, outcomes, and purposes of the appropriation;

(6) performance measures as defined by the University of Minnesota that the University of Minnesota will utilize to ensure the funds are dedicated to the successful achievement of the identified goals, outcomes, and purposes; and

(7) the extent to which the appropriation advances recruitment from, and training for and retention of, health professionals from and in greater Minnesota and from underserved communities in metropolitan areas.

(b) This subdivision only applies when the Board of Regents of the University of Minnesota approves a legislative funding request for the University of Minnesota's health sciences schools and colleges.

Subd. 3. **Certifications for academic health.** A report submitted under this section must include, in addition to the information listed in subdivision 2, a certification, by the University of Minnesota Vice President and Budget Director, that:

(1) the appropriation will not be used to cover academic health clinical revenue deficits;

(2) the goals, outcomes, and purposes of the appropriation are aligned with state goals for population health improvement; and

(3) the appropriation is aligned with the University of Minnesota's strategic plan for its health sciences schools and colleges, including but not limited to shared goals and strategies for the health professional schools.

Subd. 4. **Right to request.** The chair of a standing committee in either house of the legislature may request and obtain the reports submitted pursuant to this section from the chair of a legislative committee with jurisdiction over higher education or health and human services policy and finance.

Sec. 4. Minnesota Statutes 2023 Supplement, section 142A.03, is amended by adding a subdivision to read:

Subd. 2a. **Grant consultation.** The commissioner must consult with the commissioner of management and budget to create, review, and revise grant program performance measures and to evaluate grant programs administered by the commissioner in accordance with section 16A.055, subdivisions 1a and 1b.

Sec. 5. Minnesota Statutes 2022, section 144.05, is amended by adding a subdivision to read:

Subd. 8. **Grant consultation.** The commissioner must consult with the commissioner of management and budget to create, review, and revise grant program performance measures and to evaluate grant programs administered by the commissioner in accordance with section 16A.055, subdivisions 1a and 1b.

Sec. 6. Minnesota Statutes 2022, section 144.292, subdivision 6, is amended to read:

Subd. 6. **Cost.** (a) When a patient requests a copy of the patient's record for purposes of reviewing current medical care, the provider must not charge a fee.

(b) When a provider or its representative makes copies of patient records upon a patient's request under this section, the provider or its representative may charge the patient or the patient's representative no more than ~~75 cents per page, plus $10 for time spent retrieving and copying the records, unless other law or a rule or contract provide for a lower maximum charge. This limitation does not apply to x-rays. The provider may charge a patient no more than the actual cost of reproducing x-rays, plus no more than $10 for the time spent retrieving and copying the x-rays~~ the following amount, unless other law or a rule or contract provide for a lower maximum charge:

(1) for paper copies, $1 per page, plus $10 for time spent retrieving and copying the records;

(2) for x-rays, a total of $30 for retrieving and reproducing x-rays; and

(3) for electronic copies, a total of $20 for retrieving the records.

(c) ~~The respective maximum charges of 75 cents per page and $10 for time provided in this subdivision are in effect for calendar year 1992 and may be adjusted annually each calendar year as provided in this subdivision. The permissible maximum charges shall change each year by an amount that reflects the change, as compared to the previous year, in the Consumer Price Index for all Urban Consumers, Minneapolis-St. Paul (CPI-U), published by the Department of Labor.~~ For any copies of paper records provided under paragraph (b), clause (1), a provider or the provider's representative may not charge more than a total of:

(1) $10 if there are no records available;

(2) $30 for copies of records of up to 25 pages;

(3) $50 for copies of records of up to 100 pages;

(4) $50, plus an additional 20 cents per page for pages 101 and above; or

(5) $500 for any request.

(d) A provider or its representative may charge ~~the~~ a $10 retrieval fee, but must not charge a per page fee or x-ray fee to provide copies of records requested by a patient or the patient's authorized representative if the request for copies of records is for purposes of appealing a denial of Social Security disability income or Social Security disability benefits under title II or title XVI of the Social Security Act~~; except that no fee shall be charged to a patient who is receiving public assistance, or to a patient who is represented by an attorney on behalf of a civil legal services program or a volunteer attorney program based on indigency~~. Notwithstanding the foregoing, a provider or its representative must not charge a fee, including a retrieval fee, to provide copies of records requested by a patient or the patient's authorized representative if the request for copies of records is for purposes of appealing a denial of Social Security disability income or Social Security disability benefits under title II or title XVI of the Social Security Act when the patient is receiving public assistance, represented by an attorney on behalf of a civil legal services program, or represented by a volunteer attorney program based on indigency. The patient or the patient's representative must submit one of the following to show that they are entitled to receive records without charge under this paragraph:

(1) a public assistance statement from the county or state administering assistance;

(2) a request for records on the letterhead of the civil legal services program or volunteer attorney program based on indigency; or

(3) a benefits statement from the Social Security Administration.

For the purpose of further appeals, a patient may receive no more than two medical record updates without charge, but only for medical record information previously not provided.

For purposes of this paragraph, a patient's authorized representative does not include units of state government engaged in the adjudication of Social Security disability claims.

EFFECTIVE DATE. This section is effective January 1, 2025.

Sec. 7. **[144.2925] CONSTRUCTION.**

Sections 144.291 to 144.298 must be construed to protect the privacy of a patient's health records in a more stringent manner than provided in Code of Federal Regulations, title 45, part 164. For purposes of this section, "more stringent" has the meaning given to that term in Code of Federal Regulations, title 45, section 160.202, with respect to a use or disclosure or the need for express legal permission from an individual to disclose individually identifiable health information.

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

Sec. 8. Minnesota Statutes 2022, section 144.293, subdivision 2, is amended to read:

Subd. 2. **Patient consent to release of records.** A provider, or a person who receives health records from a provider, may not release a patient's health records to a person without:

(1) a signed and dated consent from the patient or the patient's legally authorized representative authorizing the release;

(2) specific authorization in Minnesota law; or

(3) a representation from a provider that holds a signed and dated consent from the patient authorizing the release.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to health records released on or after that date.

Sec. 9. Minnesota Statutes 2022, section 144.293, subdivision 4, is amended to read:

Subd. 4. **Duration of consent.** Except as provided in this section, a consent is valid for one year or for a period specified in the consent or for a different period provided by Minnesota law.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to health records released on or after that date.

Sec. 10. Minnesota Statutes 2022, section 144.293, subdivision 9, is amended to read:

Subd. 9. **Documentation of release.** (a) In cases where a provider releases health records without patient consent as authorized by Minnesota law, the release must be documented in the patient's health record. In the case of a release under section 144.294, subdivision 2, the documentation must include the date and circumstances under which the release was made, the person or agency to whom the release was made, and the records that were released.

(b) When a health record is released using a representation from a provider that holds a consent from the patient, the releasing provider shall document:

(1) the provider requesting the health records;

(2) the identity of the patient;

(3) the health records requested; and

(4) the date the health records were requested.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to health records released on or after that date.

Sec. 11. Minnesota Statutes 2022, section 144.293, subdivision 10, is amended to read:

Subd. 10. **Warranties regarding consents, requests, and disclosures.** (a) When requesting health records using consent, a person warrants that the consent:

(1) contains no information known to the person to be false; and

(2) accurately states the patient's desire to have health records disclosed or that there is specific authorization in Minnesota law.

(b) When requesting health records using consent, or a representation of holding a consent, a provider warrants that the request:

(1) contains no information known to the provider to be false;

(2) accurately states the patient's desire to have health records disclosed or that there is specific authorization in Minnesota law; and

(3) does not exceed any limits imposed by the patient in the consent.

(c) When disclosing health records, a person releasing health records warrants that the person:

(1) has complied with the requirements of this section regarding disclosure of health records;

(2) knows of no information related to the request that is false; and

(3) has complied with the limits set by the patient in the consent.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to health records released on or after that date.

Sec. 12. Minnesota Statutes 2023 Supplement, section 245.991, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** The commissioner of human services must establish the projects for assistance in transition from homelessness program to prevent or end homelessness for people with serious mental illness, substance use disorder, or co-occurring substance use disorder and ensure the commissioner achieves the goals of the housing mission statement in section 245.461, subdivision 4.

Sec. 13. Minnesota Statutes 2023 Supplement, section 245C.31, subdivision 1, is amended to read:

Subdivision 1. **Board determines disciplinary or corrective action.** (a) The commissioner shall notify a health-related licensing board as defined in section 214.01, subdivision 2, if the commissioner determines that an individual who is licensed by the health-related licensing board and who is included on the board's roster list provided in accordance with subdivision 3a is responsible for substantiated maltreatment under section 626.557 or chapter 260E, in accordance with subdivision 2. ~~Upon receiving notification~~ Except as provided in paragraph (b), the health-related licensing board shall make a determination as to whether to impose disciplinary or corrective action under chapter 214, rather than the commissioner making the decision regarding disqualification.

(b) The prohibition on disqualification in paragraph (a) does not apply to a background study of an individual regulated by a health-related licensing board if the individual's study is related to child foster care, adult foster care, or family child care licensure.

Sec. 14. Minnesota Statutes 2022, section 256.01, is amended by adding a subdivision to read:

Subd. 2c. **Grant consultation.** The commissioner must consult with the commissioner of management and budget to create, review, and revise grant program performance measures and to evaluate grant programs administered by the commissioner in accordance with section 16A.055, subdivisions 1a and 1b.

Sec. 15. Minnesota Statutes 2022, section 256.01, subdivision 41, is amended to read:

Subd. 41. **Reports on interagency agreements and intra-agency transfers.** (a) Beginning October 31, 2024, and annually thereafter, the commissioner of human services shall provide ~~quarterly reports~~ a report to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance on:

(1) interagency agreements or service-level agreements and any renewals or extensions of existing interagency or service-level agreements with a state department under section 15.01, state agency under section 15.012, or the Department of Information Technology Services, with a value of more than $100,000, or related agreements with the same department or agency with a cumulative value of more than $100,000; and

(2) transfers of appropriations of more than $100,000 between accounts within or between agencies.

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

(b) This subdivision expires December 31, 2034.

Sec. 16. Minnesota Statutes 2022, section 256B.795, is amended to read:

256B.795 MATERNAL AND INFANT HEALTH REPORT.

(a) The commissioner of human services, in consultation with the commissioner of health, shall submit a biennial report beginning April 15, 2022, to the chairs and ranking minority members of the legislative committees with jurisdiction over health policy and finance on the effectiveness of state maternal and infant health policies and programs addressing health disparities in prenatal and postpartum health outcomes. For each reporting period, the commissioner shall determine the number of women enrolled in the medical assistance program who are pregnant or are in the 12-month postpartum period of eligibility and the percentage of women in that group who, during each reporting period:

(1) received prenatal services;

(2) received doula services;

(3) gave birth by primary cesarean section;

(4) gave birth to an infant who received care in the neonatal intensive care unit;

(5) gave birth to an infant who was premature or who had a low birth weight;

(6) experienced postpartum hemorrhage;

(7) received postpartum care within six weeks of giving birth; and

(8) received a prenatal and postpartum follow-up home visit from a public health nurse.

(b) These measurements must be determined through an analysis of the utilization data from claims submitted during each reporting period and by any other appropriate means. The measurements for each metric must be determined in the aggregate stratified by race and ethnicity.

(c) The commissioner shall establish a baseline for the metrics described in paragraph (a) using calendar year 2017. The initial report due April 15, 2022, must contain the baseline metrics and the metrics data for calendar years 2019 and 2020. The following reports due biennially thereafter must contain the metrics for the preceding two calendar years.

(d) This section expires December 31, 2034.

Sec. 17. Minnesota Statutes 2022, section 256K.45, subdivision 2, is amended to read:

Subd. 2. **Homeless youth report.** (a) The commissioner shall prepare a biennial report, beginning ~~in February 2015~~ February 1, 2025, which provides meaningful information to the chairs and ranking minority members of the legislative committees ~~having~~ with 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, including shelter-linked youth mental health grants under section 256K.46; (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.

(b) This subdivision expires December 31, 2034.

Sec. 18. Minnesota Statutes 2023 Supplement, section 260.761, is amended by adding a subdivision to read:

Subd. 8. **Missing child notification.** A child-placing agency or individual petitioner shall notify an Indian child's Tribe or Tribes by telephone and by email or facsimile immediately but no later than 24 hours after receiving information on a missing child as defined under section 260C.212, subdivision 13, paragraph (a).

Sec. 19. 2024 H.F. No. 5237, article 22, section 2, subdivision 4, if enacted, is amended to read:

Subd. 4. **Central Office; Health Care**	(3,216,000)	3,216,000

The appropriation in fiscal year 2025 is a onetime appropriation.

Sec. 20. 2024 H.F. No. 5237, article 22, section 2, subdivision 5, if enacted, is amended to read:

Subd. 5. **Central Office; Behavioral Health, Deaf and Hard-of-Hearing, and Housing Services**	(136,000)	136,000

The appropriation in fiscal year 2025 is a onetime appropriation.

Extended Availability. $136,000 of the general fund appropriation in fiscal year 2025 is available until June 30, 2027.

Sec. 21. **ANNUAL REPORT TO LEGISLATURE; USE OF APPROPRIATION FUNDS.**

By January 15, 2025, and every year thereafter, 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 primary jurisdiction over higher education and health and human services policy and finance on the use of all appropriations for the benefit of the University of Minnesota's health sciences schools and colleges, including:

(1) changes to the University of Minnesota's anticipated uses of each appropriation;

(2) the results of the performance measures required by Minnesota Statutes, section 137.095, subdivision 2, clause (6); and

(3) current and anticipated achievement of the goals, outcomes, and purposes of each appropriation.

Sec. 22. **DIRECTION TO COMMISSIONER OF HEALTH; HEALTH PROFESSIONS WORKFORCE ADVISORY COUNCIL.**

Subdivision 1. **Health professions workforce advisory council.** The commissioner of health, in consultation with the University of Minnesota and the Minnesota State HealthForce Center of Excellence, shall provide recommendations to the legislature for the creation of a health professions workforce advisory council to:

(1) research and advise the legislature and the Minnesota Office of Higher Education on the status of the health workforce who are in training and on the need for additional or different training opportunities;

(2) provide information and analysis on health workforce needs and trends, upon request, to the legislature, any state department, or any other entity the advisory council deems appropriate;

(3) review and comment on legislation relevant to Minnesota's health workforce; and

(4) study and provide recommendations regarding the following:

(i) health workforce supply, including:

(A) employment trends and demand;

(B) strategies that entities in Minnesota are using or may use to address health workforce shortages, recruitment, and retention; and

(C) future investments to increase the supply of health care professionals, with particular focus on critical areas of need within Minnesota;

(ii) options for training and educating the health workforce, including:

(A) increasing the diversity of health professions workers to reflect Minnesota's communities;

(B) addressing the maldistribution of primary, mental health, nursing, and dental providers in greater Minnesota and in underserved communities in metropolitan areas;

(C) increasing interprofessional training and clinical practice;

(D) addressing the need for increased quality faculty to train an increased workforce; and

(E) developing advancement paths or career ladders for health care professionals;

(iii) increasing funding for strategies to diversify and address gaps in the health workforce, including:

(A) increasing access to financing for graduate medical education;

(B) expanding pathway programs to increase awareness of the health care professions among high school, undergraduate, and community college students and engaging the current health workforce in those programs;

(C) reducing or eliminating tuition for entry-level health care positions that offer opportunities for future advancement in high-demand settings and expanding other existing financial support programs such as loan forgiveness and scholarship programs;

(D) incentivizing recruitment from greater Minnesota and recruitment and retention for providers practicing in greater Minnesota and in underserved communities in metropolitan areas; and

(E) expanding existing programs, or investing in new programs, that provide wraparound support services to the existing health care workforce, especially people of color and professionals from other underrepresented identities, to acquire training and advance within the health care workforce; and

(iv) other Minnesota health workforce priorities as determined by the advisory council.

Subd. 2. **Report to the legislature.** On or before February 1, 2025, the commissioner of health shall submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services and higher education finance and policy with recommendations for the creation of a health professions workforce advisory council as described in subdivision 1. The report must include recommendations regarding:

(1) membership of the advisory council;

(2) funding sources and estimated costs for the advisory council;

(3) existing sources of workforce data for the advisory council to perform its duties;

(4) necessity for and options to obtain new data for the advisory council to perform its duties;

(5) additional duties of the advisory council;

(6) proposed legislation to establish the advisory council;

(7) similar health workforce advisory councils in other states; and

(8) advisory council reporting requirements.

Sec. 23. **REQUEST FOR INFORMATION; EVALUATION OF STATEWIDE HEALTH CARE NEEDS AND CAPACITY AND PROJECTIONS OF FUTURE HEALTH CARE NEEDS.**

(a) By November 1, 2024, the commissioner of health must publish a request for information to assist the commissioner in a future comprehensive evaluation of current health care needs and capacity in the state and projections of future health care needs in the state based on population and provider characteristics. The request for information:

(1) must provide guidance on defining the scope of the study and assist in answering methodological questions that will inform the development of a request for proposals to contract for performance of the study; and

(2) may address topics that include but are not limited to how to define health care capacity, expectations for capacity by geography or service type, how to consider health centers that have areas of particular expertise or services that generally have a higher margin, how hospital-based services should be considered as compared with evolving nonhospital-based services, the role of technology in service delivery, health care workforce supply issues, and other issues related to data or methods.

(b) By February 1, 2025, the commissioner must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over health care, with the results of the request for information and recommendations regarding conducting a comprehensive evaluation of current health care needs and capacity in the state and projections of future health care needs in the state.

Sec. 24. **EXEMPTION.**

The contract requirements under Minnesota Statutes, chapter 16C, do not apply to Laws 2023, chapter 70, article 20, section 2, subdivision 5, paragraph (d).

EFFECTIVE DATE. This section is effective retroactively from July 1, 2023.

Sec. 25. **REPEALER.**

Minnesota Statutes 2022, section 256B.79, subdivision 6, is repealed.

ARTICLE 67

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 2023, chapter 61, article 9; Laws 2023, chapter 70, article 20; and Laws 2023, chapter 74, section 6, to the agencies and for the purposes specified in this article. The appropriations are from the general fund or other named fund and are available for the fiscal years indicated for each purpose. The figures "2024" and "2025" used in this article mean that the addition to or subtraction from the appropriation listed under them is available for the fiscal year ending June 30, 2024, or June 30, 2025, respectively. Base adjustments mean the addition to or subtraction from the base level adjustment set in Laws 2023, chapter 61, article 9; Laws 2023, chapter 70, article 20; and Laws 2023, chapter 74, section 6. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2024, are effective the day following final enactment unless a different effective date is explicit.

	APPROPRIATIONS Available for the Year Ending June 30 2024	2025

Sec. 2. **COMMISSIONER OF HUMAN SERVICES**

Subdivision 1. **Total Appropriation**	**$**	**(22,695,000)**	**$** **23,032,000**

Appropriations by Fund

	2024	2025
General	(22,695,000)	23,132,000
Health Care Access	-0-	(100,000)

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

Subd. 2. **Central Office; Operations**	-0-	(1,907,000)

Base Level Adjustment. The general fund base is increased by $239,000 in fiscal year 2026 and increased by $181,000 in fiscal year 2027.

Subd. 3. **Central Office; Health Care**

Appropriations by Fund

General	-0-	540,000
Health Care Access	(1,000,000)	-0-

Base Level Adjustment. The general fund base is increased by $1,063,000 in fiscal year 2026 and increased by $1,063,000 in fiscal year 2027.

Subd. 4. **Central Office; Behavioral Health, Deaf and Hard-of-Hearing, and Housing Services**	-0-	2,036,000

(a) The appropriation in fiscal year 2025 is a onetime appropriation.

(b) **Medical Assistance Mental Health Benefit Development.** $1,227,000 in fiscal year 2025 is to: (1) conduct an analysis to identify existing or pending Medicaid Clubhouse benefits in other states, federal authorities used, populations served, service and

reimbursement design, and accreditation standards; (2) consult with providers, advocates, Tribal Nations, counties, people with lived experience as or with a child in a mental health crisis, and other interested community members to develop a covered benefit under medical assistance to provide residential mental health crisis stabilization for children; and (3) develop a First Episode Psychosis Coordinated Specialty Care (FEP-CSC) medical assistance benefit. This is a onetime appropriation and is available until June 30, 2027.

Subd. 5. **Forecasted Programs; MinnesotaCare** -0- 343,000

(a) This appropriation is from the health care access fund.

(b) **Base Level Adjustment.** The health care access fund base is increased by $1,165,000 in fiscal year 2026 and increased by $1,713,000 in fiscal year 2027.

Subd. 6. **Forecasted Programs; Medical Assistance**

	Appropriations by Fund	
General	-0-	6,527,000
Health Care Access	1,000,000	(443,000)

(a) **Additional Payment for Behavioral Health Services Provided by Hospitals.** $5,814,000 in fiscal year 2025 is from the general fund for behavioral health services provided by hospitals under Minnesota Statutes, section 256.969, subdivision 2b, paragraph (a), clause (4). The increase in payments shall be made by increasing the adjustment under Minnesota Statutes, section 256.969, subdivision 2b, paragraph (e), clause (2).

(b) **Base Level Adjustment.** The health care access fund base is decreased by $1,265,000 in fiscal year 2026 and decreased by $1,813,000 in fiscal year 2027.

Subd. 7. **Forecasted Programs; Behavioral Health Fund** -0- 127,000

Subd. 8. **Grant Programs; Adult Mental Health Grants** (22,695,000) 14,568,000

(a) **Youable Emotional Health.** $300,000 in fiscal year 2025 is for a grant to Youable Emotional Health

for day treatment transportation costs on nonschool days, student nutrition, and student learning experiences such as technology, arts, and outdoor activity. This is a onetime appropriation. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the amount for administrative costs under this paragraph is $0.

(b) **Comunidades Latinas Unidas En Servercio Certified Community Behavioral Health Clinic Services.** $1,500,000 in fiscal year 2025 is for a payment to Comunidades Latinas Unidas En Servercio (CLUES) to provide comprehensive integrated health care through the certified community behavioral health clinic (CCBHC) model of service delivery as required under Minnesota Statutes, section 245.735. Funds must be used to provide evidence-based services under the CCBHC service model and must not be used to supplant available medical assistance funding. By June 30, 2026, CLUES must report to the commissioner of human services on:

(1) the number of people served;

(2) outcomes for people served; and

(3) whether the funding reduced behavioral health racial and ethnic disparities.

This is a onetime appropriation and is available until June 30, 2026. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the amount for administrative costs under this paragraph is $0.

(c) **Grant to PFund Foundation.** $1,000,000 in fiscal year 2025 is for a payment to the PFund Foundation for grants in Minnesota to support the medical, mental health, and social service needs of LGBTQIA2S+ individuals. This is a onetime appropriation.

(d) **Adult Mental Health Initiative Appropriation Cancellation and Appropriation.** $11,768,000 of the fiscal year 2024 appropriation for the adult mental health initiative is canceled and $11,768,000 in fiscal year 2025 is for the adult mental health initiative. This is a onetime appropriation.

Subd. 9. **Grant Programs; Child Mental Health Grants**		-0-	7,350,000

(a) **School-Linked Behavioral Health Grants.** $3,000,000 in fiscal year 2025 is for school-linked

behavioral health grants under Minnesota Statutes, section 245.4901. This is a onetime appropriation and is available until June 30, 2027. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the amount for administrative costs under this paragraph is $0.

(b) **Respite Care Services.** $2,650,000 in fiscal year 2025 is for respite care services under Minnesota Statutes, section 245.4889, subdivision 1, paragraph (b), clause (3). This is a onetime appropriation and is available until June 30, 2027. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the amount for administrative costs under this paragraph is $515,000.

(c) **Grant to Volunteers of America.** $1,700,000 in fiscal year 2025 is for a grant to Volunteers of America for program consolidation, workforce training, and the development of a trauma-informed locked setting environment. This is a onetime appropriation and is available until June 30, 2027. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the amount for administrative costs under this paragraph is $0.

Subd. 10. **Direct Care and Treatment; Mental Health and Substance Abuse** -0- (6,109,000)

Base Level Adjustments. The general fund base is decreased by $7,566,000 in fiscal year 2026 and decreased by $7,566,000 in fiscal year 2027.

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

Sec. 3. **COMMISSIONER OF HEALTH**

Subdivision 1. **Total Appropriation** **$ (2,690,000) $ (251,000)**

	Appropriations by Fund	
	2024	2025
General	(2,694,000)	2,485,000
State Government Special Revenue	4,000	(2,736,000)

The amount that may be spent for each purpose is specified in the following subdivisions.

Subd. 2. **Health Improvement**	(2,694,000)	2,075,000

(a) **Stillbirth Prevention Grant.** $210,000 in fiscal year 2025 is for a grant to Healthy Birth Day, Inc., to operate a stillbirth prevention through tracking fetal movement pilot program. This is a onetime appropriation and is available until June 30, 2028. In accordance with Minnesota Statutes, section 16B.98, subdivision 14, the commissioner may use $10,000 of this appropriation for administrative costs.

(b) **Grant to Chosen Vessels Midwifery Services.** $263,000 in fiscal year 2025 is for a grant to Chosen Vessels Midwifery Services for a program to provide education, support, and encouragement for African American mothers to breastfeed their infants for the first year of life or longer. Chosen Vessel Midwifery Services must combine the midwife model of care with the cultural tradition of mutual aid to inspire African American women to breastfeed their infants and to provide support to those who do. This is a onetime appropriation and is available until June 30, 2026. In accordance with Minnesota Statutes, section 16B.98, subdivision 14, the commissioner may use $13,000 of this appropriation for administrative costs.

(c) **American Indian Birth Center Planning Grant.** $368,000 in fiscal year 2025 is for a grant to the Birth Justice Collaborative to plan for and engage the community in the development of an American Indian-focused birth center to improve access to culturally centered prenatal and postpartum care with the goal of improving maternal and child health outcomes. The Birth Justice Collaborative must report to the commissioner on the plan to develop an American Indian-focused birth center. This is a onetime appropriation. In accordance with Minnesota Statutes, section 16B.98, subdivision 14, the commissioner may use $18,000 of this appropriation for administrative costs.

(d) **Grant to Birth Justice Collaborative for African American-Focused Homeplace Model.** $263,000 in fiscal year 2025 is for a grant to the Birth Justice Collaborative for planning and community engagement to develop a replicable African American-focused Homeplace model. The model's purpose must be to improve access to culturally centered healing and care during pregnancy and the postpartum period, with the

goal of improving maternal and child health outcomes. The Birth Justice Collaborative must report to the commissioner on the needs of and plan to develop an African American-focused Homeplace model in Hennepin County. The report must outline potential state and public partnerships and financing strategies and must provide a timeline for development. This is a onetime appropriation. In accordance with Minnesota Statutes, section 16B.98, subdivision 14, the commissioner may use $13,000 of this appropriation for administrative costs.

(e) **Request for Information; Evaluation of Statewide Health Care Needs and Capacity.** $250,000 in fiscal year 2025 is for a request for information for a future evaluation of statewide health care needs and capacity and projections of future health care needs. This is a onetime appropriation.

(f) **Reports on Prior Authorization Requests.** $191,000 in fiscal year 2025 is for the purposes of Minnesota Statutes, section 62M.19. This appropriation is available until June 30, 2027. The base for this appropriation is $21,000 in fiscal year 2026 and $22,000 in fiscal year 2027.

(g) **Base Level Adjustment.** The general fund base is increased by $247,000 in fiscal year 2026 and increased by $318,000 in fiscal year 2027.

Subd. 3. **Health Protection**

	Appropriations by Fund	
General	-0-	410,000
State Government Special Revenue	4,000	(2,736,000)

(a) **Translation of Competency Evaluation for Nursing Assistant Registry.** $20,000 in fiscal year 2025 is from the general fund for translation of competency evaluation materials for the nursing assistant registry. This is a onetime appropriation.

(b) **Hospital Closure, Relocation, or Service Cessation.** $9,000 in fiscal year 2025 is from the general fund for activities under Minnesota Statutes, section 144.555.

(c) **Natural Organic Reduction.** $140,000 in fiscal year 2025 is from the state government special revenue fund for the licensure of natural organic reduction facilities. The base for this appropriation is $85,000 in fiscal year 2026 and $16,000 in fiscal year 2027.

(d) **Groundwater Thermal Exchange Device Permitting.** $4,000 in fiscal year 2024 and $4,000 in fiscal year 2025 are from the state government special revenue fund for costs related to issuing permits for groundwater thermal exchange devices.

(e) **Base Level Adjustment.** The general fund base is increased by $390,000 in fiscal year 2026 and increased by $185,000 in fiscal year 2027. The state government special revenue fund base is decreased by $2,791,000 in fiscal year 2026 and decreased by $2,860,000 in fiscal year 2027.

Sec. 4. **BOARD OF PHARMACY**

	Appropriations by Fund	
General	1,500,000	-0-
State Government Special Revenue	-0-	27,000

(a) **Legal Costs.** $1,500,000 in fiscal year 2024 is from the general fund for legal costs. This is a onetime appropriation.

(b) **Base Level Adjustment.** The state government special revenue fund base is increased by $27,000 in fiscal year 2026 and increased by $27,000 in fiscal year 2027.

Sec. 5. **RARE DISEASE ADVISORY COUNCIL** **$ -0- $ 342,000**

This is a onetime appropriation and is available until June 30, 2027.

Sec. 6. **COMMISSIONER OF MANAGEMENT AND BUDGET**

	Appropriations by Fund	
	2024	2025

General	-0-	(232,000)
Health Care Access	-0-	100,000

(a) **Insulin safety net program.** $100,000 in fiscal year 2025 is from the health care access fund for the insulin safety net program in Minnesota Statutes, section 151.74.

(b) **Transfer.** The commissioner must transfer from the health care access fund to the insulin safety net program account in the special revenue fund the amount certified by the commissioner of administration under Minnesota Statutes, section 151.741, subdivision 5, paragraph (b), estimated to be $100,000 in fiscal year 2025, for reimbursement to manufacturers for insulin dispensed under the insulin safety net program in Minnesota Statutes, section 151.74. The base for this transfer is estimated to be $100,000 in fiscal year 2026 and $100,000 in fiscal year 2027.

(c) **Base Level Adjustment.** The health care access fund base is increased by $100,000 in fiscal year 2026 and increased by $100,000 in fiscal year 2027.

Sec. 7. **BOARD OF DIRECTORS OF MNSURE** **$** **-0-** **$** **2,330,000**

(a) **Information Technology to Implement Federal Deferred Action for Childhood Arrivals Regulatory Requirements.** $2,330,000 in fiscal year 2025 is for information technology to implement federal Deferred Action for Childhood Arrivals regulatory requirements. This is a onetime appropriation and is available until June 30, 2027.

(b) **Transfer to Enterprise Account.** The Board of Directors of MNsure must transfer $2,330,000 in fiscal year 2025 from the general fund to the enterprise account under Minnesota Statutes, section 62V.07. This is a onetime transfer.

Sec. 8. **COMMISSIONER OF COMMERCE** **$** **-0-** **$** **149,000**

(a) **Defrayal of Costs for Mandated Coverage of Orthotic and Prosthetic Devices.** The general fund base is increased by $558,000 in fiscal year 2026 and increased by $539,000 in fiscal year 2027. The base includes $520,000 in fiscal year 2026 and $540,000 in fiscal year 2027 for the estimated amount of defrayal

costs for mandated coverage of orthotic and prosthetic devices and $38,000 in fiscal year 2026 and $19,000 in fiscal year 2027 for administrative costs to implement mandated coverage of orthotic and prosthetic devices.

(b) **Defrayal of Costs for Mandated Coverage of Abortions and Abortion-Related Services.** The general fund base is increased by $338,000 in fiscal year 2026 and increased by $319,000 in fiscal year 2027. The base includes $300,000 in fiscal year 2026 and $300,000 in fiscal year 2027 for the estimated amount of defrayal costs for mandated coverage of abortions and abortion-related services and $38,000 in fiscal year 2026 and $19,000 in fiscal year 2027 for administrative costs to implement mandated coverage of abortions and abortion-related services.

(c) **Defrayal Costs for Mandated Coverage of Rapid Whole Genome Sequencing.** The general fund base is increased by $838,000 in fiscal year 2026 and increased by $819,000 in fiscal year 2027. The base includes $800,000 in fiscal year 2026 and $800,000 in fiscal year 2027 for the estimated amount of defrayal costs for rapid whole genome sequencing and $38,000 in fiscal year 2026 and $19,000 in fiscal year 2027 for administrative costs to implement mandated coverage of rapid whole genome sequencing.

(d) **Oversight of Nonprofit Health Coverage Entity Conversion Transactions.** $149,000 in fiscal year 2025 is for oversight of nonprofit health coverage entity conversion transactions under Minnesota Statutes, sections 145D.30 to 145D.37. The base for this appropriation is $149,000 in fiscal year 2026 and $0 in fiscal year 2027.

(e) **Base Level Adjustment.** The general fund base is increased by $149,000 in fiscal year 2026 and increased by $0 in fiscal year 2027.

Sec. 9. **ATTORNEY GENERAL** **$** **-0-** **$** **53,000**

(a) **Nonprofit Health Coverage Entity Conversion Transactions.** $53,000 in fiscal year 2025 is for review and related investigatory and enforcement actions for conversion transactions under Minnesota Statutes, sections 145D.30 to 145D.37.

(b) **Base Level Adjustment.** The general fund base is increased by $53,000 in fiscal year 2026 and increased by $53,000 in fiscal year 2027.

Sec. 10. Laws 2023, chapter 22, section 4, subdivision 2, is amended to read:

Subd. 2. **Grants to navigators.**

(a) $1,936,000 in fiscal year 2024 is appropriated from the health care access fund to the commissioner of human services for grants to organizations with a MNsure grant services navigator assister contract in good standing as of the date of enactment. The grant payment to each organization must be in proportion to the number of medical assistance and MinnesotaCare enrollees each organization assisted that resulted in a successful enrollment in the second quarter of fiscal years 2020 and 2023, as determined by MNsure's navigator payment process. This is a onetime appropriation and is available until June 30, 2025.

(b) $3,000,000 in fiscal year 2024 is appropriated from the health care access fund to the commissioner of human services for grants to organizations with a MNsure grant services navigator assister contract for successful enrollments in medical assistance and MinnesotaCare. This is a onetime appropriation and is available until June 30, 2025.

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

Sec. 11. Laws 2023, chapter 57, article 1, section 6, is amended to read:

Sec. 6. **PREMIUM SECURITY ACCOUNT TRANSFER; OUT.**

~~$275,775,000~~ $284,605,000 in fiscal year 2026 is transferred from the premium security plan account under Minnesota Statutes, section 62E.25, subdivision 1, to the general fund. This is a onetime transfer.

Sec. 12. Laws 2023, chapter 70, article 20, section 2, subdivision 5, is amended to read:

Subd. 5. **Central Office; Health Care**

	Appropriations by Fund	
General	35,807,000	31,349,000
Health Care Access	30,668,000	50,168,000

(a) **Medical assistance and MinnesotaCare accessibility improvements.** $4,000,000 in fiscal year

2024 is from the general fund for interactive voice response upgrades and translation services for medical assistance and MinnesotaCare enrollees with limited English proficiency. This appropriation is available until June 30, 2025.

(b) **Transforming service delivery.** $155,000 in fiscal year 2024 and $180,000 in fiscal year 2025 are from the general fund for transforming service delivery projects.

(c) **Improving the Minnesota eligibility technology system functionality.** $1,604,000 in fiscal year 2024 and $711,000 in fiscal year 2025 are from the general fund for improving the Minnesota eligibility technology system functionality. The base for this appropriation is $1,421,000 in fiscal year 2026 and $0 in fiscal year 2027.

(d) **Actuarial and economic analyses.** $2,500,000 is from the health care access fund for actuarial and economic analyses and to prepare and submit a state innovation waiver under section 1332 of the federal Affordable Care Act for a Minnesota public option health care plan. This is a onetime appropriation and is available until June 30, 2025.

(e) **Contingent appropriation for Minnesota public option health care plan.** ~~$22,000,000~~ $21,000,000 in fiscal year 2025 is from the health care access fund to implement a Minnesota public option health care plan. This is a onetime appropriation and is available upon approval of a state innovation waiver under section 1332 of the federal Affordable Care Act. This appropriation is available until June 30, 2027.

(f) **Carryforward authority.** Notwithstanding Minnesota Statutes, section 16A.28, subdivision 3, $2,367,000 of the appropriation in fiscal year 2024 is available until June 30, 2027.

(g) **Base level adjustment.** The general fund base is $32,315,000 in fiscal year 2026 and $27,536,000 in fiscal year 2027. The health care access fund base is $28,168,000 in fiscal year 2026 and $28,168,000 in fiscal year 2027.

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

Sec. 13. Laws 2023, chapter 70, article 20, section 2, subdivision 31, as amended by Laws 2023, chapter 75, section 12, is amended to read:

Subd. 31. **Direct Care and Treatment - Mental Health and Substance Abuse**	-0-	6,109,000

~~(a) **Keeping Nurses at the Bedside Act; contingent appropriation.** The appropriation in this subdivision is contingent upon legislative enactment by the 93rd Legislature of provisions substantially similar to 2023 S.F. No. 1561, the second engrossment, article 2.~~

~~(b)~~ **Base level adjustment.** The general fund base is increased by $7,566,000 in fiscal year 2026 and increased by $7,566,000 in fiscal year 2027.

Sec. 14. Laws 2023, chapter 70, article 20, section 3, subdivision 2, is amended to read:

Subd. 2. **Health Improvement**

	Appropriations by Fund	
General	229,600,000	210,030,000
State Government Special Revenue	12,392,000	12,682,000
Health Care Access	49,051,000	53,290,000
Federal TANF	11,713,000	11,713,000

(a) **Studies of telehealth expansion and payment parity.** $1,200,000 in fiscal year 2024 is from the general fund for studies of telehealth expansion and payment parity. This is a onetime appropriation and is available until June 30, 2025.

(b) **Advancing equity through capacity building and resource allocation grant program.** $916,000 in fiscal year 2024 and $916,000 in fiscal year 2025 are from the general fund for grants under Minnesota Statutes, section 144.9821. This is a onetime appropriation.

(c) **Grant to Minnesota Community Health Worker Alliance.** $971,000 in fiscal year 2024 and $971,000 in fiscal year 2025 are from the general fund for Minnesota Statutes, section 144.1462.

(d) **Community solutions for healthy child development grants.** $2,730,000 in fiscal year 2024

and $2,730,000 in fiscal year 2025 are from the general fund for grants under Minnesota Statutes, section 145.9257. The base for this appropriation is $2,415,000 in fiscal year 2026 and $2,415,000 in fiscal year 2027.

(e) **Comprehensive Overdose and Morbidity Prevention Act.** $9,794,000 in fiscal year 2024 and $10,458,000 in fiscal year 2025 are from the general fund for comprehensive overdose and morbidity prevention strategies under Minnesota Statutes, section 144.0528. The base for this appropriation is $10,476,000 in fiscal year 2026 and $10,476,000 in fiscal year 2027.

(f) **Emergency preparedness and response.** $10,486,000 in fiscal year 2024 and $14,314,000 in fiscal year 2025 are from the general fund for public health emergency preparedness and response, the sustainability of the strategic stockpile, and COVID-19 pandemic response transition. The base for this appropriation is $11,438,000 in fiscal year 2026 and $11,362,000 in fiscal year 2027.

(g) **Healthy Beginnings, Healthy Families.** (1) $8,440,000 in fiscal year 2024 and $7,305,000 in fiscal year 2025 are from the general fund for grants under Minnesota Statutes, sections 145.9571 to 145.9576. The base for this appropriation is $1,500,000 in fiscal year 2026 and $1,500,000 in fiscal year 2027. (2) Of the amount in clause (1), $400,000 in fiscal year 2024 is to support the transition from implementation of activities under Minnesota Statutes, section 145.4235, to implementation of activities under Minnesota Statutes, sections 145.9571 to 145.9576. The commissioner shall award four sole-source grants of $100,000 each to Face to Face, Cradle of Hope, Division of Indian Work, and Minnesota Prison Doula Project. The amount in this clause is a onetime appropriation.

(h) **Help Me Connect.** $463,000 in fiscal year 2024 and $921,000 in fiscal year 2025 are from the general fund for the Help Me Connect program under Minnesota Statutes, section 145.988.

(i) **Home visiting.** $2,000,000 in fiscal year 2024 and $2,000,000 in fiscal year 2025 are from the general fund for home visiting under Minnesota Statutes, section 145.87, to provide home visiting to priority

populations under Minnesota Statutes, section 145.87, subdivision 1, paragraph (e).

(j) **No Surprises Act enforcement.** $1,210,000 in fiscal year 2024 and $1,090,000 in fiscal year 2025 are from the general fund for implementation of the federal No Surprises Act under Minnesota Statutes, section 62Q.021, and an assessment of the feasibility of a statewide provider directory. The general fund base for this appropriation is $855,000 in fiscal year 2026 and $855,000 in fiscal year 2027.

(k) **Office of African American Health.** $1,000,000 in fiscal year 2024 and $1,000,000 in fiscal year 2025 are from the general fund for grants under the authority of the Office of African American Health under Minnesota Statutes, section 144.0756.

(l) **Office of American Indian Health.** $1,000,000 in fiscal year 2024 and $1,000,000 in fiscal year 2025 are from the general fund for grants under the authority of the Office of American Indian Health under Minnesota Statutes, section 144.0757.

(m) **Public health system transformation grants.** (1) $9,844,000 in fiscal year 2024 and $9,844,000 in fiscal year 2025 are from the general fund for grants under Minnesota Statutes, section 145A.131, subdivision 1, paragraph (f).

(2) $535,000 in fiscal year 2024 and $535,000 in fiscal year 2025 are from the general fund for grants under Minnesota Statutes, section 145A.14, subdivision 2b.

(3) $321,000 in fiscal year 2024 and $321,000 in fiscal year 2025 are from the general fund for grants under Minnesota Statutes, section 144.0759.

(n) **Health care workforce.** (1) $1,010,000 in fiscal year 2024 and $2,550,000 in fiscal year 2025 are from the health care access fund for rural training tracks and rural clinicals grants under Minnesota Statutes, sections 144.1505 and 144.1507. The base for this appropriation is $4,060,000 in fiscal year 2026 and $3,600,000 in fiscal year 2027.

(2) $420,000 in fiscal year 2024 and $420,000 in fiscal year 2025 are from the health care access fund for immigrant international medical graduate training grants under Minnesota Statutes, section 144.1911.

(3) $5,654,000 in fiscal year 2024 and $5,550,000 in fiscal year 2025 are from the health care access fund for site-based clinical training grants under Minnesota Statutes, section 144.1508. The base for this appropriation is $4,657,000 in fiscal year 2026 and $3,451,000 in fiscal year 2027.

(4) $1,000,000 in fiscal year 2024 and $1,000,000 in fiscal year 2025 are from the health care access fund for mental health for health care professional grants. This is a onetime appropriation and is available until June 30, 2027.

(5) $502,000 in fiscal year 2024 and $502,000 in fiscal year 2025 are from the health care access fund for workforce research and data analysis of shortages, maldistribution of health care providers in Minnesota, and the factors that influence decisions of health care providers to practice in rural areas of Minnesota.

(o) **School health.** $800,000 in fiscal year 2024 and $1,300,000 in fiscal year 2025 are from the general fund for grants under Minnesota Statutes, section 145.903. The base for this appropriation is $2,300,000 in fiscal year 2026 and $2,300,000 in fiscal year 2027.

(p) **Long COVID.** $3,146,000 in fiscal year 2024 and $3,146,000 in fiscal year 2025 are from the general fund for grants and to implement Minnesota Statutes, section 145.361.

(q) **Workplace safety grants.** $4,400,000 in fiscal year 2024 is from the general fund for grants to health care entities to improve employee safety or security. This is a onetime appropriation and is available until June 30, 2027. The commissioner may use up to ten percent of this appropriation for administration.

(r) **Clinical dental education innovation grants.** $1,122,000 in fiscal year 2024 and $1,122,000 in fiscal year 2025 are from the general fund for clinical dental education innovation grants under Minnesota Statutes, section 144.1913.

(s) **Emmett Louis Till Victims Recovery Program.** $500,000 in fiscal year 2024 is from the general fund for a grant to the Emmett Louis Till Victims Recovery Program. The commissioner must not use any of this appropriation for administration. This is a onetime appropriation and is available until June 30, 2025.

(t) **Center for health care affordability.** $2,752,000 in fiscal year 2024 and $3,989,000 in fiscal year 2025 are from the general fund to establish a center for health care affordability and to implement Minnesota Statutes, section 62J.312. The general fund base for this appropriation is $3,988,000 in fiscal year 2026 and $3,988,000 in fiscal year 2027.

(u) **Federally qualified health centers apprenticeship program.** $690,000 in fiscal year 2024 and $690,000 in fiscal year 2025 are from the general fund for grants under Minnesota Statutes, section 145.9272.

(v) **Alzheimer's public information program.** $80,000 in fiscal year 2024 and $80,000 in fiscal year 2025 are from the general fund for grants to community-based organizations to co-create culturally specific messages to targeted communities and to promote public awareness materials online through diverse media channels.

(w) ~~**Keeping Nurses at the Bedside Act; contingent appropriation**~~ **Nurse and Patient Safety Act.** ~~The appropriations in this paragraph are contingent upon legislative enactment of 2023 Senate File 1384 by the 93rd Legislature.~~ The appropriations in this paragraph are available until June 30, 2027.

(1) $5,317,000 in fiscal year 2024 and $5,317,000 in fiscal year 2025 are from the general fund for loan forgiveness under Minnesota Statutes, section 144.1501, for eligible nurses who have agreed to work as hospital nurses in accordance with Minnesota Statutes, section 144.1501, subdivision 2, paragraph (a), clause (7).

(2) $66,000 in fiscal year 2024 and $66,000 in fiscal year 2025 are from the general fund for loan forgiveness under Minnesota Statutes, section 144.1501, for eligible nurses who have agreed to teach in accordance with Minnesota Statutes, section 144.1501, subdivision 2, paragraph (a), clause (3).

~~(3) $545,000 in fiscal year 2024 and $879,000 in fiscal year 2025 are from the general fund to administer Minnesota Statutes, section 144.7057; to perform the evaluation duties described in Minnesota Statutes, section 144.7058; to continue prevention of violence in health care program activities; to analyze potential links between adverse events and understaffing; to~~

~~convene stakeholder groups and create a best practices toolkit; and for a report on the current status of the state's nursing workforce employed by hospitals. The base for this appropriation is $624,000 in fiscal year 2026 and $454,000 in fiscal year 2027.~~

(x) **Supporting healthy development of babies.** $260,000 in fiscal year 2024 and $260,000 in fiscal year 2025 are from the general fund for a grant to the Amherst H. Wilder Foundation for the African American Babies Coalition initiative. The base for this appropriation is $520,000 in fiscal year 2026 and $0 in fiscal year 2027. Any appropriation in fiscal year 2026 is available until June 30, 2027. This paragraph expires on June 30, 2027.

(y) **Health professional education loan forgiveness.** $2,780,000 in fiscal year 2024 is from the general fund for eligible mental health professional loan forgiveness under Minnesota Statutes, section 144.1501. This is a onetime appropriation. The commissioner may use up to ten percent of this appropriation for administration.

(z) **Primary care residency expansion grant program.** $400,000 in fiscal year 2024 and $400,000 in fiscal year 2025 are from the general fund for a psychiatry resident under Minnesota Statutes, section 144.1506.

(aa) **Pediatric primary care mental health training grant program.** $1,000,000 in fiscal year 2024 and $1,000,000 in fiscal year 2025 are from the general fund for grants under Minnesota Statutes, section 144.1509. The commissioner may use up to ten percent of this appropriation for administration.

(bb) **Mental health cultural community continuing education grant program.** $500,000 in fiscal year 2024 and $500,000 in fiscal year 2025 are from the general fund for grants under Minnesota Statutes, section 144.1511. The commissioner may use up to ten percent of this appropriation for administration.

(cc) **Labor trafficking services grant program.** $500,000 in fiscal year 2024 and $500,000 in fiscal year 2025 are from the general fund for grants under Minnesota Statutes, section 144.3885.

(dd) **Palliative Care Advisory Council.** ~~$40,000~~ $44,000 in fiscal year 2024 and ~~$40,000~~ $44,000 in

fiscal year 2025 are from the general fund for ~~grants under~~ Minnesota Statutes, section 144.059.

(ee) **Analysis of a universal health care financing system.** $1,815,000 in fiscal year 2024 and $580,000 in fiscal year 2025 are from the general fund to the commissioner to contract for an analysis of the benefits and costs of a legislative proposal for a universal health care financing system and a similar analysis of the current health care financing system. The base for this appropriation is $580,000 in fiscal year 2026 and $0 in fiscal year 2027. This appropriation is available until June 30, 2027.

(ff) **Charitable assets public interest review.** (1) The appropriations under this paragraph are contingent upon legislative enactment of 2023 House File 402 by the 93rd Legislature.

(2) $1,584,000 in fiscal year 2024 and $769,000 in fiscal year 2025 are from the general fund to review certain health care entity transactions; to conduct analyses of the impacts of health care transactions on health care cost, quality, and competition; and to issue public reports on health care transactions in Minnesota and their impacts. The base for this appropriation is $710,000 in fiscal year 2026 and $710,000 in fiscal year 2027.

(gg) **Study of the development of a statewide registry for provider orders for life-sustaining treatment.** ~~$365,000~~ $225,000 in fiscal year 2024 ~~and $365,000 in fiscal year 2025 are~~ is from the general fund for a study of the development of a statewide registry for provider orders for life-sustaining treatment. This is a onetime appropriation.

(hh) **Task Force on Pregnancy Health and Substance Use Disorders.** $199,000 in fiscal year 2024 and $100,000 in fiscal year 2025 are from the general fund for the Task Force on Pregnancy Health and Substance Use Disorders. This is a onetime appropriation and is available until June 30, 2025.

(ii) **988 Suicide and crisis lifeline.** $4,000,000 in fiscal year 2024 is from the general fund for 988 national suicide prevention lifeline grants under Minnesota Statutes, section 145.561. This is a onetime appropriation.

(jj) **Equitable Health Care Task Force.** $779,000 in fiscal year 2024 and $749,000 in fiscal year 2025 are from the general fund for the Equitable Health Care Task Force. This is a onetime appropriation.

(kk) **Psychedelic Medicine Task Force.** $338,000 in fiscal year 2024 and $171,000 in fiscal year 2025 are from the general fund for the Psychedelic Medicine Task Force. This is a onetime appropriation.

(ll) **Medical education and research costs.** $300,000 in fiscal year 2024 and $300,000 in fiscal year 2025 are from the general fund for the medical education and research costs program under Minnesota Statutes, section 62J.692.

(mm) **Special Guerilla Unit Veterans grant program.** $250,000 in fiscal year 2024 and $250,000 in fiscal year 2025 are from the general fund for a grant to the Special Guerrilla Units Veterans and Families of the United States of America to offer programming and culturally specific and specialized assistance to support the health and well-being of Special Guerilla Unit Veterans. The base for this appropriation is $500,000 in fiscal year 2026 and $0 in fiscal year 2027. Any amount appropriated in fiscal year 2026 is available until June 30, 2027. This paragraph expires June 30, 2027.

(nn) **Safe harbor regional navigator.** $300,000 in fiscal year 2024 and $300,000 in fiscal year 2025 are for a regional navigator in northwestern Minnesota. The commissioner may use up to ten percent of this appropriation for administration.

(oo) **Network adequacy.** $798,000 in fiscal year 2024 and $491,000 in fiscal year 2025 are from the general fund for reviews of provider networks under Minnesota Statutes, section 62K.10, to determine network adequacy.

(pp) **Grant to Minnesota Alliance for Volunteer Advancement.** $278,000 in fiscal year 2024 is from the general fund for a grant to the Minnesota Alliance for Volunteer Advancement to administer needs-based volunteerism subgrants targeting underresourced nonprofit organizations in greater Minnesota. Subgrants must be used to support the ongoing efforts of selected organizations to address and minimize disparities in access to human services through

increased volunteerism. Subgrant applicants must demonstrate that the populations to be served by the subgrantee are underserved or suffer from or are at risk of homelessness, hunger, poverty, lack of access to health care, or deficits in education. The Minnesota Alliance for Volunteer Advancement must give priority to organizations that are serving the needs of vulnerable populations. This is a onetime appropriation and is available until June 30, 2025.

~~(pp)~~ (qq)(1) **TANF Appropriations.** TANF funds must be used as follows:

(i) $3,579,000 in fiscal year 2024 and $3,579,000 in fiscal year 2025 are from the TANF fund 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;

(ii) $2,000,000 in fiscal year 2024 and $2,000,000 in fiscal year 2025 are from the TANF fund for decreasing racial and ethnic disparities in infant mortality rates under Minnesota Statutes, section 145.928, subdivision 7;

(iii) $4,978,000 in fiscal year 2024 and $4,978,000 in fiscal year 2025 are from the TANF fund for the family home visiting grant program under Minnesota Statutes, section 145A.17. $4,000,000 of the funding in fiscal year 2024 and $4,000,000 in fiscal year 2025 must be distributed to community health boards under Minnesota Statutes, section 145A.131, subdivision 1. $978,000 of the funding in fiscal year 2024 and $978,000 in fiscal year 2025 must be distributed to Tribal governments under Minnesota Statutes, section 145A.14, subdivision 2a;

(iv) $1,156,000 in fiscal year 2024 and $1,156,000 in fiscal year 2025 are from the TANF fund for sexual and reproductive health services grants under Minnesota Statutes, section 145.925; and

(v) the commissioner may use up to 6.23 percent of the funds appropriated from the TANF fund each fiscal 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.

(2) **TANF Carryforward.** Any unexpended balance of the TANF appropriation in the first year does not cancel but is available in the second year.

~~(qq)~~ (rr) **Base level adjustments.** The general fund base is $197,644,000 in fiscal year 2026 and $195,714,000 in fiscal year 2027. The health care access fund base is $53,354,000 in fiscal year 2026 and $50,962,000 in fiscal year 2027.

EFFECTIVE DATE. This section is effective the day following final enactment, except paragraph (pp) is effective retroactively from July 1, 2023.

Sec. 15. Laws 2023, chapter 70, article 20, section 12, as amended by Laws 2023, chapter 75, section 13, is amended to read:

Sec. 12. **COMMISSIONER OF MANAGEMENT AND BUDGET**	**$ 12,932,000**	**$ 3,412,000**

(a) **Outcomes and evaluation consultation.** $450,000 in fiscal year 2024 and $450,000 in fiscal year 2025 are for outcomes and evaluation consultation requirements.

(b) **Department of Children, Youth, and Families.** $11,931,000 in fiscal year 2024 and $2,066,000 in fiscal year 2025 are to establish the Department of Children, Youth, and Families. This is a onetime appropriation.

~~(c) **Keeping Nurses at the Bedside Act impact evaluation; contingent appropriation.** $232,000 in fiscal year 2025 is for the Keeping Nurses at the Bedside Act impact evaluation. This appropriation is contingent upon legislative enactment by the 93rd Legislature of a provision substantially similar to the impact evaluation provision in 2023 S.F. No. 2995, the third engrossment, article 3, section 22. This is a onetime appropriation and is available until June 30, 2029.~~

~~(d)~~ (c) **Health care subcabinet.** $551,000 in fiscal year 2024 and $664,000 in fiscal year 2025 are to hire an executive director for the health care subcabinet and to provide staffing and administrative support for the health care subcabinet.

~~(c)~~ (d) **Base level adjustment.** The general fund base is $1,114,000 in fiscal year 2026 and $1,114,000 in fiscal year 2027.

Sec. 16. **APPROPRIATIONS GIVEN EFFECT ONCE.**

If an appropriation or transfer in this act is enacted more than once during the 2024 regular session, the appropriation or transfer must be given effect once.

Sec. 17. **EXPIRATION OF UNCODIFIED LANGUAGE.**

All uncodified language contained in this article expires on June 30, 2025, unless a different expiration date is explicit.

ARTICLE 68

INDIVIDUAL INCOME TAXES

Section 1. Minnesota Statutes 2022, section 289A.08, subdivision 1, is amended to read:

Subdivision 1. **Generally; individuals.** (a) A taxpayer must file a return for each taxable year the taxpayer is required to file a return under section 6012 of the Internal Revenue Code or meets the requirements under paragraph (d) to file a return, except that:

(1) an individual who is not a Minnesota resident for any part of the year is not required to file a Minnesota income tax return if the individual's gross income derived from Minnesota sources as determined under sections 290.081, paragraph (a), and 290.17, is less than the filing requirements for a single individual who is a full year resident of Minnesota;

(2) an individual who is a Minnesota resident is not required to file a Minnesota income tax return if the individual's gross income derived from Minnesota sources as determined under section 290.17, less the subtractions allowed under section 290.0132, subdivisions 12 and 15, is less than the filing requirements for a single individual who is a full-year resident of Minnesota.

(b) The decedent's final income tax return, and other income tax returns for prior years where the decedent had gross income in excess of the minimum amount at which an individual is required to file and did not file, must be filed by the decedent's personal representative, if any. If there is no personal representative, the return or returns must be filed by the transferees, as defined in section 270C.58, subdivision 3, who receive property of the decedent.

(c) The term "gross income," as it is used in this section, has the same meaning given it in section 290.01, subdivision 20.

(d) The commissioner of revenue must annually determine the gross income levels at which individuals are required to file a return for each taxable year based on the amounts allowed as a deduction under section 290.0123.

(e) Notwithstanding paragraph (a), an individual must file a Minnesota income tax return for each taxable year that the taxpayer has made an election to receive advance payments of the child tax credit under section 290.0661, subdivision 8.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

Sec. 2. Minnesota Statutes 2023 Supplement, section 290.0661, subdivision 4, is amended to read:

Subd. 4. **Phaseout.** The credits under ~~this section~~ subdivision 2 and section 290.0671 are phased down jointly. The combined amount of the credits is reduced by 12 percent of earned income or adjusted gross income, whichever is greater, in excess of the phaseout threshold. The phaseout threshold equals:

(1) $35,000 for a married taxpayer filing a joint return; or

(2) $29,500 for all other filers.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

Sec. 3. Minnesota Statutes 2023 Supplement, section 290.0661, subdivision 8, is amended to read:

Subd. 8. **Advance payment of credits.** (a) The commissioner of revenue ~~may~~ must establish a process to allow taxpayers to elect to receive one or more advance payments of the credit under this section. The amount of advance payments must be based on the taxpayer and commissioner's estimate of the amount of credits for which the taxpayer would be eligible in the taxable year beginning in the calendar year in which the payments were made. The commissioner must not distribute advance payments to a taxpayer who does not elect to receive advance payments.

(b) The amount of a taxpayer's credit under this section for the taxable year is reduced by the amount of advance payments received by the taxpayer in the calendar year during which the taxable year began. If a taxpayer's advance payments exceeded the credit the taxpayer was eligible to receive for the taxable year, the taxpayer's liability for tax is increased by the difference between the amount of advance payments received and the credit amount.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

Sec. 4. Minnesota Statutes 2023 Supplement, section 290.0661, is amended by adding a subdivision to read:

Subd. 9. **Minimum credit.** (a) An eligible taxpayer is allowed the greater of the credit allowed under subdivision 2 or the minimum credit described in this subdivision. A taxpayer is eligible for the minimum credit under this subdivision if:

(1) the taxpayer received an advance payment of the credit under subdivision 8; and

(2) the combined amount of the taxpayer's credits under subdivision 2 and section 290.0671, after the phaseout in subdivision 4, is greater than $0.

(b) The credit allowed under this subdivision is equal to 50 percent of the credit received under subdivision 2 in the prior taxable year, unless paragraph (c) applies.

(c) If a taxpayer is claiming fewer qualifying children in the current taxable year than in the prior taxable year, the minimum credit allowed under this subdivision is equal to 50 percent of credit received under this section in the prior taxable year multiplied by a fraction in which:

(1) the numerator is the number of qualifying children in the current taxable year; and

(2) the denominator is the number of qualifying children in the prior taxable year.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2024.

ARTICLE 69

MINERALS TAXES

Section 1. Minnesota Statutes 2022, section 123B.53, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For purposes of this section, the eligible debt service revenue of a district is defined as follows:

(1) the amount needed to produce between five and six percent in excess of the amount needed to meet when due the principal and interest payments on the obligations of the district for eligible projects according to subdivision 2, excluding the amounts listed in paragraph (b), minus

(2) the amount of debt service excess levy reduction for that school year calculated according to the procedure established by the commissioner.

(b) The obligations in this paragraph are excluded from eligible debt service revenue:

(1) obligations under section 123B.61;

(2) the part of debt service principal and interest paid from the taconite environmental protection fund or Douglas J. Johnson economic protection trust, excluding the portion of taconite payments from the Iron Range ~~school consolidation and cooperatively operated school~~ schools and community development account under section 298.28, subdivision 7a;

(3) obligations for long-term facilities maintenance under section 123B.595;

(4) obligations under section 123B.62; and

(5) obligations equalized under section 123B.535.

(c) For purposes of this section, if a preexisting school district reorganized under sections 123A.35 to 123A.43, 123A.46, and 123A.48 is solely responsible for retirement of the preexisting district's bonded indebtedness or capital loans, debt service equalization aid must be computed separately for each of the preexisting districts.

(d) For purposes of this section, the adjusted net tax capacity determined according to sections 127A.48 and 273.1325 shall be adjusted to include the tax capacity of property generally exempted from ad valorem taxes under section 272.02, subdivision 64.

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

Sec. 2. Minnesota Statutes 2022, section 273.135, subdivision 2, is amended to read:

Subd. 2. **Reduction amount.** The amount of the reduction authorized by subdivision 1 shall be:

(a) In the case of property located within a municipality as defined under section 273.134, paragraph (a), 66 percent of the tax, provided that the reduction shall not exceed the maximum amounts specified in paragraph (c).

(b) In the case of property located within the boundaries of a school district which qualifies as a tax relief area under section 273.134, paragraph (b), but which is outside the boundaries of a municipality which meets the qualifications prescribed in section 273.134, paragraph (a), 57 percent of the tax, provided that the reduction shall not exceed the maximum amounts specified in paragraph (c).

(c) The maximum reduction of the tax is ~~$315.10~~ $515 on property described in paragraph (a) and ~~$289.80 on property described in~~ paragraph (b).

EFFECTIVE DATE. This section is effective beginning with property taxes payable in 2025.

Sec. 3. Minnesota Statutes 2022, section 275.065, is amended by adding a subdivision to read:

Subd. 3c. **Notice of proposed taxes; property subject to chapter 276A.** In the case of property subject to the areawide tax under section 276A.06, subdivision 7, for both the current year taxes and the proposed tax amounts, the net tax capacity portion of the taxes shown for each taxing jurisdiction must be based on the property's total net tax capacity multiplied by the jurisdiction's actual or proposed net tax capacity tax rate. In addition to the tax amounts shown for each jurisdiction, the statement must include a line showing the "fiscal disparities adjustment" equal to the total gross tax payable minus the sum of the tax amounts shown for the individual taxing jurisdictions. The fiscal disparities adjustment may be a negative number. If the fiscal disparities adjustment for either the current year taxes or the proposed tax amount is a negative number, the percentage change must not be shown. In all other respects the statement must fulfill the requirements of subdivision 3.

EFFECTIVE DATE. This section is effective beginning with proposed notices for property taxes payable in 2025.

Sec. 4. Minnesota Statutes 2022, section 276.04, is amended by adding a subdivision to read:

Subd. 2a. **Contents of tax statements; property subject to chapter 276A.** In the case of property subject to the areawide tax under section 276A.06, subdivision 7, for both the current year taxes and the previous year tax amounts, the net tax capacity portion of the tax shown for each taxing jurisdiction must be based on the property's total net tax capacity multiplied by the jurisdiction's net tax capacity tax rate. In addition to the tax amounts shown for each jurisdiction, the statement must include a line showing the "fiscal disparities adjustment" equal to the total gross tax payable minus the sum of the tax amounts shown for the individual taxing jurisdictions for each year. The fiscal disparities adjustment may be a negative number. In all other respects the statement must fulfill the requirements of subdivision 2.

EFFECTIVE DATE. This section is effective beginning with proposed notices for property taxes payable in 2025.

Sec. 5. Minnesota Statutes 2022, section 276A.01, subdivision 17, is amended to read:

Subd. 17. **School fund allocation.** (a) "School fund allocation" means an amount up to 25 percent of the areawide levy certified by the commissioner of Iron Range resources and rehabilitation, after consultation with the Iron Range Resources and Rehabilitation Board, to be used for the purposes of the Iron Range ~~school consolidation and cooperatively operated school~~ schools and community development account under section 298.28, subdivision 7a.

(b) The allocation under paragraph (a) shall only be made after the commissioner of Iron Range resources and rehabilitation, after consultation with the Iron Range Resources and Rehabilitation Board, has certified by June 30 that the Iron Range ~~school consolidation and cooperatively operated~~ schools and community development account has insufficient funds to make payments as authorized under section 298.28, subdivision 7a.

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

Sec. 6. Minnesota Statutes 2022, section 276A.06, subdivision 8, is amended to read:

Subd. 8. **Certification of values; payment.** The administrative auditor shall determine for each county the difference between the total levy on distribution value pursuant to subdivision 3, clause (1), including the school fund allocation within the county and the total tax on contribution value pursuant to subdivision 7, within the county. On or before May 16 of each year, the administrative auditor shall certify the differences so determined and the county's portion of the school fund allocation to each county auditor. In addition, the administrative auditor shall certify to those county auditors for whose county the total tax on contribution value exceeds the total levy on distribution value the settlement the county is to make to the other counties of the excess of the total tax on contribution value over the total levy on distribution value in the county. On or before June 15 and November 15 of each year, each county treasurer in a county having a total tax on contribution value in excess of the total levy on distribution value shall pay one-half of the excess to the other counties in accordance with the administrative auditor's certification. On or before June 15 and November 15 of each year, each county treasurer shall pay to the administrative auditor that county's share of the school fund allocation. On or before December 1 of each year, the administrative auditor shall pay the school fund allocation to the commissioner of Iron Range resources and rehabilitation for deposit in the Iron Range ~~school consolidation and cooperatively operated~~ schools and community development account.

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

Sec. 7. Minnesota Statutes 2023 Supplement, section 298.018, subdivision 1, is amended to read:

Subdivision 1. **Within taconite assistance area.** (a) The proceeds of the tax paid under sections 298.015 and 298.016 on ores, metals, or minerals mined or extracted within the taconite assistance area defined in section 273.1341, shall be allocated as follows:

(1) except as provided under paragraph (b), five percent to the city or town within which the minerals or energy resources are mined or extracted, or within which the concentrate was produced. If the mining and concentration, or different steps in either process, are carried on in more than one taxing district, the commissioner shall apportion equitably the proceeds among the cities and towns by attributing 50 percent of the proceeds of the tax to the operation of mining or extraction, and the remainder to the concentrating plant and to the processes of concentration, and with respect to each thereof giving due consideration to the relative extent of the respective operations performed in each taxing district;

(2) ten percent to the taconite municipal aid account to be distributed as provided in section 298.282, subdivisions 1 and 2, on the dates provided under this section;

(3) ten percent to the school district within which the minerals or energy resources are mined or extracted, or within which the concentrate was produced. If the mining and concentration, or different steps in either process, are carried on in more than one school district, distribution among the school districts must be based on the apportionment formula prescribed in clause (1);

(4) 20 percent to a group of school districts comprised of those school districts wherein the mineral or energy resource was mined or extracted or in which there is a qualifying municipality as defined by section 273.134, paragraph (b), in direct proportion to school district indexes as follows: for each school district, its pupil units determined under section 126C.05 for the prior school year shall be multiplied by the ratio of the average adjusted net tax capacity per pupil unit for school districts receiving aid under this clause as calculated pursuant to chapters 122A, 126C, and 127A for the school year ending prior to distribution to the adjusted net tax capacity per pupil unit of the district. Each district shall receive that portion of the distribution which its index bears to the sum of the indices for all school districts that receive the distributions;

(5) ten percent to the county within which the minerals or energy resources are mined or extracted, or within which the concentrate was produced. If the mining and concentration, or different steps in either process, are carried on in more than one county, distribution among the counties must be based on the apportionment formula prescribed in clause (1), provided that any county receiving distributions under this clause shall pay one percent of its proceeds to the Range Association of Municipalities and Schools;

(6) five percent to St. Louis County acting as the counties' fiscal agent to be distributed as provided in sections 273.134 to 273.136;

(7) 20 percent to the commissioner of Iron Range resources and rehabilitation for the purposes of section 298.22;

(8) three percent to the Douglas J. Johnson economic protection trust fund;

(9) seven percent to the taconite environmental protection fund; and

(10) ten percent to the commissioner of Iron Range resources and rehabilitation for capital improvements to Giants Ridge Recreation Area.

(b) If the materials or energy resources are mined, extracted, or concentrated in School District No. 2711, Mesabi East, then the amount under paragraph (a), clause (1), must instead be distributed pursuant to this paragraph. The cities of Aurora, Babbitt, Ely, and Hoyt Lakes must each receive 20 percent of the amount. The city of Biwabik and Embarrass Township must each receive ten percent of the amount.

(c) For the first five years that tax paid under section 298.015, subdivisions 1 and 2, is distributed under this subdivision, ten percent of the total proceeds distributed in each year must first be distributed pursuant to this paragraph. The remaining 90 percent of the total proceeds distributed in each of those years must be distributed as outlined in paragraph (a). Of the amount available under this paragraph, the cities of Aurora, Babbitt, Ely, and Hoyt Lakes must each receive 20 percent. Of the amount available under this paragraph, the city of Biwabik and Embarrass Township must each receive ten percent. This paragraph applies only to tax paid by a person engaged in the business of mining within the area described in section 273.1341, clauses (1) and (2).

EFFECTIVE DATE. This section is effective beginning with the 2025 distribution.

Sec. 8. Minnesota Statutes 2022, section 298.17, is amended to read:

298.17 OCCUPATION TAXES TO BE APPORTIONED.

(a) All occupation taxes paid by persons, copartnerships, companies, joint stock companies, corporations, and associations, however or for whatever purpose organized, engaged in the business of mining or producing iron ore or other ores, when collected shall be apportioned and distributed in accordance with the Constitution of the state of Minnesota, article X, section 3, in the manner following: 90 percent shall be deposited in the state treasury and credited to the general fund of which four-ninths shall be used for the support of elementary and secondary schools; and ten percent of the proceeds of the tax imposed by this section shall be deposited in the state treasury and credited to the general fund for the general support of the university.

(b) Of the money apportioned to the general fund by this section: (1) there is annually appropriated and credited to the mining environmental and regulatory account in the special revenue fund an amount equal to that which would have been generated by a 2-1/2 cent tax imposed by section 298.24 on each taxable ton produced in the preceding calendar year. Money in the mining environmental and regulatory account is appropriated annually to the commissioner of natural resources to fund agency staff to work on environmental

issues and provide regulatory services for ferrous and nonferrous mining operations in this state. Payment to the mining environmental and regulatory account shall be made by July 1 annually. The commissioner of natural resources shall execute an interagency agreement with the Pollution Control Agency to assist with the provision of environmental regulatory services such as monitoring and permitting required for ferrous and nonferrous mining operations; (2) there is annually appropriated and credited to the Iron Range resources and rehabilitation account in the special revenue fund an amount equal to that which would have been generated by a 1.5 cent tax imposed by section 298.24 on each taxable ton produced in the preceding calendar year, to be expended for the purposes of section 298.22; and (3) there is annually appropriated and credited to the Iron Range resources and rehabilitation account in the special revenue fund for transfer to the Iron Range ~~school consolidation and cooperatively operated school~~ schools and community development account under section 298.28, subdivision 7a, an amount equal to that which would have been generated by a six cent tax imposed by section 298.24 on each taxable ton produced in the preceding calendar year. Payment to the Iron Range resources and rehabilitation account shall be made by May 15 annually.

(c) The money appropriated pursuant to paragraph (b), clause (2), shall be used (i) to provide environmental development grants to local governments located within any county in region 3 as defined in governor's executive order number 60, issued on June 12, 1970, which does not contain a municipality qualifying pursuant to section 273.134, paragraph (b), or (ii) to provide economic development loans or grants to businesses located within any such county, provided that the county board or an advisory group appointed by the county board to provide recommendations on economic development shall make recommendations to the commissioner of Iron Range resources and rehabilitation regarding the loans. Payment to the Iron Range resources and rehabilitation account shall be made by May 15 annually.

(d) Of the money allocated to Koochiching County, one-third must be paid to the Koochiching County Economic Development Commission.

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

Sec. 9. Minnesota Statutes 2022, section 298.2215, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** A county may establish a scholarship fund from any unencumbered revenue received pursuant to section 93.22, 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, or an accredited skilled trades program, within the county. The county shall establish procedures for applying for and distributing the scholarships.

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

Sec. 10. Minnesota Statutes 2023 Supplement, section 298.28, subdivision 7a, is amended to read:

Subd. 7a. **Iron Range ~~school consolidation and cooperatively operated school~~ schools and community development account.** (a) The following amounts must be allocated to the commissioner of Iron Range resources and rehabilitation to be deposited in the Iron Range ~~school consolidation and cooperatively operated school~~ schools and community development account that is hereby created:

(1) (i) for distributions ~~beginning in 2015~~ in 2024 through 2032, ~~ten~~ 24 cents per taxable ton of the tax imposed under section 298.24, (ii) for distributions beginning in 2033, ten cents per taxable ton of the tax imposed under section 298.24;

(2) the amount as determined under section 298.17, paragraph (b), clause (3); and

(3) any other amount as provided by law.

(b) Expenditures from this account may be approved as ongoing annual expenditures and shall be made only to provide disbursements to assist school districts with the payment of bonds that were issued for qualified school projects, or for any other school disbursement as approved by the commissioner of Iron Range resources and rehabilitation after consultation with the Iron Range Resources and Rehabilitation Board. For purposes of this section, "qualified school projects" means school projects within the taconite assistance area as defined in section 273.1341, that were (1) approved, by referendum, after April 3, 2006; and (2) approved by the commissioner of education pursuant to section 123B.71.

(c) Beginning in fiscal year 2019, the disbursement to school districts for payments for bonds issued under section 123A.482, subdivision 9, must be increased each year to offset any reduction in debt service equalization aid that the school district qualifies for in that year, under section 123B.53, subdivision 6, compared with the amount the school district qualified for in fiscal year 2018.

(d) No expenditure under this section shall be made unless approved by the commissioner of Iron Range resources and rehabilitation after consultation with the Iron Range Resources and Rehabilitation Board.

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

Sec. 11. Minnesota Statutes 2022, section 298.28, subdivision 8, is amended to read:

Subd. 8. **Range Association of Municipalities and Schools.** ~~.30~~ 0.50 cent per taxable ton shall be paid to the Range Association of Municipalities and Schools, for the purpose of providing an areawide approach to problems which demand coordinated and cooperative actions and which are common to those areas of northeast Minnesota affected by operations involved in mining iron ore and taconite and producing concentrate therefrom, and for the purpose of promoting the general welfare and economic development of the cities, towns, and school districts within the Iron Range area of northeast Minnesota.

EFFECTIVE DATE. This section is effective beginning with the 2024 distribution.

Sec. 12. Minnesota Statutes 2023 Supplement, section 298.28, subdivision 16, is amended to read:

Subd. 16. **Transfer.** Of the amount annually distributed to the Douglas J. Johnson Economic Protection Trust Fund under this section, $3,500,000 shall be transferred to the Iron Range ~~school consolidation and cooperatively operated school~~ schools and community development account under subdivision 7a. Any remaining amount of the amount annually distributed to the Douglas J. Johnson Economic Protection Trust Fund shall be transferred to the Iron Range resources and rehabilitation account under subdivision 7. The transfers under this subdivision must be made within ten days of the August payment.

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

Sec. 13. Minnesota Statutes 2022, section 298.282, subdivision 1, is amended to read:

Subdivision 1. **Distribution of taconite municipal aid account.** (a) The amount deposited with the county as provided in section 298.28, subdivision 3, must be distributed as provided by this section among: (1) the municipalities located within a taconite assistance area under section 273.1341 that meet the criteria of section 273.1341, clause (1) or (2); (2) a township that contains a state park consisting primarily of an underground iron ore mine; (3) a city located within five miles of that state park; and (4) Breitung Township in St. Louis County, each being referred to in this section as a qualifying municipality. The distribution to Breitung Township under this subdivision shall be ~~$15,000~~ $25,000 annually.

(b) The amount deposited in the state general fund as provided in section 298.018, subdivision 1, must be distributed in the same manner as provided under paragraph (a), except that subdivisions 3, 4, and 5 do not apply, and the distributions shall be made on the dates provided under section 298.018, subdivision 1a.

EFFECTIVE DATE. This section is effective beginning with the 2024 distribution.

Sec. 14. Minnesota Statutes 2022, section 298.292, subdivision 2, is amended to read:

Subd. 2. **Use of money.** (a) Money in the Douglas J. Johnson economic protection trust fund may be used for the following purposes:

(1) to provide loans, loan guarantees, interest buy-downs and other forms of participation with private sources of financing, but a loan to a private enterprise shall be for a principal amount not to exceed one-half of the cost of the project for which financing is sought, and the rate of interest on a loan to a private enterprise shall be no less than the lesser of eight percent or an interest rate three percentage points less than a full faith and credit obligation of the United States government of comparable maturity, at the time that the loan is approved;

(2) to fund reserve accounts established to secure the payment when due of the principal of and interest on bonds issued pursuant to section 298.2211, including bonds authorized by the legislature to be repaid from the distributions under section 298.28, subdivision 7a;

(3) to pay in periodic payments or in a lump-sum payment any or all of the interest on bonds issued pursuant to chapter 474 for the purpose of constructing, converting, or retrofitting heating facilities in connection with district heating systems or systems utilizing alternative energy sources;

(4) to invest in a venture capital fund or enterprise that will provide capital to other entities that are engaging in, or that will engage in, projects or programs that have the purposes set forth in subdivision 1. No investments may be made in a venture capital fund or enterprise unless at least two other unrelated investors make investments of at least $500,000 in the venture capital fund or enterprise, and the investment by the Douglas J. Johnson economic protection trust fund may not exceed the amount of the largest investment by an unrelated investor in the venture capital fund or enterprise. For purposes of this subdivision, an "unrelated investor" is a person or entity that is not related to the entity in which the investment is made or to any individual who owns more than 40 percent of the value of the entity, in any of the following relationships: spouse, parent, child, sibling, employee, or owner of an interest in the entity that exceeds ten percent of the value of all interests in it. For purposes of determining the limitations under this clause, the amount of investments made by an investor other than the Douglas J. Johnson economic protection trust fund is the sum of all investments made in the venture capital fund or enterprise during the period beginning one year before the date of the investment by the Douglas J. Johnson economic protection trust fund; and

(5) to purchase forest land in the taconite assistance area defined in section 273.1341 to be held and managed as a public trust for the benefit of the area for the purposes authorized in section 298.22, subdivision 5a. Property purchased under this section may be sold by the commissioner, after consultation with the advisory board. The net proceeds must be deposited in the trust fund for the purposes and uses of this section.

(b) Money from the trust fund shall be expended only in ~~or for the benefit of~~ the taconite assistance area defined in section 273.1341.

(c) Money devoted to the trust fund under this section shall not be expended, appropriated, or transferred from the trust fund for any purpose except as provided in this section.

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

Sec. 15. **IRON RANGE RESOURCES AND REHABILITATION COMMISSIONER; BONDS AUTHORIZED IN 2024.**

Subdivision 1. **Issuance; purpose.** (a) Notwithstanding any provision of Minnesota Statutes, chapter 298, to the contrary, the commissioner of Iron Range resources and rehabilitation shall, by March 31, 2025, issue revenue bonds in one or more series in a principal amount of up to $49,000,000 plus an amount sufficient to pay costs of issuance and fund a debt service reserve fund for the bonds if determined by the commissioner to be necessary, and thereafter may issue bonds to refund those bonds. The proceeds of the bonds must be used to pay the costs of issuance, fund a debt service reserve fund if determined by the commissioner to be necessary, and make distributions pursuant to this section. The commissioner may establish a debt service reserve fund from funds available under Minnesota Statutes, section 298.291 to 298.297, or from the proceeds of the bonds. The commissioner of Iron Range resources and rehabilitation must distribute these transferred funds as outlined in this section. In order to receive a distribution, a recipient must submit to the commissioner a plan of how the distribution will be spent and the commissioner must ensure that the plan matches the intended use outlined in this section. The plan must be submitted in a form and manner determined by the commissioner. The uses listed are not subject to review or recommendation by the Iron Range Resources and Rehabilitation Board. For all distributions equal to or greater than $1,000,000, a recipient must appear and present and provide a copy of the plan to the Iron Range Resources and Rehabilitation Board. By December 31, 2025, each recipient must report to the commissioner how the distribution received under this section was spent. If a recipient's plan is submitted and approved, the commissioner must distribute the funds for the uses outlined in subdivision 3. The bonds issued under this section do not constitute public debt as that term is defined in article XI, section 4 of the Minnesota Constitution, and as such are not subject to its provisions.

(b) The bonds issued under this section are debt obligations and the commissioner of Iron Range resources and rehabilitation is a district for purposes of Minnesota Statutes, section 126C.55, except that payments made under Minnesota Statutes, section 126C.55, subdivision 2, are not subject to Minnesota Statutes, section 126C.55, subdivisions 4 to 7.

(c) If the commissioner of Iron Range resources and rehabilitation determines that available funds, other than through the issuance of bonds pursuant to subdivision 1, shall be used to make grants as provided in subdivision 3, the requirements of subdivision 1, relating to the submission of a plan and report to the commissioner of Iron Range resources and rehabilitation and the Iron Range Resources and Rehabilitation Board, and subdivision 3, relating to the grant amount and identified purpose, shall apply.

(d) Funds under this section are available for 30 months from the date the bonds are issued. Any unexpended funds after that date cancel to the Iron Range resources and rehabilitation account under Minnesota Statutes, section 298.28, subdivision 7, and must be used by the commissioner of Iron Range resources and rehabilitation for publicly owned capital investments located within the taconite tax relief area as defined in Minnesota Statutes, section 273.134.

Subd. 2. **Appropriation.** (a) Notwithstanding Minnesota Statutes, section 298.28, subdivision 7a, paragraph (b), there is annually appropriated from the allocation of the revenues under Minnesota Statutes, section 298.28, subdivision 7a, from the taconite assistance area prior to the calculation of any amount remaining, an amount sufficient to pay when due the principal and interest on the bonds issued pursuant to subdivision 1. Notwithstanding the foregoing and Minnesota Statutes, section 298.28, subdivisions 7a to 11, to the extent bonds authorized by subdivision 1 are paid from taconite production tax revenues, any

outstanding bonds payable from distributions of taconite production tax revenues shall be paid pro rata based on debt service when due.

(b) If in any year the amount available under paragraph (a) is insufficient to pay principal and interest due on the bonds in that year, an additional amount is appropriated from the Douglas J. Johnson economic protection trust fund to make up the deficiency.

(c) The appropriation under this subdivision terminates upon payment or maturity of the last of the bonds issued under this section.

Subd. 3. **Grants.** (a) The commissioner of Iron Range resources and rehabilitation must distribute funds available for distribution under subdivision 1 for the following uses:

(1) $160,000 to the Grand Portage Band of Lake Superior Chippewa to construct a playground;

(2) $3,600,000 to the Mesabi Fit Coalition for the renovation, reconstruction, and expansion of the former Mesabi Family YMCA in the city of Mountain Iron;

(3) $950,000 to the Buyck Volunteer Fire Department for design, engineering, and construction of a new fire and training hall and related equipment;

(4) $750,000 to the Voyageur Trail Society for a joint maintenance facility with Voyageur Country ATV in the city of Orr;

(5) $2,250,000 to Cook County, of which $250,000 must be spent to preserve affordable housing units for seniors in the city of Grand Marais and $2,000,000 must be used to construct, furnish, and equip a solid waste transfer station in the county;

(6) $1,000,000 to the Northland Learning Center for construction costs;

(7) $2,720,000 to the city of Chisholm, of which $1,520,000 must be used for the renovation of the Chisholm Ice Arena facility and parking and the remaining amount must be used for the public works facility;

(8) $1,000,000 to the city of Gilbert for the Gilbert Community Center;

(9) $360,000 to the city of Biwabik for housing infrastructure;

(10) $3,000,000 to the city of Tower for water management infrastructure projects;

(11) $3,000,000 to the city of Silver Bay to design, engineer, construct, and reconstruct publicly owned infrastructure including sewers, water systems, utility extensions, street construction, wastewater treatment, stormwater management systems, sidewalks, and compliance with the Americans with Disabilities Act;

(12) $2,100,000 to St. Louis County for the development of the Canyon Integrated Solid Waste Management Campus;

(13) $3,640,000 to the city of Eveleth to design, engineer, and construct public utilities in its business park and construction of the Hat Trick Avenue slip ramp;

(14) $700,000 to the city of Meadowlands for costs related to park improvements and a community center;

(15) $600,000 to School District No. 2142, St. Louis County, of which $400,000 must be used for septic system upgrades at South Ridge School and $200,000 must be used for cafeteria renovations at Northeast Range School in Babbitt and Tower Elementary School in Tower;

(16) $250,000 to the city of Two Harbors for band stand repairs and Odegard Park and Trail restoration;

(17) $850,000 to the Central Iron Range Sanitary Sewer District for infrastructure projects;

(18) $2,420,000 to the Minnesota Discovery Center, of which $200,000 may, at the discretion of the director of the Minnesota Discovery Center, be used for operating expenses, and $2,220,000 must be used to design, construct, renovate, furnish, and repair facilities, including HVAC upgrades, demolition, and compliance with the Americans with Disabilities Act, at the Minnesota Discovery Center in the city of Chisholm, and for historical research funding;

(19) $5,200,000 to the commissioner of Iron Range resources and rehabilitation for the design, engineering, and upgrades or replacement of chair lifts or an irrigation system, and for the design, engineering, demolition, and construction of a nordic and welcome center at the Giants Ridge Recreation Area;

(20) $250,000 to Independent School District No. 696, Ely, for baseball field renovation;

(21) $500,000 to the city of Mountain Iron for the Outdoor Recreation Center;

(22) $200,000 to Cook County Higher Education Board for costs to bring commercial drivers' licenses and trades training to the region along with educational training and academic support to remote populations;

(23) $200,000 to Save Our Ship, Inc., for renovation costs;

(24) $3,000,000 to Hibbing Public Utilities for water infrastructure projects;

(25) $400,000 to Veterans On The Lake for demolition of existing structures and the building of a triplex that is compliant with the Americans with Disabilities Act;

(26) $350,000 to the city of Eveleth for the Hippodrome renovation;

(27) $225,000 to the Minnesota Forest Zone Trappers Association to plan, engineer, purchase land, and develop the Sportsperson Training and Development Center;

(28) $200,000 to the Sturgeon Chain Lake Association to update the engineering and hydrology study of the lakes, for regulatory and community outreach, and for preparing recommendations to the commissioner of natural resources related to bank stabilization and maintenance;

(29) $300,000 to the Northern Lights Music Festival to support programs, of this amount $100,000 is available each year in calendar years 2025, 2026, and 2027;

(30) $250,000 to Cherry Township for recreational facilities upgrades and lights;

(31) $350,000 to the East Range Developmental Achievement Center for building renovations;

(32) $500,000 to the Department of Iron Range Resources and Rehabilitation for grants or loans to (i) businesses or resorts that were economically damaged by floods that occurred in 2022 or 2023 and which are eligible under article 5 of the Canadian border counties economic relief program, or (ii) outfitters in the border region who experienced either more than a 50 percent reduction in Boundary Waters Canoe Area Wilderness permits obtained by their customers between 2019 and 2021, or a 50 percent reduction between 2019 and 2021 in trips across the fee-based mechanical portages into the Boundary Waters Canoe Area Wilderness or Quetico Provincial Park. Businesses may be awarded a maximum grant under this clause of up to $50,000, must be located within the taconite assistance area, as defined under Minnesota Statutes, section 273.1341, and must not have received a grant under the Canadian border counties economic relief program;

(33) $100,000 to Crystal Bay Township for a septic project at the Clair Nelson Community Center;

(34) $25,000 to the Northwoods Friends of the Arts in the city of Cook for facility upgrades and programs;

(35) $50,000 to the Bois Forte Band of Chippewa for food shelf expenses;

(36) $100,000 to the Lake Vermilion Cultural Center to improve and renovate the facility and its displays in Tower;

(37) $50,000 to the Lyric Center for the Arts in Virginia for repairs and renovation;

(38) $50,000 to the Pioneer Mine historical site for maintenance and displays in Ely;

(39) $150,000 to the Lake Superior School District to support an emergency preparedness career introduction program;

(40) $200,000 to the city of Babbitt for ADA compliance and renovations to the city's parks;

(41) $75,000 to the Vermilion Penguins Snowmobile Club and $75,000 to the Cook Timberwolves Snowmobile Club, to update maintenance equipment and trail programs;

(42) $3,000,000 to Lone Pine Township to design, engineer, and begin construction for its sewage treatment plan in partnership with the city of Nashwauk;

(43) $50,000 to Essentia Health-Virginia Regional Foundation for the development of a substance use disorder community education and awareness program;

(44) $3,300,00 to the city of Virginia for a grant to be used by Essentia Health-Virginia for:

(i) modernization, renovation, and expansion of the hospital's emergency room complex to 12 emergency rooms;

(ii) construction of an emergency behavior health suite for adults and children within the hospital; and

(iii) security and safety upgrades to the hospital. The grant must be transferred by the city to the hospital within 30 days of receipt; and

(45) $500,000 for grants of $25,000 distributed pursuant to paragraph (b).

(b) Of the amount under paragraph (a), clause (45), grants of $25,000 to be used for trail grooming costs or equipment must be made available to the following entities:

(1) Alborn Dirt Devils ATV Club;

(2) Wild Country ATV Club;

(3) Ely Igloo Snowmobile Club;

(4) CC Riders Snowmobile Club;

(5) PathBlazers Snowmobile Club;

(6) Cook Timberwolves Snowmobile Club;

(7) Crane Lake Voyageurs Club;

(8) Pequaywan Area Trail Blazers Snowmobile Club;

(9) Eveleth Trail Hawks Snowmobile Club;

(10) Ranger Snowmobile/ATV Club;

(11) Silver Trail Riders Snowmobile and ATV Club;

(12) Voyageur Snowmobile Club;

(13) Mesabi Sno Voyageurs;

(14) Quad Cities ATV Club;

(15) Prospector ATV Club;

(16) Northern Traxx ATV Club;

(17) Finland Snowmobile and ATV Club;

(18) Babbitt ATV and Snowmobile Club;

(19) Cook County ATV Club; and

(20) Vermilion Penguins Snowmobile Club.

(c) Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, of the money distributed under this subdivision, the commissioner of Iron Range resources and rehabilitation must not use any amount for administrative uses.

EFFECTIVE DATE. This section is effective the day following final enactment and applies beginning with the 2024 distribution under Minnesota Statutes, section 298.28.

Sec. 16. **IRON RANGE RESOURCES AND REHABILITATION COMMISSIONER; BONDS AUTHORIZED IN 2025.**

Subdivision 1. **Issuance; purpose.** (a) Notwithstanding any provision of Minnesota Statutes, chapter 298, to the contrary, the commissioner of Iron Range resources and rehabilitation shall, in 2025, issue revenue bonds in one or more series in a principal amount of up to $31,000,000 plus an amount sufficient to pay costs of issuance and fund a debt service reserve fund for the bonds if determined by the commissioner to be necessary, and thereafter may issue bonds to refund those bonds. The proceeds of the bonds must be used to pay the costs of issuance, fund a debt service reserve fund if determined by the commissioner to be necessary, and make distributions pursuant to this section. The commissioner may establish a debt service reserve fund from funds available under Minnesota Statutes, section 298.291 to 298.297, or from the proceeds of the bonds. The commissioner of Iron Range resources and rehabilitation must distribute these transferred funds as outlined in this section. In order to receive a distribution, a recipient must submit to the commissioner a plan of how the distribution will be spent and the commissioner must ensure that the plan matches the intended use outlined in this section. The plan must be submitted in a form and manner determined by the commissioner. The uses listed are not subject to review or recommendation by the Iron Range Resources and Rehabilitation Board. For all distributions equal to or greater than $1,000,000, a recipient must appear and present and provide a copy of the plan to the Iron Range Resources and Rehabilitation Board. By December 31, 2026, each recipient must report to the commissioner how the distribution received under this section was spent. If a recipient's plan is submitted and approved, the commissioner must distribute the funds for the uses outlined in subdivision 3. The bonds issued under this section do not constitute public debt as

that term is defined in Article XI, section 4 of the Minnesota Constitution, and as such are not subject to its provisions.

(b) The bonds issued under this section are debt obligations and the commissioner of Iron Range resources and rehabilitation is a district for purposes of Minnesota Statutes, section 126C.55, except that payments made under Minnesota Statutes, section 126C.55, subdivision 2, are not subject to Minnesota Statutes, section 126C.55, subdivisions 4 to 7.

(c) If the commissioner of Iron Range resources and rehabilitation determines that available funds, other than through the issuance of bonds pursuant to subdivision 1, shall be used to make grants as provided in subdivision 3, the requirements of subdivision 1, relating to the submission of a plan and report to the commissioner of Iron Range resources and rehabilitation and the Iron Range Resources and Rehabilitation Board, and subdivision 3, relating to the grant amount and identified purpose, shall apply.

(d) Funds under this section are available for 30 months from the date the bonds are issued. Any unexpended funds after that date cancel to the Iron Range resources and rehabilitation account under Minnesota Statutes, section 298.28, subdivision 7, and must be used by the commissioner of Iron Range resources and rehabilitation for publicly owned capital investments located within the taconite tax relief area as defined in Minnesota Statutes, section 273.134.

Subd. 2. **Appropriation.** (a) Notwithstanding Minnesota Statutes, section 298.28, subdivision 7a, paragraph (b), there is annually appropriated from the allocation of the revenues under Minnesota Statutes, section 298.28, subdivision 7a, from the taconite assistance area prior to the calculation of any amount remaining, an amount sufficient to pay when due the principal and interest on the bonds issued pursuant to subdivision 1. Notwithstanding the foregoing and Minnesota Statutes, section 298.28, subdivisions 7a to 11, to the extent bonds authorized by subdivision 1 are paid from taconite production tax revenues, any outstanding bonds payable from distributions of taconite production tax revenues shall be paid pro rata based on debt service when due.

(b) If in any year the amount available under paragraph (a) is insufficient to pay principal and interest due on the bonds in that year, an additional amount is appropriated from the Douglas J. Johnson economic protection trust fund to make up the deficiency.

(c) The appropriation under this subdivision terminates upon payment or maturity of the last of the bonds issued under this section.

Subd. 3. **Grants.** (a) The commissioner of Iron Range resources and rehabilitation must distribute funds available for distribution under subdivision 1 for the following uses:

(1) $3,200,000 to the Minnesota Discovery Center, of which $200,000 may, at the discretion of the director of the Minnesota Discovery Center, be used for operating expenses and $3,000,000 must be used to design, construct, renovate, furnish, and repair facilities, including HVAC upgrades, demolition, and compliance with the Americans with Disabilities Act, at the Minnesota Discovery Center in the city of Chisholm, and for historical research funding;

(2) $7,600,000 to the commissioner of Iron Range resources and rehabilitation for the design, engineering, and upgrades or replacement of chair lifts or an irrigation system, and for the design, engineering, demolition, and construction of a nordic and welcome center at the Giants Ridge Recreation Area;

(3) $350,000 to the Central Iron Range Sanitary Sewer District for infrastructure projects;

(4) $1,000,000 to Independent School District No. 2909, Rock Ridge, for demolition of the James Madison Elementary School in Virginia;

(5) $500,000 to the city of Buhl for infrastructure projects;

(6) $500,000 to St. Louis and Lake Counties Regional Railroad Authority to design, engineer, acquire right-of-way, and begin construction on the Mesabi Trail Spur from Aurora to Hoyt Lakes;

(7) $2,000,000 to the city of Mountain Iron for infrastructure projects including but not limited to Enterprise Drive North East infrastructure development, water main and other infrastructure in the city, waste water plant improvements to comply with new permits, supervisory control and data acquisition on lift stations, and recreation projects;

(8) $3,000,000 to the city of Silver Bay to design, engineer, construct, and reconstruct publicly owned infrastructure including sewers, water systems, utility extensions, street construction, wastewater treatment, stormwater management systems, sidewalks, and compliance with the Americans with Disabilities Act;

(9) $5,000,000 to Independent School District No. 696, Ely, for planning, design, engineering, demolition, and construction related to the district's athletic complex;

(10) $1,080,000 to the Northland Learning Center to construct the Alternative Learning Center on the campus in the city of Mountain Iron;

(11) $1,000,000 for the city of Biwabik for a public safety facility;

(12) $1,770,000 to Hibbing Public Utilities for water infrastructure projects;

(13) $300,000 to Independent School District No. 701, Hibbing, to be used for long term maintenance needs;

(14) $1,150,000 to the city of Hibbing for housing development;

(15) $550,000 to the city of Hibbing to develop the Hull Rust Mine historic site;

(16) $500,000 to St. Louis County for the demolition of the public school in Hoyt Lakes; and

(17) $1,500,000 to the city of Babbitt for renovations to the ice arena.

(b) Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, of the money distributed under this subdivision, the commissioner of Iron Range resources and rehabilitation must not use any amount for administrative uses.

EFFECTIVE DATE. This section is effective the day following final enactment and applies beginning with the 2025 distribution under Minnesota Statutes, section 298.28.

Sec. 17. **TRANSFER 2024 DISTRIBUTION ONLY; TACONITE ECONOMIC DEVELOPMENT FUND.**

Of the funds distributed to the taconite economic development fund under Minnesota Statutes, section 298.28, subdivision 9a, for the 2024 distribution only, an amount equal to $300,000 shall be transferred from the taconite economic development fund to the city of Chisholm for the Senator David Tomassoni Bridge of Peace. The transfer must be made within ten days of the August 2024 payment. If less than $300,000 is distributed to the taconite economic development fund in 2024, distributions to the fund in future years

must be transferred to the city of Chisholm, pursuant to this paragraph, until the total amount transferred equals $300,000.

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

ARTICLE 70

TAX-FORFEITED PROPERTY

Section 1. **[16A.287] TRANSFER; HOUSING SUPPORT.**

In fiscal year 2025 and each year thereafter, the commissioner of management and budget must transfer $450,000 from the general fund to the housing support account, under section 462A.43.

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

Sec. 2. Minnesota Statutes 2022, section 279.06, subdivision 1, is amended to read:

Subdivision 1. **List and notice.** Within five days after the filing of such list, the court administrator shall return a copy thereof to the county auditor, with a notice prepared and signed by the court administrator, and attached thereto, which may be substantially in the following form:

State of Minnesota)

) ss.

County of .....)

District Court

..... Judicial District.

The state of Minnesota, to all persons, companies, or corporations who have or claim any estate, right, title, or interest in, claim to, or lien upon, any of the several parcels of land described in the list hereto attached:

The list of taxes and penalties on real property for the county of ..... remaining delinquent on the first Monday in January, ..., has been filed in the office of the court administrator of the district court of said county, of which that hereto attached is a copy. Therefore, you, and each of you, are hereby required to file in the office of said court administrator, on or before the 20th day after the publication of this notice and list, your answer, in writing, setting forth any objection or defense you may have to the taxes, or any part thereof, upon any parcel of land described in the list, in, to, or on which you have or claim any estate, right, title, interest, claim, or lien, and, in default thereof, judgment will be entered against such parcel of land for the taxes on such list appearing against it, and for all penalties, interest, and costs. Based upon said judgment, the land shall be sold to the state of Minnesota on the second Monday in May, ...

Inquiries as to the proceedings set forth above can be made to the county auditor of..... county whose address is .....

(Signed) ..... ,

Court Administrator of the District Court of the

County of .....

(Here insert list.)

The notice must contain a narrative description of the various periods to redeem, specified in sections 281.17, 281.173, and 281.174, information about property tax relief programs that the property owner may be eligible for, including the property tax refund program under chapter 290A and the senior citizens' property tax deferral program under chapter 290B, and where further information about unencumbered interest in the property may be obtained. The notice must be made in the manner prescribed by the commissioner of revenue under subdivision 2. The commissioner of revenue must make the form available in multiple languages on the Department of Revenue's website. Counties must post these forms on their county website.

The list referred to in the notice shall be substantially in the following form:

List of real property for the county of ....., on which taxes remain delinquent on the first Monday in January, ...

Town of (Fairfield),

Township (40), Range (20),

Names (and Current Filed Addresses) for the Taxpayers and Fee Owners and in Addition Those Parties Who Have Filed Their Addresses Pursuant to section 276.041	Subdivision of Section	Section	Tax Parcel Number	Total Tax and Penalty
				$ cts.
John Jones (825 Fremont Fairfield, MN 55000)	S.E. 1/4 of S.W. 1/4	10	23101	2.20
Bruce Smith (2059 Hand Fairfield, MN 55000) and Fairfield State Bank (100 Main Street Fairfield, MN 55000)	That part of N.E. 1/4 of S.W. 1/4 desc. as follows: Beg. at the S.E. corner of said N.E. 1/4 of S.W. 1/4; thence N. along the E. line of said N.E. 1/4 of S.W. 1/4 a distance of 600 ft.; thence W. parallel with the S. line of said N.E. 1/4 of S.W. 1/4 a distance of 600 ft.; thence S. parallel with said E. line a distance of 600 ft. to S. line of said N.E. 1/4 of S.W. 1/4; thence E. along said S. line a distance of 600 ft. to the point of beg.	21	33211	3.15

As to platted property, the form of heading shall conform to circumstances and be substantially in the following form:

City of (Smithtown)

Brown's Addition, or Subdivision

Names (and Current Filed Addresses) for the Taxpayers and Fee Owners and in Addition Those Parties Who Have Filed Their Addresses Pursuant to section 276.041	Lot	Block	Tax Parcel Number	Total Tax and Penalty
				$ cts.
John Jones (825 Fremont Fairfield, MN 55000)	15	9	58243	2.20
Bruce Smith (2059 Hand Fairfield, MN 55000) and Fairfield State Bank (100 Main Street Fairfield, MN 55000)	16	9	58244	3.15

The names, descriptions, and figures employed in parentheses in the above forms are merely for purposes of illustration.

The name of the town, township, range or city, and addition or subdivision, as the case may be, shall be repeated at the head of each column of the printed lists as brought forward from the preceding column.

Errors in the list shall not be deemed to be a material defect to affect the validity of the judgment and sale.

Sec. 3. Minnesota Statutes 2022, section 281.23, subdivision 2, is amended to read:

Subd. 2. **Form.** The notice of expiration of redemption must contain the tax parcel identification numbers and legal descriptions of parcels subject to notice of expiration of redemption provisions prescribed under subdivision 1. The notice must also indicate the names of taxpayers and fee owners of record in the office of the county auditor at the time the notice is prepared and names of those parties who have filed their addresses according to section 276.041 and the amount of payment necessary to redeem as of the date of the notice. At the option of the county auditor, the current filed addresses of affected persons may be included on the notice. The notice is sufficient if substantially in the following form:

"NOTICE OF EXPIRATION OF REDEMPTION

Office of the County Auditor

County of ....., State of Minnesota.

To all persons having an interest in lands described in this notice:

You are notified that the parcels of land described in this notice and located in the county of ....., state of Minnesota, are subject to forfeiture to the state of Minnesota because of nonpayment of delinquent property taxes, special assessments, penalties, interest, and costs levied on those

parcels. The time for redemption from forfeiture expires if a redemption is not made by the later of (1) 60 days after service of this notice on all persons having an interest in the lands of record at the office of the county recorder or registrar of titles, or (2) by the second Monday in May. The redemption must be made in my office.

IMPORTANT: If the parcels forfeit, they will be sold. If the proceeds from the sale exceed the total amount of the delinquent taxes, special assessments, penalties, interest, and costs assigned to those parcels, you may be entitled to the excess proceeds from the sale. If there are excess proceeds, you will be notified and must submit the claim form included with the notification in order to receive the proceeds.

Names (and Current Filed Addresses) for the Taxpayers and Fee Owners and Those Parties Who Have Filed Their Addresses Pursuant to section 276.041	Legal Description	Tax Parcel Number	Amount Necessary to Redeem as of Date of Notice
.....	.....	.....	.....
.....	.....	.....	.....

FAILURE TO REDEEM THE LANDS PRIOR TO THE EXPIRATION

OF REDEMPTION WILL RESULT IN THE LOSS OF THE LAND AND

FORFEITURE TO THE STATE OF MINNESOTA.

Inquiries as to these proceedings can be made to the County Auditor for ..... County, whose address is set forth below.

Witness my hand and official seal this ..... day of ....., ...

.....

County Auditor

(OFFICIAL SEAL)

.....

(Address)

.....

(Telephone)."

The notice must be posted by the auditor in the auditor's office, subject to public inspection, and must remain so posted until at least one week after the date of the last publication of notice, as provided in this section. Proof of posting must be made by the certificate of the auditor, filed in the auditor's office.

Sec. 4. **[282.005] TAX-FORFEITED LAND; INITIAL SALE.**

Subdivision 1. **Public auction required.** Prior to managing tax-forfeited lands as otherwise provided in this chapter, a county must first offer tax-forfeited parcels for sale pursuant to this section, except that any interests in iron-bearing stockpiles, minerals, or mineral interests are reserved for the state as provided under subdivision 8, and any parcel withdrawn from sale by the commissioner of natural resources under section 282.007 must be managed as provided in section 282.007. If a property cannot be sold under this section for more than the minimum bid, the state is deemed to have purchased the property through a credit bid and the parcels may be disposed of as otherwise provided in this chapter.

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

(1) "interested party" means any party with an interest in the real estate including but not limited to an owner of the property, a lienholder, or any other party who has filed their name according to section 276.041;

(2) "mineral interest" means an interest in any minerals, including but not limited to iron, gas, coal, oil, copper, gold, or other valuable minerals; and

(3) "minimum bid" means the sum of delinquent taxes, special assessments, penalties, interests, and costs assigned to the parcel.

Subd. 3. **Repurchase.** Prior to the public sale required under this section, an interested party may repurchase the property by payment of the sum of all delinquent taxes and assessments computed under section 282.251, together with penalties, interest, and costs, that accrued or would have accrued if the parcel of land had not forfeited. A property repurchased under this subdivision is no longer subject to the requirements of this section. All rights and interests of all interested parties remain unaffected if a property is repurchased under this subdivision.

Subd. 4. **Public auction.** (a) The county auditor must sell the property at a public auction to the highest bidder in a manner reasonably calculated to facilitate public participation, including by online auction. The sale under this section must occur within six months of either the filing of the certificate of forfeiture pursuant to section 281.23, subdivision 9, or the date the property is vacated by the occupant, whichever is later. Notice of the sale under this subdivision must be provided by publication in newspapers, websites, and other forums that serve diverse communities in the county where the property is located at least 30 days before the commencement of the sale.

(b) At auction, the county auditor must calculate the minimum bid and make the figure available to those participating in the auction. The county auditor must also calculate and make available the initial price of the property, which is equal to the estimated market value, as determined by the most recent assessment. The property must not be sold for less than the initial price for 30 days after it is initially made available at auction. If no buyer is willing to pay the initial price, the price for the property must be reduced to the minimum bid. If no buyer is willing to pay the minimum bid, the state is deemed to have purchased the property through a credit bid and the parcels may be disposed of as otherwise provided in this chapter.

Subd. 5. **Sale proceeds.** The auction proceeds must be collected by the county auditor. The amount of the minimum bid shall be deposited into a county's forfeited tax sale fund. The proceeds in excess of the minimum bid shall be available for distribution pursuant to subdivision 6.

Subd. 6. **Claims for surplus proceeds.** (a) If a sale under this section results in a surplus, within 60 days of the sale, the county auditor must notify interested parties, in a manner described in subdivision 7, of the surplus by sending notice of the surplus and a claim form to the interested parties. The commissioner of revenue must prescribe the form and manner of the claim form. The notice must indicate that the sale of

the property resulted in a surplus, the amount of the surplus, that parties with an interest in the property are entitled to the surplus amount, and that interested parties have an obligation to submit a claim for the surplus. Interested parties are entitled to make a claim for surplus proceeds under this subdivision if they file a claim within six months from the date the notice is first mailed to the interested parties.

(b) Unless disputed by the county auditor, if a single claim is filed, the county auditor must pay the surplus to the interested party filing the claim. A county must not pay any claimant until after the period of time in which to file a claim has expired.

(c) If there are multiple claims for a given property, the county must divide payments under this subdivision among the claimants according to each claimant's interest in proportion to the interest of all claimants. If the county auditor disputes a claim, or if there is a dispute as to how to divide the surplus among multiple claimants, the county auditor may deposit the surplus funds in district court and file a petition pursuant to Rule 67 of the Minnesota Rules of Civil Procedure, asking the court to determine claimants' rights to the funds deposited. The county auditor is entitled to recover the costs it reasonably incurs in commencing and maintaining this action from the amount of funds submitted to the court in the action. If the court determines that no claimant is entitled to the surplus, the surplus must be returned to the county and deposited into the county's forfeited tax sale fund.

(d) The county and the county auditor are entitled to absolute immunity related to any claim predicated on distribution of surplus if the county auditor distributed proceeds consistent with this subdivision.

Subd. 7. **Manner of service.** (a) A notice provided under subdivision 6 or 8 must be served as follows:

(1) by certified mail to all interested parties of record within 60 days of the sale;

(2) if an interested party of record has not filed a claim, a second notice must be sent by first class mail to all interested parties between 90 and 120 days after the sale;

(3) unless the property is vacant land, within 60 days of the sale, by first class mail to the property addressed to the attention of the occupants of the property; and

(4) within 60 days of the sale, by publishing a list of property sales with surplus with unexpired claims periods to the county's website.

(b) In addition, solely at the discretion of the county, a list of property sales with surplus with unexpired claims periods may be published in the county's designated newspaper for publication of required public notices.

Subd. 8. **Claims for mineral interests; payments; appropriation.** (a) Upon forfeiture, any iron-bearing stockpiles, minerals, and mineral interests shall be sold to the state for $50. The county auditor must notify interested parties within 60 days of the sale by sending notice and a claim form. The commissioner of revenue must prescribe the form and manner of the claim form. Notice must be provided in a manner described in subdivision 7. An interested party may submit a claim alleging that the value of the iron-bearing stockpiles, minerals, or mineral interests in the property exceeds the minimum bid. Claims must be submitted within six months from the date the notice under this subdivision is first mailed to the interested parties.

(b) If a claim is filed under this subdivision, the commissioner of natural resources must determine the value of the forfeited iron-bearing stockpiles, minerals, and mineral interests. If the value of the iron-bearing stockpiles, minerals, and mineral interests does not exceed the minimum bid, the claimant is not entitled to any payment under this subdivision. If the value of the iron-bearing stockpiles, minerals, and mineral interests

exceeds the minimum bid, the claimant is entitled to a payment from the commissioner of natural resources equal to this excess amount.

(c) If there are multiple claims, the county must divide payments under this subdivision among the claimants according to each claimant's ownership interest in proportion to the ownership interest of all claimants. If the county auditor disputes a claim, or if there is a dispute as to how to divide the surplus among multiple claimants, the commissioner of natural resources must transfer the amount due to the claimants under this subdivision to the county auditor. The county auditor must then deposit the transferred amount in district court and file a petition pursuant to Rule 67 of the Minnesota Rules of Civil Procedure, asking the court to determine claimants' rights to the funds deposited. The county auditor is entitled to recover the costs it reasonably incurs in commencing and maintaining this action from the amount of funds submitted to the court in the action. If the court determines that no party that filed a claim is entitled to the surplus, the payment must be returned to the commissioner of natural resources and is canceled to the general fund.

(d) An amount necessary to make payments under this subdivision is annually appropriated from the general fund to the commissioner of natural resources.

Subd. 9. **Expiration of surplus.** If a sale under this section results in a surplus and either (1) no interested party makes a claim for the proceeds within the time allowed under subdivision 6, or (2) it is determined that no claimant was entitled to the surplus proceeds, then interested parties are no longer eligible to receive payment of any surplus. Once interested parties are no longer eligible to receive payment of any surplus, the proceeds must be returned to the county's forfeited tax sale fund.

Subd. 10. **Rights affected by forfeiture.** The forfeiture of the property extinguishes all liens, claims, and encumbrances other than:

(1) the rights of interested parties to surplus proceeds under this section;

(2) rights of redemption provided under federal law;

(3) easements and rights-of-way holders who are not interested parties; and

(4) benefits or burdens of any real covenants filed of record as of the date of forfeiture.

Subd. 11. **Property bought by the state.** Property deemed to be purchased by the state pursuant to this section shall be held in trust for the benefit of the taxing districts. All land becoming property of the state pursuant to this chapter shall be managed in accordance with chapters 93 and 282 and other applicable law.

Sec. 5. **[282.007] LAND WITHDRAWN FROM INITIAL SALE.**

Subdivision 1. **Property withdrawn from sale.** The commissioner of natural resources may withhold or withdraw from the sale required under section 282.005 any property allowed to be withheld or withdrawn from sale in section 85.012, 85.013, 282.01, subdivision 8, or 282.018. The commissioner of natural resources must condemn parcels withheld or withdrawn from sale under this section according to procedures set forth in chapter 117. Notwithstanding section 282.005, subdivision 1, any interests in iron-bearing stockpiles, minerals, or mineral interests in property withheld or withdrawn from sale under this section are not severed from the property and are not subject to section 282.005, subdivision 8.

Subd. 2. **Notice.** The county auditor must provide notice to the commissioner of natural resources of the forfeiture of any lands eligible to be withheld or withdrawn from sale under this section. Notice must be provided within 30 days of either the filing of the certificate of forfeiture pursuant to section 281.23,

subdivision 9, or the date the property is vacated by the occupant, whichever is later. Within 30 days of this notice, the commissioner of natural resources must notify the county auditor of a decision to withhold or withdraw a property from the sale under section 282.005. If no such notice is given, the county auditor must sell the property pursuant to section 282.005.

Subd. 3. **Repurchase.** Prior to the initiation of the condemnation proceedings of a property withheld or withdrawn from sale under this section, an interested party may repurchase the property by payment of the sum of all delinquent taxes and assessments computed under section 282.251, together with penalties, interest, and costs that accrued or would have accrued if the parcel of land had not forfeited. The county auditor must notify the commissioner of natural resources if a property is repurchased under this subdivision. A property repurchased under this subdivision is no longer subject to the requirements of this section or section 282.005. All rights and interests of all interested parties remain unaffected if a property is repurchased under this subdivision. For the purposes of this section, "interested party" has the meaning given in section 282.005, subdivision 2.

Subd. 4. **Proceeds.** Notwithstanding any law to the contrary in chapter 117, all proceeds from the condemnation proceedings of a property withheld or withdrawn from sale under this section must be transferred from the commissioner of natural resources to the county auditor. Any proceeds up to the value of the minimum bid are transferred to the county's forfeited tax sale fund. Any proceeds in excess of the minimum bid must be made available for claims pursuant to section 282.005, subdivision 6. For the purposes of this section, "minimum bid" has the meaning given in section 282.005, subdivision 2.

Sec. 6. Minnesota Statutes 2022, section 282.01, subdivision 6, is amended to read:

Subd. 6. **Duties of commissioner after sale.** (a) When any sale has been made by the county auditor under sections ~~282.01~~ 282.005 to 282.13, the auditor shall immediately certify to the commissioner of revenue such information relating to such sale, on such forms as the commissioner of revenue may prescribe as will enable the commissioner of revenue to prepare an appropriate deed if the sale is for cash, or keep necessary records if the sale is on terms; and not later than October 31 of each year the county auditor shall submit to the commissioner of revenue a statement of all instances wherein any payment of principal, interest, or current taxes on lands held under certificate, due or to be paid during the preceding calendar years, are still outstanding at the time such certificate is made. When such statement shows that a purchaser or the purchaser's assignee is in default, the commissioner of revenue may instruct the county board of the county in which the land is located to cancel said certificate of sale in the manner provided by subdivision 5, provided that upon recommendation of the county board, and where the circumstances are such that the commissioner of revenue after investigation is satisfied that the purchaser has made every effort reasonable to make payment of both the annual installment and said taxes, and that there has been no willful neglect on the part of the purchaser in meeting these obligations, then the commissioner of revenue may extend the time for the payment for such period as the commissioner may deem warranted, not to exceed one year. On payment in full of the purchase price, appropriate conveyance in fee, in such form as may be prescribed by the attorney general, shall be issued by the commissioner of revenue, which conveyance must be recorded by the county and shall have the force and effect of a patent from the state subject to easements and restrictions of record at the date of the tax judgment sale, including, but without limitation, permits for telephone and electric power lines either by underground cable or conduit or otherwise, sewer and water lines, highways, railroads, and pipe lines for gas, liquids, or solids in suspension.

(b) The commissioner of revenue shall issue an appropriate conveyance in fee when approval from the county auditor is given based upon written confirmation from a licensed closing agent, title insurer, or title insurance agent as specified in section 82.641. For purposes of this paragraph, "written confirmation" means

a written commitment or approval that the funding for the conveyance is held in an escrow account available for disbursement upon delivery of a conveyance. The county recorder or registrar of titles must not record or file a conveyance issued under this paragraph unless the conveyance contains a certification signed by the county auditor where the land is located stating that the recorder or registrar of titles can accept the conveyance for recording or filing. The conveyance issued by the commissioner of revenue shall not be effective as a conveyance until it is recorded. The conveyance shall be issued to the county auditor where the land is located. Upon receipt of the conveyance, the county auditor shall hold the conveyance until the conveyance is requested from a licensed closing agent, title insurer, or title insurance agent to settle and close on the conveyance. If a request for the conveyance is not made within 30 days of the date the conveyance is issued by the commissioner of revenue, the county auditor shall return the conveyance to the commissioner. If the conveyance is delivered to the licensed closing agent, title insurer, or title insurance agent and the closing does not occur within ten days of the request, the licensed closing agent, title insurer, or title insurance agent shall immediately return the conveyance to the county auditor and, upon receipt, the county auditor shall return the conveyance to the commissioner of revenue. The commissioner of revenue shall cancel and destroy all conveyances returned by the county auditor pursuant to this subdivision. The licensed closing agent, title insurer, or title insurance agent must promptly record the conveyance after the closing and must deliver an attested or certified copy to the county auditor and to the grantee or grantees named on the conveyance.

Sec. 7. Minnesota Statutes 2022, section 282.241, subdivision 1, is amended to read:

Subdivision 1. **Repurchase requirements.** The owner at the time of forfeiture, or the owner's heirs, devisees, or representatives, or any person to whom the right to pay taxes was given by statute, mortgage, or other agreement, may repurchase any parcel of land claimed by the state to be forfeited to the state for taxes unless before the time repurchase is made the parcel is sold under installment payments, or otherwise, by the state as provided by law, or is under mineral prospecting permit or lease, or proceedings have been commenced by the state or any of its political subdivisions or by the United States to condemn the parcel of land. The parcel of land may be repurchased for the sum of all delinquent taxes and assessments computed under section 282.251, together with penalties, interest, and costs, that accrued or would have accrued if the parcel of land had not forfeited to the state. Except for property which was homesteaded on the date of forfeiture, repurchase is permitted during six months only from the date of forfeiture, and in any case only after the adoption of a resolution by the board of county commissioners determining that by repurchase undue hardship or injustice resulting from the forfeiture will be corrected, or that permitting the repurchase will promote the use of the lands that will best serve the public interest. If the county board has good cause to believe that a repurchase installment payment plan for a particular parcel is unnecessary and not in the public interest, the county board may require as a condition of repurchase that the entire repurchase price be paid at the time of repurchase. A repurchase is subject to any easement, lease, or other encumbrance granted by the state before the repurchase, and if the land is located within a restricted area established by any county under Laws 1939, chapter 340, the repurchase must not be permitted unless the resolution approving the repurchase is adopted by the unanimous vote of the board of county commissioners. Notwithstanding the foregoing, any application to repurchase a property that is made available for sale pursuant to section 282.005 must be made before the date of that sale.

The person seeking to repurchase under this section shall pay all maintenance costs incurred by the county auditor during the time the property was tax-forfeited.

Sec. 8. Minnesota Statutes 2022, section 282.301, is amended to read:

282.301 RECEIPTS FOR PAYMENTS; CERTIFICATION BY COUNTY AUDITOR.

When any sale has been made under sections 282.005, 282.012, and 282.241 to 282.324, the purchaser shall receive from the county auditor at the time of repurchase a receipt, in such form as may be prescribed by the attorney general. When the purchase price of a parcel of land shall be paid in full, the following facts shall be certified by the county auditor to the commissioner of revenue of the state of Minnesota: the description of land and the date when the final installment of the purchase price was paid.

Sec. 9. **[462A.43] HOUSING SUPPORT ACCOUNT.**

The commissioner of management and budget shall establish the housing support account in the special revenue fund for the deposit of certain funds provided by law. Money appropriated from the account by law must provide housing support for Minnesotans.

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

Sec. 10. Laws 2024, chapter 113, section 1, subdivision 2, is amended to read:

Subd. 2. **Requirements of participating counties.** (a) If a county elects to participate in the settlement, or is deemed to elect to participate in the settlement under subdivision 4, the county must agree:

(1) to provide the claims administrator administering the settlement with all public property tax records reasonably necessary to effectuate the settlement agreement by August 1, 2024;

(2) to make a good faith effort to sell all properties that forfeited between the applicable start date and December 31, 2023, other than those that are classified as conservation lands, those that are part of a rehabilitation program, and those in which title is no longer held in trust by the state of Minnesota for taxing districts;

(3) that for any sale made under clause (2):

(i) the county will conduct an auction of the property, either in person or online; list the property through a private broker; or, if the property meets the criteria in Minnesota Statutes, section 282.01, subdivision 7a, sell the property pursuant to that subdivision;

(ii) the sale will be for no less than its appraised value;

(iii) the sale will be for cash only and not on terms; ~~and~~

(iv) notwithstanding any provision of Minnesota Statutes, chapter 282, to the contrary, for any property sold on or after the effective date of this section, 75 percent of the proceeds of any sale on or before June 30, 2027, and 85 percent of the proceeds of any sale on or after July 1, 2027, and on or before June 30, 2029, will be remitted to the commissioner for deposit in the general fund and the remaining proceeds will be retained by the county to be used for any permissible purpose; ~~and~~

(v) if the property is a residential property with four or fewer residential units or a property that is unimproved with a structure, the property will first be offered for a period of 30 days to persons who intend to own and occupy the property as a residence or who intend to use the property for a noncommercial personal use; and

(vi) the sale will be advertised for 30 days by publication in newspapers, websites, and other forums that serve diverse communities in the county where the property is located;

(4) that any properties subject to sale under clause (2) that remain unsold on June 30, 2029, must continue to be managed under the laws governing tax-forfeited lands until they are disposed of under those laws.

(b) The commissioner of revenue must create the form for a person purchasing a property described under paragraph (a), clause (3), item (v), to certify that they intend to use the property accordingly.

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

Sec. 11. **DEPARTMENT OF NATURAL RESOURCES; APPROPRIATION.**

$1,537,000 in fiscal year 2025 is appropriated from the general fund to the commissioner of natural resources to perform the duties required under Minnesota Statutes, section 282.005. The base for this appropriation is $1,537,000 in fiscal year 2026 and each fiscal year thereafter.

Sec. 12. **EFFECTIVE DATE.**

Section 2 is effective beginning January 1, 2025. Section 3 is effective for notices provided after the day following final enactment. Sections 4 to 8 are effective for forfeitures occurring after December 31, 2023.

ARTICLE 71

MISCELLANEOUS TAX PROVISIONS

Section 1. Minnesota Statutes 2022, section 270C.21, is amended to read:

270C.21 TAXPAYER ASSISTANCE GRANTS; TAX CREDIT OUTREACH GRANTS.

Subdivision 1. **Taxpayer assistance.** When the commissioner awards grants ~~to eligible organizations to coordinate, facilitate, encourage, and aid in the provision of taxpayer assistance services~~ under this section, the commissioner must provide public notice of the grants in a timely manner so that the grant process is completed and grants are awarded by October 1, in order for recipient ~~eligible~~ organizations to adequately plan expenditures for the filing season. At the time the commissioner provides public notice, the commissioner must also notify ~~eligible~~ organizations that received grants in the previous biennium. Amounts appropriated for grants under this section are not subject to retention of administrative costs under section 16B.98, subdivision 14.

Subd. 2. ~~**Eligible organization**~~ **Definitions.** ~~"Eligible organization" means an organization that meets the definition of eligible organization provided in section 7526A(e)(2)(B) of the Internal Revenue Code.~~

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

(b) "Eligible credit" means a credit, refund, or other tax preference targeting low-income taxpayers, including but not limited to the credits under sections 290.0661, 290.0671, 290.0674, and 290.0693, and chapter 290A.

(c) "Tax outreach organization" means a nonprofit organization or federally recognized Indian Tribe with experience serving demographic groups or geographic regions that have historically had low rates of participation in eligible credits.

(d) "Taxpayer assistance services" means accounting and tax preparation services provided by volunteers to low-income, elderly, and disadvantaged Minnesota residents to help them file federal and state income tax returns and Minnesota property tax refund claims and to provide personal representation before the Department of Revenue and Internal Revenue Service.

(e) "Volunteer taxpayer assistance organization" means an eligible organization qualifying under section 7526A(e)(2)(B) of the Internal Revenue Code of 1986.

Subd. 3. **Taxpayer assistance grants.** The commissioner must make grants to one or more volunteer taxpayer assistance organizations to coordinate, facilitate, encourage, and aid in the provision of taxpayer assistance services.

Subd. 4. **Tax credit outreach grants.** The commissioner must make one or more grants to tax outreach organizations and volunteer assistance organizations. Grants provided under this subdivision must be used to:

(1) publicize and promote the availability of eligible credits to taxpayers likely to be eligible for those credits; or

(2) provide taxpayer assistance services.

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

Sec. 2. Minnesota Statutes 2022, section 297F.01, subdivision 10b, is amended to read:

Subd. 10b. **Moist snuff.** "Moist snuff" means any finely cut, ground, or powdered smokeless tobacco, or similar product containing nicotine, that is intended to be placed or dipped in the mouth.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 3. Minnesota Statutes 2022, section 297F.01, subdivision 19, is amended to read:

Subd. 19. **Tobacco products.** (a) "Tobacco products" means any product containing, made, or derived from tobacco that is intended for human consumption, whether chewed, smoked, absorbed, dissolved, inhaled, snorted, sniffed, or ingested by any other means, or any component, part, or accessory of a tobacco product, including, but not limited to, cigars; cheroots; stogies; periques; granulated, plug cut, crimp cut, ready rubbed, and other smoking tobacco; snuff; snuff flour; cavendish; plug and twist tobacco; fine-cut and other chewing tobacco; shorts; refuse scraps, clippings, cuttings and sweepings of tobacco, and other kinds and forms of tobacco; but does not include cigarettes as defined in this section. Tobacco products includes nicotine solution products and moist snuff. Tobacco products excludes any tobacco product that has been approved by the United States Food and Drug Administration for sale as a tobacco cessation product, as a tobacco dependence product, or for other medical purposes, and is being marketed and sold solely for such an approved purpose.

(b) Except for the imposition of tax under section 297F.05, subdivisions 3 and 4, tobacco products includes a premium cigar, as defined in subdivision 13a.

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 4. **APPROPRIATION; TAX CREDIT OUTREACH GRANTS; TAXPAYER ASSISTANCE GRANTS.**

(a) $1,000,000 in fiscal year 2025 is appropriated from the general fund to the commissioner of revenue for tax credit outreach grants under Minnesota Statutes, section 270C.21, subdivision 4. This appropriation is in addition to the amount appropriated in Laws 2023, chapter 64, article 7, section 30.

(b) The base for the $1,000,000 appropriation in paragraph (a) is $500,000 in fiscal year 2026 and $500,000 in fiscal year 2027.

(c) $1,000,000 in fiscal year 2025 is appropriated from the general fund to the commissioner of revenue for taxpayer assistance grants under Minnesota Statutes, section 270C.21, subdivision 3. This appropriation is in addition to the amount appropriated for taxpayer assistance in Laws 2023, chapter 62, article 1, section 14, subdivision 2.

(d) The base for the $1,000,000 appropriation in paragraph (c) is $500,000 in fiscal year 2026 and $500,000 in fiscal year 2027.

Sec. 5. **DEPARTMENT OF REVENUE; ADMINISTRATIVE APPROPRIATION.**

$4,000,000 in fiscal year 2025 is appropriated from the general fund to the commissioner of revenue to administer this act. This is a onetime appropriation and is available until June 30, 2027.

ARTICLE 72

EMPLOYEE COMPENSATION

Section 1. Minnesota Statutes 2023 Supplement, section 3.855, subdivision 2, is amended to read:

Subd. 2. ~~**Unrepresented**~~ **State employee compensation.** (a) The commissioner of management and budget shall submit to the chair of the commission any compensation plans or salaries prepared under section 43A.18, subdivisions 2, 3, 3b, and 4. The chancellor of the Minnesota State Colleges and Universities shall submit any compensation plan under section 43A.18, subdivision 3a. ~~If the commission disapproves a compensation plan or salary, the commission shall specify in writing to the parties those portions with which it disagrees and its reasons. If the commission approves a compensation plan or salary, it shall submit the matter to the legislature to be accepted or rejected under this section.~~

~~(b) When the legislature is not in session, the commission may give interim approval to a salary or compensation plan. The commission shall submit the salaries and compensation plans for which it has provided approval to the entire legislature for ratification at a special legislative session called to consider them or at its next regular legislative session as provided in this section. Approval or disapproval by the commission is not binding on the legislature.~~

~~(c) When the legislature is not in session,~~ (b) The proposed salary or compensation plan must be implemented upon its ~~approval by~~ submission to the commission~~, and state employees covered by the proposed plan or salary do not have the right to strike while the interim approval is in effect~~.

Sec. 2. Minnesota Statutes 2023 Supplement, section 3.855, subdivision 3, is amended to read:

Subd. 3. **Other ~~salaries and compensation plans~~ salary and compensation plan.** The commission shall~~:~~

~~(1) review and approve or reject a plan for compensation and terms and conditions of employment prepared and submitted by the commissioner of management and budget under section 43A.18, subdivision 2, covering all state employees who are not represented by an exclusive bargaining representative and whose compensation is not provided for by chapter 43A or other law;~~

~~(2) review and approve or reject a plan for total compensation and terms and conditions of employment for employees in positions identified as being managerial under section 43A.18, subdivision 3, whose salaries and benefits are not otherwise provided for in law or other plans established under chapter 43A;~~

~~(3) review and approve or reject recommendations for salary range of officials of higher education systems under section 15A.081, subdivision 7c;~~

~~(4) review and approve or reject plans for compensation, terms, and conditions of employment proposed under section 43A.18, subdivisions 3a, 3b, and 4; and~~

~~(5)~~ review and approve or reject the plan for compensation, terms, and conditions of employment of classified employees in the office of the legislative auditor under section 3.971, subdivision 2.

Sec. 3. Minnesota Statutes 2023 Supplement, section 3.855, subdivision 6, is amended to read:

Subd. 6. **Information required; collective bargaining agreements, memoranda of understanding, and interest arbitration awards.** Within 14 days after the implementation of a collective bargaining agreement, memorandum of understanding, compensation plan, or receipt of an interest arbitration award, the commissioner of management and budget must submit to the Legislative Coordinating Commission the following:

(1) a copy of the collective bargaining agreement or compensation plan showing changes from previous agreements and a copy of the executed agreement;

(2) a copy of any memorandum of understanding that has a fiscal impact or interest arbitration award;

(3) a comparison of biennial compensation costs under the current agreement or plan to the projected biennial compensation costs under the new agreement, memorandum of understanding, or interest arbitration award; and

(4) a comparison of biennial compensation costs under the current agreement or plan to the projected biennial compensation costs for the following biennium under the new agreement, memorandum of understanding, or interest arbitration award.

Sec. 4. Minnesota Statutes 2022, section 43A.05, subdivision 3, is amended to read:

Subd. 3. **Commissioner's plan.** The commissioner shall periodically develop and establish pursuant to this chapter a commissioner's plan. The commissioner shall submit the plan~~, before becoming effective,~~ to the Legislative Coordinating Commission ~~for approval~~.

Sec. 5. Minnesota Statutes 2022, section 43A.18, subdivision 2, is amended to read:

Subd. 2. **Commissioner's plan.** Except as provided in section 43A.01, the compensation, terms and conditions of employment for all classified and unclassified employees, except unclassified employees in the legislative and judicial branches, who are not covered by a collective bargaining agreement and not otherwise provided for in chapter 43A or other law are governed solely by a plan developed by the commissioner. The Legislative Coordinating Commission shall review ~~and approve, reject, or modify~~ the

plan under section 3.855, subdivision 2. The plan need not be adopted in accordance with the rulemaking provisions of chapter 14.

Sec. 6. Minnesota Statutes 2022, section 43A.18, subdivision 3, is amended to read:

Subd. 3. **Managerial plan.** (a) The commissioner shall identify individual positions or groups of positions in the classified and unclassified service in the executive branch as being managerial. The list must not include positions listed in subdivision 4.

(b) The commissioner shall periodically prepare a plan for total compensation and terms and conditions of employment for employees of those positions identified as being managerial and whose salaries and benefits are not otherwise provided for in law or other plans established under this chapter. Before becoming effective those portions of the plan establishing compensation and terms and conditions of employment must be ~~reviewed and approved or modified by~~ submitted to the Legislative Coordinating Commission ~~and the legislature~~ under section 3.855, subdivisions 2 and 3.

(c) Incumbents of managerial positions as identified under this subdivision must be excluded from any bargaining units under chapter 179A.

(d) The management compensation plan must provide methods and levels of compensation for managers that will be generally comparable to those applicable to managers in other public and private employment. The plan must ensure that compensation within assigned salary ranges is related to level of performance. The plan must also provide a procedure for establishment of a salary rate for a newly created position and a new appointee to an existing position and for progression through assigned salary ranges. The employee benefits established under the provisions of the managerial plan may be extended to agency heads whose salaries are established in section 15A.0815 and to constitutional officers, judges of the Workers' Compensation Court of Appeals, and Tax Court judges.

Sec. 7. Minnesota Statutes 2022, section 43A.18, subdivision 9, is amended to read:

Subd. 9. **Summary information on website.** Before the commissioner submits a proposed collective bargaining agreement, arbitration award, or compensation plan to the Legislative Coordinating Commission for review under section 3.855, the commissioner must post on a state website a summary ~~of the proposed agreement, award, or plan. The summary must include the amount of and nature of proposed changes in employee compensation, the estimated cost to the state of proposed changes in employee compensation, and a description of proposed significant changes in policy. After approval of an agreement, award, or plan by the Legislative Coordinating Commission, the commissioner must provide a link from the commissioner's summary to the full text of the agreement, award, or plan. The summary must remain on the website at least until the full legislature has approved the agreement, award, or plan. This section also applies to agreements, awards, and plans~~ covering employees of the Minnesota State Colleges and Universities and to compensation plans that must be submitted to the Legislative Coordinating Commission by other executive appointing authorities. The Minnesota State Colleges and Universities and other executive appointing authorities must submit information to the commissioner, at a time and in a manner specified by the commissioner, so the commissioner can post information relating to these appointing authorities on the web as required by this section.

Sec. 8. **REPEALER.**

Minnesota Statutes 2023 Supplement, section 3.855, subdivision 5, is repealed.

ARTICLE 73

PAID LEAVE

Section 1. **[268B.001] CITATION.**

This chapter may be cited as the "Minnesota Paid Leave Law."

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

Sec. 2. Minnesota Statutes 2023 Supplement, section 268B.01, subdivision 3, is amended to read:

Subd. 3. **Applicant.** "Applicant" means an individual or the individual's authorized representative applying for leave with benefits under this chapter.

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

Sec. 3. Minnesota Statutes 2023 Supplement, section 268B.01, is amended by adding a subdivision to read:

Subd. 4a. **Authorized representative.** "Authorized representative" means an individual designated by the person or the individual's legal representative to act on their behalf. This individual may be a family member, guardian, or other individual designated by the person or the individual's legal representative, if any, to assist in purchasing and arranging for supports. For the purposes of this chapter, an authorized representative must be at least 18 years of age.

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

Sec. 4. Minnesota Statutes 2023 Supplement, section 268B.01, subdivision 5, is amended to read:

Subd. 5. **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 family or medical leave 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 family or medical leave benefits is effective on or between these dates:	The base period is the prior:
February 1 to March 31	January 1 to December 31
May 1 to June 30	April 1 to March 31
August 1 to September 30	July 1 to June 30
November 1 to December 31	October 1 to September 30

(b) If an application for family or medical leave 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 family or medical leave benefits. The base period under this paragraph is as follows:

If the application for family or medical leave benefits is effective on or between these dates:	The base period is the prior:
January 1 to January 31	October 1 to September 30
April 1 to April 30	January 1 to December 31
July 1 to July 31	April 1 to March 31
October 1 to October 31	July 1 to 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.

(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 family or medical leave 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 family or medical leave 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 family or medical leave benefits; and

(4) if an applicant was compensated for a loss of work of 40 ~~to 52~~ or more 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 family or medical leave benefits.

(e) For an applicant under a private plan as provided in section 268B.10, the base period is those most recent four quarters in which wage credits were earned ~~with the current employer as provided by the current employer~~. If an employer does not have four quarters of wage detail information, the employer must accept an employee's certification of wage credits, based on the employee's records. If the employee does not provide certification of additional wage credits, the employer may use a base period that consists of all available quarters.

(f) The base period is calculated once during the benefit year.

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

Sec. 5. Minnesota Statutes 2023 Supplement, section 268B.01, subdivision 8, is amended to read:

Subd. 8. **Benefit year.** (a) Except as provided in ~~paragraph~~ paragraphs (b) to (d), "benefit year" means the period of 52 calendar weeks beginning the ~~date a benefit account~~ effective date of leave under section 268B.04 is effective. For ~~a benefit account established~~ an effective date of leave that is any January 1, April 1, July 1, or October 1, the benefit year will be a period of 53 calendar weeks.

(b) For an individual with multiple employers participating in the state plan, "benefit year" means the period of 52 calendar weeks beginning the date an effective date of leave under section 268B.04 is effective for any of the multiple employers.

~~(b)~~ (c) For a private plan under section 268B.10, "benefit year" means:

(1) a calendar year;

(2) any fixed 12-month period, such as a fiscal year or a 12-month period measured forward from an employee's first date of employment;

(3) a 12-month period measured forward from an employee's first day of leave taken; or

(4) a rolling 12-month period measured backward from an employee's first day of leave taken.

Employers are required to notify employees of their benefit year within 30 days of the private plan approval and first day of employment.

(d) For individuals with multiple employers with at least one employer participating in the state plan and at least one employer participating in a private plan:

(1) for the employer or employers participating in the state plan, "benefit year" means the period of 52 calendar weeks beginning the effective date of leave is effective for any employer; and

(2) the employer or employers participating in a private plan may define their benefit year according to paragraph (c).

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

Sec. 6. Minnesota Statutes 2023 Supplement, section 268B.01, subdivision 15, is amended to read:

Subd. 15. **Covered employment.** (a) "Covered employment" means performing services of whatever nature, unlimited by the relationship of master and servant as known to the common law, or any other legal relationship performed for wages or under any contract calling for the performance of services, written or oral, express or implied.

(b) For the purposes of this chapter, covered employment means an employee's entire employment during a calendar year if:

(1) 50 percent or more of the employment during the calendar year is performed in Minnesota; or

(2) 50 percent or more of the employment during the calendar year is not performed in Minnesota or any other single state within the United States, or ~~Canada~~ United States territory or foreign nation, but some of the employment is performed in Minnesota and the employee's residence is in Minnesota during 50 percent or more of the calendar year~~; or~~.

~~(3) 50 percent or more of the employment during the calendar year is not performed in Minnesota or any other state, or Canada, but the place from where the employee's employment is controlled and directed is based in Minnesota.~~

(c) "Covered employment" does not include:

(1) a self-employed individual;

(2) an independent contractor; or

(3) employment by a seasonal employee, as defined in subdivision 35.

(d) Entities that are excluded under this section may opt in to coverage following a procedure determined by the commissioner. In such cases, services provided by employees are considered covered employment under subdivision 15.

(e) The commissioner may adopt rules in accordance with chapter 14 to:

(1) further define the application of this subdivision; and

(2) establish the criteria for covered employment for individuals that do not meet the criteria in paragraphs (a) and (b), but that perform services as an employee to a Minnesota employer.

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

Sec. 7. Minnesota Statutes 2023 Supplement, section 268B.01, is amended by adding a subdivision to read:

Subd. 15a. **Covered individual.** "Covered individual" means either:

(1) an applicant who meets the financial eligibility requirements of section 268B.04, subdivision 2, if services provided are covered employment under subdivision 15; or

(2) a self-employed individual or independent contractor who has elected coverage under section 268B.11 and who meets the financial eligibility requirements under section 268B.11.

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

Sec. 8. Minnesota Statutes 2023 Supplement, section 268B.01, is amended by adding a subdivision to read:

Subd. 15b. **Effective date of application.** "Effective date of application" means the date on which an application is submitted to the department.

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

Sec. 9. Minnesota Statutes 2023 Supplement, section 268B.01, is amended by adding a subdivision to read:

Subd. 15c. **Effective date of leave.** "Effective date of leave" means the date of first absence associated with a leave under section 268B.09.

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

Sec. 10. Minnesota Statutes 2023 Supplement, section 268B.01, subdivision 23, is amended to read:

Subd. 23. **Family member.** (a) "Family member" means, with respect to an applicant:

(1) a spouse or domestic partner;

(2) a child, including a biological child, adopted child, ~~or~~ foster child, ~~a~~ stepchild, child of a domestic partner, or ~~a~~ child to whom the applicant stands in loco parentis, is a legal guardian, or is a de facto ~~parent~~ custodian;

(3) a parent or legal guardian of the applicant;

(4) a sibling;

(5) a grandchild;

(6) a grandparent or spouse's grandparent;

(7) a son-in-law or daughter-in-law; and

(8) an individual who has a personal relationship with the applicant that creates an expectation and reliance that the applicant care for the individual without compensation, whether or not the applicant and the individual reside together.

(b) For the purposes of this chapter, "grandchild" means a child of the applicant's child.

(c) For the purposes of this chapter, "grandparent" means a parent of the applicant's parent.

(d) For the purposes of this chapter, "parent" means the biological, adoptive, de facto custodian, or foster parent, stepparent, or legal guardian of an applicant or the applicant's spouse, or an individual who stood in loco parentis to an applicant when the applicant was a child.

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

Sec. 11. Minnesota Statutes 2023 Supplement, section 268B.01, is amended by adding a subdivision to read:

Subd. 23a. **Financially eligible.** "Financially eligible" means an applicant meets the requirements established under section 268B.04, subdivision 2.

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

Sec. 12. Minnesota Statutes 2023 Supplement, section 268B.01, is amended by adding a subdivision to read:

Subd. 27a. **Initial paid week.** "Initial paid week" means the first seven days of a leave, which must be paid and is a payable period for leave types including family care, medical care related to pregnancy, serious health condition, qualifying exigency, or safety leave. For intermittent leave, initial paid week means seven consecutive or nonconsecutive, or a combination of consecutive and nonconsecutive, calendar days from the effective date of leave, of which only days when leave is taken are payable. The initial week must be paid retroactively after the applicant has met the seven-day qualifying event under section 268B.06, subdivision 2. A retroactive payment must be included in the first benefit payment to the applicant.

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

Sec. 13. Minnesota Statutes 2023 Supplement, section 268B.01, subdivision 44, is amended to read:

Subd. 44. **Typical workweek.** "Typical workweek" means~~:~~

~~(1) for an hourly employee,~~ the average number of hours worked per week by an employee within the ~~high quarter during the base year; or~~ last two quarters prior to the effective date of application.

~~(2) 40 hours for a salaried employee, regardless of the number of hours the salaried employee typically works.~~

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

Sec. 14. Minnesota Statutes 2023 Supplement, section 268B.04, is amended to read:

268B.04 ~~BENEFIT ACCOUNT~~ FINANCIAL ELIGIBILITY; BENEFITS.

Subdivision 1. **Application for benefits; determination of ~~benefit account~~ financial eligibility.** (a) An application for benefits may be filed up to 60 days before leave taken under chapter 268B in person, by mail, or by electronic transmission as the commissioner may require. The applicant must include certification supporting a request for leave under this chapter. The applicant must meet eligibility requirements and must provide all requested information in the manner required. If the applicant fails to provide all requested information~~, the communication is not an application for family and medical leave benefits~~ within a time period to be specified by the commissioner, the application is considered closed and the division must not further act on it.

(b) The commissioner must examine each application for 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 financial eligibility of the applicant, which includes the weekly benefit amount available, if any, and the maximum amount of 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, 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.~~ The department must notify all employers from which the applicant is taking leave, either in writing or electronically, not more than five business days after a claim for benefits has been filed by an employee or former employee as provided under this section.

(c) If a base period employer did not provide wage detail information for the applicant as required under section 268B.12, the commissioner may accept an applicant certification of wage credits, based upon the applicant's records, and ~~issue a determination of benefit account~~ determine the financial eligibility of the applicant.

(d) The commissioner may, at any time within 12 months from the establishment of a ~~benefit account~~ leave, 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~~ any impacted base period employers, by mail or electronic transmission. This paragraph does not apply to ~~documents titled~~ determinations of eligibility or determinations of ineligibility issued.

(e) If an amended determination of benefit account reduces the weekly benefit amount or maximum amount of benefits available, any benefits that have been paid greater than the applicant was entitled is an overpayment of benefits. A determination or amended determination issued under this section that results in an overpayment of benefits must set out the amount of the overpayment and the requirement that the overpaid benefits must be repaid according to section 268B.185.

Subd. 2. **Benefit account requirements.** To establish a benefit account, an applicant must have wage credits of at least 5.3 percent of the state's average annual wage rounded down to the next lower $100.

Subd. 3. **Weekly benefit amount; maximum amount of benefits available; prorated amount.** (a) Subject to the maximum weekly benefit amount, an applicant's weekly benefit is calculated by adding the amounts obtained by applying the following percentage to an applicant's average ~~typical workweek and~~ weekly wage during the high quarter of the base period:

(1) 90 percent of wages that do not exceed 50 percent of the state's average weekly wage; plus

(2) 66 percent of wages that exceed 50 percent of the state's average weekly wage but not 100 percent; plus

(3) 55 percent of wages that exceed 100 percent of the state's average weekly wage.

(b) For applicants that have changed employers within the base period, the weekly benefit amount is calculated based on the highest quarter of wages in the base period.

~~(b)~~ (c) The state's average weekly wage is the average wage as calculated under section 268.035, subdivision 23, at the time a benefit amount is first determined.

~~(c)~~ (d) The maximum weekly benefit amount is the state's average weekly wage as calculated under section 268.035, subdivision 23.

~~(d)~~ (e) The state's maximum weekly benefit amount, computed in accordance with section 268.035, subdivision 23, applies to ~~a benefit account~~ leaves established effective on or after the last Sunday in October. Once established, an applicant's weekly benefit amount is not affected by the last Sunday in October change in the state's maximum weekly benefit amount.

~~(e)~~ (f) For ~~an employee~~ a covered individual receiving family or medical leave, a weekly benefit amount is prorated when:

(1) the ~~employee~~ covered individual works hours for wages;

(2) the ~~employee~~ covered individual uses paid sick leave, paid vacation leave, or other paid time off that is not considered a supplemental benefit payment as defined in section 268B.01, subdivision 41; or

(3) leave is taken intermittently.

Subd. 4. **Timing of payment.** Except as otherwise provided for in this chapter, benefits must be paid weekly.

Subd. 5. **Maximum length of benefits.** (a) The total number of weeks that an applicant may take benefits in a single benefit year for a serious health condition is the lesser of 12 weeks, or 12 weeks minus the number of weeks within the same benefit year that the applicant received benefits for bonding, safety leave, family care, ~~or~~ and qualifying exigency plus eight weeks.

(b) The total number of weeks that an applicant may take benefits in a single benefit year for bonding, safety leave, family care, ~~or~~ and qualifying exigency is the lesser of 12 weeks, or 12 weeks minus the number of weeks within the same benefit year that the applicant received benefits for a serious health condition plus eight weeks.

Subd. 6. **Minimum period for which benefits payable.** Except for a claim for benefits for bonding leave, any claim for benefits must be based on a single qualifying event of at least seven calendar days. ~~The minimum duration to receive benefits under this chapter is one work day in a work week.~~

Subd. 6a. **Minimum increment of leave.** Intermittent leave must be taken in increments consistent with the established policy of the employer to account for use of other forms of leave, so long as such employer's policy permits a minimum increment of at most one calendar day of intermittent leave. An applicant is not permitted to apply for payment for benefits associated with intermittent leave until the applicant has eight hours of accumulated leave time, unless more than 30 calendar days have lapsed since the initial taking of the leave.

~~Subd. 7. **Right of appeal.** (a) A determination or amended determination of benefit account is final unless an appeal is filed by the applicant within 60 calendar days after the sending of the determination or amended determination.~~

~~(b) Any applicant may appeal from a determination or amended determination of benefit account on the issue of whether services performed constitute employment, whether the employment is covered employment, and whether money paid constitutes wages.~~

Subd. 8. **Limitations on applications and ~~benefit accounts~~ leaves.** (a) An application for family or medical leave benefits is effective the Sunday of the calendar week that the application was filed. An application for benefits may be backdated one calendar week before the Sunday of the week the application was actually filed if the applicant requests the backdating within seven calendar days of the ~~date the application is filed~~ effective date of application. An application may be backdated only if the applicant was eligible for the benefit during the period of the backdating. If an individual attempted to file an application for benefits, but was prevented from filing an application by the department, the application is effective the Sunday of the calendar week the individual first attempted to file an application.

(b) If the applicant was unable to apply in a timely manner due to incapacitation or due to no fault of their own, the commissioner may backdate the claim beyond one calendar week to the effective date of leave. The commissioner may require the employee to prove the circumstances that prevented timely filing.

EFFECTIVE DATE. This section is effective November 1, 2025.

Sec. 15. Minnesota Statutes 2023 Supplement, section 268B.06, subdivision 2, is amended to read:

Subd. 2. **Seven-day qualifying event.** (a) The period for which an applicant is seeking benefits must be or have been based on a single event of at least seven calendar days' duration related to medical care related to pregnancy, family care, a qualifying exigency, safety leave, or the applicant's serious health condition. The days must be consecutive, unless the leave is intermittent. The seven-day qualifying event under this paragraph is a retroactively payable period, not an unpaid waiting period.

(b) Benefits related to bonding need not meet the seven-day qualifying event requirement.

(c) The commissioner shall use the rulemaking authority under section 268B.02, subdivision 3, to adopt rules regarding what serious health conditions and other events are prospectively presumed to constitute seven-day qualifying events under this chapter.

EFFECTIVE DATE. This section is effective November 1, 2025.

Sec. 16. Minnesota Statutes 2023 Supplement, section 268B.06, subdivision 3, is amended to read:

Subd. 3. **Certification.** (a) Certification for an applicant taking leave related to the applicant's serious health condition shall be sufficient if the certification states the date on which the serious health condition began, the probable duration of the condition, and the appropriate medical facts within the knowledge of the health care provider as required by the commissioner. If the applicant requests intermittent leave, the certification must include the health care provider's reasonable estimate of the frequency and duration and estimated treatment schedule, if applicable.

(b) Certification for an applicant taking leave to care for a family member with a serious health condition shall be sufficient if the certification states the date on which the serious health condition commenced, the probable duration of the condition, the appropriate medical facts within the knowledge of the health care provider as required by the commissioner, a statement that the family member requires care, and an estimate of the amount of time that the family member will require care.

(c) Certification for an applicant taking leave due to medical care related to pregnancy shall be sufficient if the certification states the applicant is experiencing medical care related to pregnancy and recovery period based on appropriate medical facts within the knowledge of the health care provider.

(d) Certification for an applicant taking bonding leave because of the birth of the applicant's child shall be sufficient if the certification includes either the child's birth certificate or a document issued by the health care provider of the child or the health care provider of the person who gave birth, stating the child's birth date or estimated due date.

(e) Certification for an applicant taking bonding leave because of the placement of a child with the applicant for adoption or foster care shall be sufficient if the applicant provides a document issued by the health care provider of the child, an adoption or foster care agency involved in the placement, or by other individuals as determined by the commissioner that confirms the placement and the date of placement. To the extent that the status of an applicant as an adoptive or foster parent changes while an application for benefits is pending, or while the covered individual is receiving benefits, the applicant must notify the department of such change in status in writing.

(f) Certification for an applicant taking leave because of a qualifying exigency shall be sufficient if the certification includes:

(1) a copy of the family member's active-duty orders;

(2) other documentation issued by the United States armed forces; or

(3) other documentation permitted by the commissioner.

(g) Certification for an applicant taking safety leave is sufficient if the certification includes a court record or documentation signed by ~~an employee of a victim's services organization, an attorney, a police officer, or an antiviolence counselor~~ a qualified person acting in the qualified person's professional capacity to declare a need for safety leave. The commissioner must not require disclosure of details relating to an applicant's or applicant's family member's domestic abuse, sexual assault, or stalking. The commissioner may adopt rules regarding safety leave.

(h) Certifications under paragraphs (a) to ~~(c)~~ (d) must be reviewed and signed by a health care provider with knowledge of the qualifying event associated with the leave.

(i) For a leave taken on an intermittent basis, based on a serious health condition of an applicant or applicant's family member, the certification under this subdivision must include an explanation of how such leave would be medically beneficial to the individual with the serious health condition.

EFFECTIVE DATE. This section is effective November 1, 2025.

Sec. 17. Minnesota Statutes 2023 Supplement, section 268B.06, subdivision 4, is amended to read:

Subd. 4. **Not eligible.** An applicant is ineligible for family or medical leave benefits for any portion of a typical workweek:

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

(2) that the applicant fails or refuses to provide information on an issue of ineligibility required under section 268B.07, subdivision 2; ~~or~~

(3) for which the applicant worked for pay~~.~~;

(4) for which the applicant is incarcerated; or

(5) for which the applicant is receiving or has received unemployment insurance benefits.

EFFECTIVE DATE. This section is effective November 1, 2025.

Sec. 18. Minnesota Statutes 2023 Supplement, section 268B.06, subdivision 5, is amended to read:

Subd. 5. **Vacation, sick leave, and paid time off~~, and disability insurance payments~~.** (a) An employee may use vacation pay, sick pay, or paid time off pay~~, or disability insurance payments,~~ in lieu of family or medical leave program benefits under this chapter, provided the employee is concurrently eligible and subject to the total amount of leave available under section 268B.04, subdivision 5. Subject to the limitations of section 268B.09, ~~subdivision 1~~ subdivisions 6 and 7, an employee is entitled to the employment protections under section 268B.09 for those workdays during which this option is exercised. This subdivision applies to private plans under section 268B.10.

(b) An employer may offer supplemental benefit payments, as defined in section 268B.01, subdivision 41, to an employee taking leave under this chapter. The choice to receive supplemental benefits lies with the employee. Nothing in this section shall be construed as requiring an employee to receive or an employer to provide supplemental benefits payments. The total amount of paid benefits under this chapter and the supplemental benefits paid must not exceed the employee's usual salary.

(c) An employer may provide an employee with wage replacement during an absence. If the total amount of paid benefits under this chapter and the supplemental benefits paid exceed the employee's usual salary, the employee must refund the excess to either the employer or the paid leave division.

(d) If an employer provides wage replacement to an employee for weeks that should be paid by the division, the department may reimburse the employer directly for those weeks.

EFFECTIVE DATE. This section is effective November 1, 2025.

Sec. 19. Minnesota Statutes 2023 Supplement, section 268B.06, is amended by adding a subdivision to read:

Subd. 7a. **Disability insurance offset.** An employee may receive disability insurance payments in addition to family and medical leave benefits provided the employee is concurrently eligible for both benefits. Disability insurance benefits may be offset by family and medical leave benefits paid to the employee pursuant to the terms of a disability insurance policy.

EFFECTIVE DATE. This section is effective November 1, 2025.

Sec. 20. Minnesota Statutes 2023 Supplement, section 268B.07, subdivision 1, is amended to read:

Subdivision 1. **Employer notification.** (a) Upon a determination that an applicant is entitled to benefits, the commissioner must promptly send a notification to ~~each current employer~~ the employer or employers of the applicant from which the applicant is taking leave, if any, in accordance with paragraph (b).

(b) The notification under paragraph (a) must include, at a minimum:

(1) the name of the applicant;

(2) that the applicant has applied for and received benefits;

(3) the week the benefits commence;

(4) the weekly benefit amount payable; and

(5) the maximum duration of benefits.

(c) The commissioner may adopt rules regarding additional information that may be requested from an applicant and notifications provided to an employer as part of the application and eligibility determination process for benefits.

EFFECTIVE DATE. This section is effective November 1, 2025.

Sec. 21. Minnesota Statutes 2023 Supplement, section 268B.07, subdivision 2, is amended to read:

Subd. 2. **Determination.** (a) The commissioner must determine any issue of ineligibility raised by information required from an applicant and send to the applicant and any current base period employer from which the applicant applied to take leave, by mail or electronic transmission, ~~a document titled~~ a determination of eligibility or a determination of ineligibility, as is appropriate, within two weeks, unless the application is incomplete due to outstanding requests for information including clerical or other errors. Nothing prohibits the commissioner from requesting additional information or the applicant from supplementing their initial application before a determination of eligibility. The commissioner may extend the deadline for a determination under this subdivision due to extenuating circumstances.

(b) The commissioner shall set requirements for an applicant to respond to a request for information. If the required information is not provided in the timeline provided in paragraph (a), the application is denied.

(c) The commissioner shall prescribe requirements for when an incomplete application is closed. Applicants shall have the ability to reopen closed claims in a manner and form prescribed by the commissioner.

~~(b)~~ (d) If an applicant obtained benefits through misrepresentation, the department is authorized to issue a determination of ineligibility within 12 months of the ~~establishment of the benefit account~~ effective date of leave.

~~(c)~~ (e) If the department has filed an intervention in a ~~worker's~~ workers' compensation matter under section 176.361, the department is authorized to issue a determination of ineligibility within 48 months of the ~~establishment of the benefit account~~ effective date of leave.

~~(d) A determination of eligibility or determination of ineligibility is final unless an appeal is filed by the applicant within 60 calendar days after sending.~~ (f) The determination must contain a prominent statement indicating the consequences of not appealing. ~~Proceedings on the appeal are conducted in accordance with section 268B.08.~~

~~(e)~~ (g) An issue of ineligibility required to be determined under this section includes any question regarding the denial or allowing of benefits under this chapter.

EFFECTIVE DATE. This section is effective November 1, 2025.

Sec. 22. Minnesota Statutes 2023 Supplement, section 268B.07, subdivision 3, is amended to read:

Subd. 3. **Amended determination.** Unless an appeal has been filed, the commissioner, on the commissioner's own motion, may reconsider a determination of eligibility or determination of ineligibility that has not become final and issue an amended determination. Any amended determination must be sent to the applicant and any employer in the current base period from which the applicant applied for leave by mail or electronic transmission. ~~Any amended determination is final unless an appeal is filed by the applicant within 60 calendar days after sending.~~

EFFECTIVE DATE. This section is effective November 1, 2025.

Sec. 23. **[268B.081] APPEALS.**

Subdivision 1. **Appeal filing.** (a) The commissioner may allow an appeal to be filed by electronic transmission. The commissioner may restrict the manner and format under which an appeal by electronic transmission may be filed. The notification of the determination or decision that is subject to appeal must clearly state the manner in which the determination or decision may be appealed. Subject to paragraph (b), this paragraph applies to requests for reconsideration under subdivision 6.

(b) Except as provided in paragraph (c), the commissioner must allow an applicant to file an appeal by mail even if an appeal by electronic transmission is allowed. To be considered an appeal, a written statement delivered or mailed to the department must identify:

(1) the determination or decision that the applicant disagrees with; and

(2) the reason the applicant disagrees with the determination or decision.

(c) If an agent files an appeal on behalf of an employer, the commissioner may require the appeal to be filed online. If the commissioner requires the appeal to be filed online, the appeal must be filed through the electronic address provided on the determination being appealed and use of another method of filing does not constitute an appeal. This paragraph does not apply to:

(1) an employee filing an appeal on behalf of an employer; or

(2) an attorney licensed to practice law who is directly representing the employer on appeal.

(d) All information requested by the department when the appeal is filed must be supplied or the communication does not constitute an appeal.

(e) If no appeal is filed by the deadlines listed in subdivision 2, the determination or decision is conclusive and final, unless the appealing party can demonstrate good cause for failing to file in a timely manner. For purposes of this paragraph, "good cause" is a reason that would have prevented a reasonable person acting with due diligence from filing in a timely manner. Unless otherwise specified, deadlines in this section may be extended up to 60 days for good cause.

Subd. 2. **Appealable issues and deadlines.** (a) An applicant may appeal to the department:

(1) within 30 calendar days after a financial eligibility determination or amended financial eligibility determination sent by mail or electronic transmission by the department under section 268B.04 regarding:

(i) whether services performed constitute employment;

(ii) whether the employment is covered employment;

(iii) whether money paid constitutes wages; or

(iv) a denial resulting from the applicant's missing or incomplete documentation;

(2) within 30 calendar days after an eligibility determination sent by the department related to seasonal employment status under section 268B.06, subdivision 9;

(3) within 30 calendar days after an eligibility determination sent by the department under section 268B.07 regarding:

(i) financial eligibility, calculations of benefit amount, work schedule, and leave balance available; or

(ii) a denial resulting from missing or incomplete documentation;

(4) within 30 calendar days after the denial of a good cause demonstration under subdivision 1, paragraph (e). The deadline for appeals of denials of good cause demonstration may not be extended;

(5) within 30 calendar days after an applicant receives a decision from an insurer, approved private plan administrator, or employer under section 268B.10, subdivision 6, regarding the results of the administrative review under section 268B.10, subdivision 6, paragraph (b); and

(6) within 30 calendar days after a determination of overpayment penalty sent by the department under section 268B.185.

(b) A base period employer may appeal to the department:

(1) within 30 calendar days after a denial of an application for seasonal worker status under section 268B.01, subdivision 35;

(2) within 30 calendar days after a financial eligibility determination or amended financial eligibility determination sent by mail or electronic transmission by the department under section 268B.04 regarding:

(i) whether services performed constitute employment;

(ii) whether the employment is covered employment; or

(iii) whether money paid constitutes wages;

(3) within 30 calendar days after a denial of an application for substitution of a private plan is sent under section 268B.10;

(4) within 30 calendar days after a notice of termination of a private plan is sent by the department under section 268B.10, subdivision 16;

(5) within 30 calendar days after a notice of penalties is sent by the department under section 268B.10, subdivision 17;

(6) within 30 calendar days after the notice of the determination of the calculation of premiums has been sent by the department under section 268B.14, subdivision 1;

(7) within 30 calendar days after a determination of denial is sent by the department under section 268B.15, subdivision 7; and

(8) within 30 calendar days after a determination of penalty is sent by the department under section 268B.19.

(c) Notwithstanding any provision of this chapter, the commissioner or a hearing officer may, before a determination is made under this chapter, refer any issue of ineligibility, or any other issue under this chapter, directly for hearing in accordance with this section. The status of the issue is the same as if a determination had been made and an appeal filed.

(d) The computation of time provisions of sections 645.15 and 645.151 apply to this section.

Subd. 3. **Notice of hearing.** The notice of hearing must include materials that provide:

(1) a statement that the purpose of the hearing is to take sworn testimony and other evidence on the issues involved, that the hearing is the only procedure available under the law at which a party may present evidence, and that further appeals consist of a review of the evidence submitted at the hearing;

(2) a statement of the parties' right to represent themselves or to be represented by an attorney or other authorized representative;

(3) a brief description of the procedure to be followed to request a continuance of the hearing;

(4) a brief description of the procedure to be followed at the hearing, including the role of the hearing officer;

(5) a statement that the parties should arrange in advance for the participation of witnesses the parties need to support their position;

(6) a statement that a party may find out the name of the other party's attorney or other authorized representative, names of the witnesses that the other party intends to have testify at the hearing, and an explanation of the process for making the request;

(7) a statement that subpoenas may be available to compel the participation of witnesses or the production of documents and an explanation of the process for requesting a subpoena;

(8) a statement that documents contained in the department's records and documents submitted by the parties that will be introduced at the hearing as possible exhibits will be sent to the parties in advance of the hearing;

(9) a statement that even if the applicant already received benefits, the applicant should participate in the hearing, because if the applicant is held ineligible, the applicant is not eligible to receive further benefits and will have to pay back the benefits already received;

(10) a statement that the hearing officer will determine the facts based upon a preponderance of the evidence along with the statutory definition of "preponderance of the evidence"; and

(11) a statement that a party who fails to participate in the hearing will not be allowed a rehearing unless the party can show good cause for failing to participate, along with the statutory definition of "good cause."

Subd. 4. **Hearing.** (a) Upon a timely appeal to a determination having been filed or upon a referral for direct hearing, the department must set a time and date for a de novo due process hearing and send notice to an applicant and an employer, by mail or electronic transmission, not less than ten calendar days before the date of the hearing.

(b) The commissioner may adopt rules on procedures for hearings. The rules need not conform to common law or statutory rules of evidence and other technical rules of procedure.

(c) The department has discretion regarding the method by which the hearing is conducted.

(d) The department may conduct a joint hearing with the unemployment insurance division if the substance of the appeal pertains to both programs.

(e) The department must assign a hearing officer to conduct a hearing and may transfer to another hearing officer any proceedings pending before another hearing officer.

(f) The department has discretion regarding the method by which the hearing is conducted. The hearing must be conducted by a hearing officer as an evidence-gathering inquiry, without regard to a burden of proof. The order of presentation of evidence is determined by the hearing officer.

(g) Each party may present and examine witnesses and offer their own documents or other exhibits. Parties have the right to examine witnesses, object to exhibits and testimony, and cross-examine the other party's witnesses. The hearing officer must assist all parties in the presentation of evidence. The hearing officer must rule upon evidentiary objections on the record. The hearing officer must permit rebuttal testimony. Parties have the right to make closing statements. Closing statements may include comments based upon the evidence and arguments of law. The hearing officer may limit repetitious testimony and arguments.

(h) The hearing officer must exercise control over the hearing procedure in a manner that protects the parties' rights to a fair hearing, including the sequestration of witnesses to avoid prejudice or collusion. The hearing officer must ensure that all relevant facts are clearly and fully developed. The hearing officer may obtain testimony and other evidence from department employees and any other person the hearing officer believes will assist in reaching a proper result.

(i) Before taking testimony, the hearing officer must inform the parties:

(1) that the purpose of the hearing is to take testimony and other evidence on the issues;

(2) that the hearing is the only opportunity available to the parties to present testimony and other evidence on the issues involved;

(3) of an explanation of how the hearing will be conducted, including the role and obligations of the hearing officer;

(4) that the parties have the right to request that the hearing be continued so that additional witnesses and documents can be presented, by subpoena if necessary;

(5) that the facts will be determined upon a preponderance of the evidence, along with the statutory definition of "preponderance of the evidence";

(6) of the statutory provision on burden of proof;

(7) that certain government agencies may have access to the information provided at the hearing if allowed by statute and that the information provided may be disclosed under a district court order; and

(8) that after the hearing is over, the hearing officer will issue a written decision, which will be sent to the parties by mail or electronic transmission.

Subd. 5. **Decision.** (a) After the conclusion of the hearing, upon the evidence obtained, the hearing officer must serve by mail or electronic transmission to all parties the decision, reasons for the decision, and written findings of fact. The hearing officer's decision is final unless a request for reconsideration is filed under subdivision 6.

(b) If the appellant fails to participate in the hearing, the hearing officer has the discretion to dismiss the appeal by summary decision. By failing to participate, the appellant is considered to have failed to exhaust available administrative remedies unless the appellant files a request for reconsideration under subdivision 6 and establishes good cause for failing to participate in the hearing. Submission of a written statement does not constitute participation. The appellant must participate personally or through an authorized representative.

(c) The hearing officer must issue a decision dismissing the appeal as untimely if the judge decides the appeal was not filed in accordance with the deadlines under subdivision 2 after sending the determination. The hearing officer may dismiss the appeal by summary decision or may conduct a hearing to obtain evidence on the timeliness of the appeal.

(d) Decisions of a hearing officer are not precedential.

Subd. 6. **Request for reconsideration.** (a) Any party, or the commissioner, may, within 30 calendar days after service of the hearing officer's decision, file a request for reconsideration asking the hearing officer to reconsider that decision. Upon the filing of a request for reconsideration, the division must send a notice by mail or electronic transmission to the appellant that a request for reconsideration has been filed. The notice must inform the appellant:

(1) that reconsideration is the procedure for the hearing officer to correct any factual or legal mistake in the decision or to order an additional hearing when appropriate;

(2) of the opportunity to provide comment on the request for reconsideration and the right to obtain a copy of any recorded testimony and exhibits offered or received into evidence at the hearing;

(3) that providing specific comments as to a perceived factual or legal mistake in the decision, or a perceived mistake in procedure during the hearing, will assist the hearing officer in deciding the request for reconsideration;

(4) of the right to obtain any comments and submissions provided by any other party regarding the request for reconsideration; and

(5) of the provisions of paragraph (c) regarding additional evidence.

This paragraph does not apply if paragraph (d) is applicable. Sending the notice does not mean the hearing officer has decided the request for reconsideration was timely filed.

(b) In deciding a request for reconsideration, the hearing officer must not consider evidence that was not submitted at the hearing, except for purposes of determining whether to order an additional hearing. The hearing officer must order an additional hearing if a party shows that evidence which was not submitted at the hearing:

(1) would likely change the outcome of the decision and there was good cause for not having previously submitted that evidence; or

(2) would show that the evidence that was submitted at the hearing was likely false and that the likely false evidence had an effect on the outcome of the decision.

For purposes of this paragraph, "good cause" is a reason that would have prevented a reasonable person acting with due diligence from submitting the evidence.

(c) If the appellant failed to participate in the hearing, the hearing officer must issue an order setting aside the decision and ordering an additional hearing if the party who failed to participate had good cause for failing to do so. The appellant who failed to participate in the hearing must be informed of the requirement to show good cause for failing to participate. If the hearing officer determines that good cause for failure to participate has not been shown, the judge must state that determination in the decision issued under paragraph (f). Submission of a written statement at the hearing does not constitute participation for purposes of this paragraph. "Good cause" for purposes of this paragraph is a reason that would have prevented a reasonable person acting with due diligence from participating in the hearing.

(d) A request for reconsideration must be decided by the hearing officer who issued the decision under subdivision 5 unless that hearing officer:

(1) is no longer employed by the department as a hearing officer;

(2) is on an extended or indefinite leave; or

(3) has been removed from the proceedings by the department.

(e) If a request for reconsideration is timely filed, the hearing officer must issue:

(1) a decision affirming the findings of fact, reasons for the decision, and a decision issued under subdivision 5;

(2) a decision modifying the findings of fact, reasons for the decision, and a decision issued under subdivision 5; or

(3) an order setting aside the findings of fact, reasons for the decision, and a decision issued under subdivision 5 and ordering an additional hearing.

(f) The hearing officer must issue a decision dismissing the request for reconsideration as untimely if the judge decides the request for reconsideration was not filed within 30 calendar days after sending the decision under subdivision 5.

(g) The hearing officer must send to all parties by mail or electronic transmission the decision or order issued under this subdivision. A decision affirming or modifying the previously issued findings of fact, reasons for the decision, and a decision issued under subdivision 5, or a decision dismissing the request for

reconsideration as untimely, is the final decision on the matter and is binding on the parties unless judicial review is sought under subdivision 9.

Subd. 7. **Withdrawal of an appeal.** (a) An appeal that is pending before a hearing officer may be withdrawn by the appealing party, or an authorized representative of that party, by filing a notice of withdrawal. A notice of withdrawal may be filed by mail or by electronic transmission.

(b) The appeal must, by order, be dismissed if a notice of withdrawal is filed, unless a hearing officer directs that further proceedings are required. An order of dismissal issued because of a notice of withdrawal is not subject to reconsideration or appeal.

(c) A party may file a new appeal after the order of dismissal, but the original deadline period for appeal begins from the date of issuance of the determination, and that period is not suspended or restarted by the notice of withdrawal and order of dismissal. The new appeal may only be filed by mail or facsimile transmission.

(d) For purposes of this subdivision, "appeals" includes a request for reconsideration filed under subdivision 6.

Subd. 8. **Effect of decisions.** (a) If a hearing officer's decision allows benefits to an applicant, the benefits must be paid regardless of any request for reconsideration or petition to the Minnesota Court of Appeals.

(b) If a hearing officer's decision modifies or reverses a determination that allowed benefits to be paid, or on reconsideration the decision modifies or reverses a prior decision that allowed benefits to be paid, any benefits paid are an overpayment of those benefits. A decision that results in an overpayment of benefits must set out the amount of the overpayment and the requirement under section 268B.185, subdivision 1, that the benefits must be repaid.

(c) If a hearing officer, on reconsideration under subdivision 6, orders the taking of additional evidence, the hearing officer's prior decision must continue to be enforced until new findings of fact and decision are made by the hearing officer.

Subd. 9. **Use of evidence; data privacy.** (a) All testimony at a hearing must be recorded. A copy of recorded testimony and exhibits offered or received into evidence at the hearing must, upon request, be furnished to a party at no cost:

(1) during the time period for filing a request for reconsideration;

(2) while a request for reconsideration is pending;

(3) during the time for filing a petition under subdivision 12; or

(4) while a petition is pending.

Regardless of any law to the contrary, recorded testimony and other evidence may later be made available only under a district court order. A subpoena is not considered a district court order.

(b) Testimony obtained at a hearing must not be used or considered for any purpose, including impeachment, in any civil, administrative, or contractual proceeding, except by a local, state, or federal human rights agency with enforcement powers, unless the proceeding is initiated by the department. This paragraph does not apply to criminal proceedings.

Subd. 10. **No collateral estoppel.** No findings of fact, decision, or order issued by a hearing officer may be held conclusive or binding or used as evidence in any separate or subsequent action in any other forum, be it contractual, administrative, or judicial, except proceedings provided for under this chapter, regardless of whether the action involves the same or related parties or involves the same facts.

Subd. 11. **Representation; fees.** (a) In any proceeding under subdivision 4 or 6, an applicant or employer may be self-represented or represented by an attorney or an authorized representative. Except for services provided by a licensed attorney, no person may charge an applicant a fee of any kind for advising, assisting, or representing an applicant in a hearing, on reconsideration, or in a proceeding under subdivision 12.

(b) A hearing officer may refuse to allow a person to represent others in a hearing if that person acts in an unethical manner or repeatedly fails to follow the instructions of the hearing officer.

(c) An applicant may not be charged fees, costs, or disbursements of any kind in a proceeding before a hearing officer, the Minnesota Court of Appeals, or the Supreme Court of Minnesota.

(d) No attorney fees may be awarded, or costs or disbursements assessed, against the department as a result of any proceedings under this section.

Subd. 12. **Appeal to court of appeals.** (a) Any final determination on a request for reconsideration may be appealed by any party directly to the Minnesota Court of Appeals. The Minnesota Court of Appeals must, by writ of certiorari to the department, review the hearing officer's decision on reconsideration, provided a petition for the writ is filed with the court and a copy is served upon the hearing officer or the commissioner and any other party within 30 calendar days of the sending of the hearing officer's decision on reconsideration under subdivision 6. Three days are added to the 30-calendar-day period if the decision on reconsideration was mailed to the parties.

(b) Any employer petitioning for a writ of certiorari must pay to the court the required filing fee in accordance with the Rules of Civil Appellate Procedure. If the employer requests a written transcript of the testimony received at the hearing conducted under this section, the employer must pay to the department the cost of preparing the transcript. That money is credited to the administration account.

(c) Upon issuance by the Minnesota Court of Appeals of a writ of certiorari as a result of an applicant's petition, the department must furnish to the applicant at no cost a written transcript of any testimony received at the hearing conducted under this section and, if requested, a copy of all exhibits entered into evidence. No filing fee or cost bond is required of an applicant petitioning the Minnesota Court of Appeals for a writ of certiorari.

(d) The Minnesota Court of Appeals may affirm the decision of the hearing officer or remand the case for further proceedings, or it may reverse or modify the decision if the substantial rights of the petitioner may have been prejudiced because the findings, inferences, conclusion, or decision are:

(1) in violation of constitutional provisions;

(2) in excess of the statutory authority or jurisdiction of the department;

(3) made upon unlawful procedure;

(4) affected by other error of law;

(5) unsupported by substantial evidence in view of the hearing record as submitted; or

(6) arbitrary or capricious.

(e) The department is the primary responding party to any judicial action involving a hearing officer's decision. The department may be represented by an attorney licensed to practice law in Minnesota.

Subd. 13. **Rescheduling and continuances.** (a) Requests to reschedule a hearing must be addressed in a manner and form prescribed by the commissioner in advance of the regularly scheduled hearing date. A hearing must be rescheduled based on a party's good cause need for additional time to obtain necessary evidence or to obtain representation or adequately prepare, inability to participate due to illness, or other compelling reasons beyond the control of the party that prevent participation at the originally scheduled time. A hearing may be rescheduled only once by each party except in the case of an emergency. If requested, a written statement by mail or electronic transmission confirming the reasons for requesting that the case be rescheduled must be provided to the department.

(b) The ten-calendar-day notice requirement for hearings does not apply to rescheduled hearings.

(c) If a request for rescheduling is made because of the unavailability of a witness or the need to obtain documents, the hearing officer may direct that the hearing take place as scheduled. After obtaining the testimony and other evidence then available, the hearing officer must determine whether the hearing should be continued to obtain the testimony of the unavailable witness or the unavailable documents. The ten-calendar-day notice requirement for hearings does not apply to continued hearings. The hearing officer has the discretion to continue a hearing if the hearing officer determines that additional evidence is necessary for a proper result.

Subd. 14. **Consolidation of parties, issues, and new issues.** Upon the request of a party or on the hearing officer's motion, the hearing officer may consolidate for hearing issues involving one or more of the same parties. The hearing officer may take testimony and render a decision on issues not listed on the notice of hearing if each party is notified on the record, is advised of the right to object, and does not object. If a party objects, the hearing officer must:

(1) continue the hearing to allow the party to prepare for consideration of the issue; or

(2) direct the department to address the issue and send to the parties a determination by mail or electronic transmission.

Subd. 15. **Interpreters.** (a) The department must provide an interpreter, when necessary, upon the request of a party. The requesting party must notify the department at least five calendar days before the date of the hearing that an interpreter is required. The hearing officer must continue any hearing where a witness or party needs an interpreter to be understood or to understand the proceedings.

(b) A written statement in the five most common languages spoken in Minnesota must accompany all notices and written materials sent to the parties stating that the accompanying documents are important and that if the reader does not understand the documents the reader should seek immediate assistance.

Subd. 16. **Exhibits in hearings.** (a) Upon receipt of the notice of hearing, and no later than five calendar days before the scheduled date of hearing, parties may submit to the department, by electronic transmission or mail, any documents a party would like to offer as exhibits at the hearing. Copies of the documents submitted by the parties, as well as all documents that are contained in the department's records that will be introduced as exhibits, must be mailed, or sent by electronic transmission, to all parties or the parties' authorized representatives by the department in advance of the hearing.

(b) If a party requests to introduce additional documents during the hearing, and the hearing officer rules that the documents should be considered, the requesting party must provide copies of the documents to the hearing officer and the other party. The record must be left open for sufficient time for the submission of a

written response to the documents. The response may be sent by mail or electronic transmission. The hearing officer may, when appropriate, reconvene the hearing to obtain a response or permit cross-examination regarding the late filed exhibits.

Subd. 17. **Access to data.** The parties to a hearing must be allowed reasonable access to department data necessary to represent themselves in the hearing. Access to data must be consistent with all laws relating to data practices. The data must be provided by the department at no cost and mailed or sent by electronic transmission to the party or the party's authorized representative.

Subd. 18. **Subpoenas and discovery.** (a) The hearing officer may issue subpoenas to compel the attendance of witnesses, the production of documents, or other exhibits upon a showing of necessity by the requesting party. Requests for issuance of subpoenas must be made to the department, by electronic transmission or mail, sufficiently in advance of the scheduled hearing to allow for the service of the subpoenas. The requesting party must identify the person or documents to be subpoenaed and the subject matter and necessity of the evidence requested. A request for a subpoena may be denied if the testimony or documents sought would be irrelevant, immaterial, or unduly cumulative or repetitious.

(b) If a request for a subpoena has been denied, the hearing officer must reconsider the request during the hearing and determine whether the request was properly denied. If the hearing officer determines that the request for a subpoena was not properly denied, the hearing officer must continue the hearing to allow for service of and compliance with the subpoena. The hearing officer may issue a subpoena even if a party has not requested one.

(c) Within five calendar days following request by another party, each party must disclose the name of the party's attorney or other authorized representative and the names of all witnesses the party intends to have testify at the hearing. The request and the response may be made by mail or by electronic transmission. Any witnesses unknown at the time of the request must be disclosed as soon as they become known. If a party fails to comply with the disclosure requirements, the hearing officer may, upon notice to the parties, continue the hearing.

Subd. 19. **Disqualification of hearing officer.** (a) A hearing officer must request to be removed from any case by the department where the hearing officer believes that presiding over the case would create the appearance of impropriety. The department must remove a hearing officer from any case if the hearing officer has a financial or personal interest in the outcome.

(b) Any party may request the removal of a hearing officer by submitting to the department, by mail or electronic transmission, a written statement of the basis for removal. The department must decide the fitness of the hearing officer to hear the particular case.

Subd. 20. **Public access to hearings and recording of hearings.** (a) Hearings are not public. Only parties, the parties' authorized representatives and witnesses, and authorized department personnel are permitted to participate in or listen to hearings. If any other person wishes to listen to or sit in on a hearing, the parties must provide their consent as required by section 13.05, subdivision 4.

(b) The hearing officer must make a recording of all testimony that is the official record. No other voice recordings or pictures may be made of any party, representative, or witness during the hearing.

Subd. 21. **Administration of oath or affirmation.** A hearing officer has authority to administer oaths and affirmations. Before testifying, every witness is required to declare to testify truthfully, by oath or affirmation under sections 358.07 and 358.08.

Subd. 22. **Receipt of evidence.** Only evidence received into the record of any hearing may be considered by the hearing officer. The parties may stipulate to the existence of any fact or the authenticity of any exhibit. All competent, relevant, and material evidence, including records and documents in the possession of the parties that are offered into evidence, are part of the hearing record. A hearing officer may receive any evidence that possesses probative value, including hearsay, if it is the type of evidence on which reasonable, prudent persons are accustomed to rely in the conduct of their serious affairs. A hearing officer may exclude any evidence that is irrelevant, immaterial, unreliable, or unduly repetitious. A hearing officer is not bound by statutory and common law rules of evidence. The rules of evidence may be used as a guide in determining the quality of evidence offered. A hearing officer may draw adverse inferences from the refusal of a party or witness to testify on the basis of any privilege. A hearing officer may only use reliable, probative, and substantial evidence as a basis for decision.

Subd. 23. **Official notice.** A hearing officer may take official notice of matters of common knowledge and may take notice of facts within the hearing officer's specialized knowledge in the field of paid leave. The hearing officer must state on the record any fact that is judicially noticed. The hearing officer must give the parties an opportunity to contest the noticed facts.

EFFECTIVE DATE. This section is effective November 1, 2025.

Sec. 24. Minnesota Statutes 2023 Supplement, section 268B.085, subdivision 3, is amended to read:

Subd. 3. **Intermittent schedule.** (a) Leave under this chapter, based on a serious health condition, may be taken intermittently if such leave is reasonable and appropriate to the needs of the individual with the serious health condition. For all other leaves under this chapter, leave may be taken intermittently. Intermittent leave is leave taken in separate blocks of time due to a single, seven-day qualifying event.

(b) For an applicant who takes leave on an intermittent schedule, the weekly benefit amount shall be prorated.

(c) An employee requesting leave taken intermittently shall provide the employer with a schedule of needed workdays off as soon as practicable and must make a reasonable effort to schedule the intermittent leave so as not to disrupt unduly the operations of the employer. If this cannot be done to the satisfaction of both employer and employee, the employer cannot require the employee to change their leave schedule in order to accommodate the employer.

(d) Notwithstanding the allowance for intermittent leave under this subdivision, an employer shall not be required under this chapter to provide, but may elect to provide, more than 480 hours of intermittent leave in any 12-month period. If an employer limits hours of intermittent leave pursuant to this paragraph, an employee is entitled to take their remaining leave continuously, subject to the total amount of leave available under section 268B.04, subdivision 5. An employer may run intermittent leave available under the Family and Medical Leave Act, United States Code, title 29, sections 2601 to 2654, as amended, concurrent with an employee's entitlement to intermittent leave under this chapter.

Sec. 25. Minnesota Statutes 2023 Supplement, section 268B.09, subdivision 1, is amended to read:

Subdivision 1. **Retaliation prohibited.** (a) An employer must not discharge, discipline, penalize, interfere with, threaten, restrain, coerce, or otherwise retaliate or discriminate against an employee for requesting or obtaining benefits or leave, or for exercising any other right under this chapter.

(b) For the purposes of this section, the term "leave" includes but is not limited to:

(1) leave taken for any day for which the commissioner has determined that the employee ~~has been deemed~~ is eligible for benefits or leave under this chapter; or

(2) any day for which the employee meets the eligibility criteria under section 268B.06, subdivision 1, ~~clause~~ paragraph (a), clauses (2) ~~or~~ and (3), ~~and~~ or the employee has applied for benefits in good faith under this chapter. For the purposes of this subdivision, "good faith" is defined as anything that is not knowingly false or in reckless disregard of the truth.

(c) In addition to the remedies provided in subdivision 8, the commissioner of labor and industry may also issue a penalty to the employer of not less than $1,000 and not more than $10,000 per violation, payable to the employee aggrieved. In determining the amount of the penalty under this subdivision, the appropriateness of the penalty to the size of the employer's business and the gravity of the violation shall be considered.

EFFECTIVE DATE. This section is effective November 1, 2025.

Sec. 26. Minnesota Statutes 2023 Supplement, section 268B.09, subdivision 6, is amended to read:

Subd. 6. **Employee right to reinstatement.** (a) On return from leave under this chapter, an employee is entitled to be returned to the same position the employee held when leave commenced or to an equivalent position with equivalent benefits, pay, and other terms and conditions of employment. Except as provided under subdivision 7, an employee is entitled to reinstatement even if the employee has been replaced or the employee's position has been restructured to accommodate the employee's absence.

(b)(1) An equivalent position is one that is virtually identical to the employee's former position in terms of pay, benefits, and working conditions, including privileges, prerequisites, and status. It must involve the same or substantially similar duties and responsibilities, which must entail substantially equivalent skill, effort, responsibility, and authority.

(2) If an employee is no longer qualified for the position because of the employee's inability to attend a necessary course, renew a license, fly a minimum number of hours, or similar condition, as a result of the leave, the employee must be given a reasonable opportunity to fulfill those conditions upon return from leave.

(c)(1) An employee is entitled to any unconditional pay increases which may have occurred during the leave period, such as cost of living increases. Pay increases conditioned upon seniority, length of service, or work performed must be granted in accordance with the employer's policy ~~or~~, practice, or contract with respect to other employees on an equivalent leave status for a reason that does not qualify for leave under this chapter. An employee is entitled to be restored to a position with the same or equivalent pay premiums, such as a shift differential. If an employee departed from a position ~~averaging ten hours of overtime, and corresponding overtime pay, each week an~~ for which they receive overtime pay, the employee is ordinarily entitled to ~~such~~ a position with overtime pay and overtime hours on return from leave under this chapter. If a pay premium, such as a shift differential, or overtime has been decreased or eliminated for other similarly classified employees, an employee is not entitled to restoration of the pay premium or overtime.

(2) Equivalent pay includes any bonus or payment, whether it is discretionary or nondiscretionary, made to employees consistent with clause (1). If a bonus or other payment is based on the achievement of a specified goal such as hours worked, products sold, or perfect attendance, and the employee has not met the goal due to leave under this chapter, the payment may be denied, unless otherwise paid to employees on an equivalent leave status for a reason that does not qualify for leave under this chapter.

(d) Benefits under this section include all benefits provided or made available to employees by an employer, including group life insurance, health insurance, disability insurance, sick leave, annual leave, educational benefits, and pensions, regardless of whether benefits are provided by a practice or written policy of an employer through an employee benefit plan as defined in section 3(3) of United States Code, title 29, section 1002(3).

(1) At the end of an employee's leave under this chapter, benefits must be resumed in the same manner and at the same levels as provided when the leave began, and subject to any changes in benefit levels that may have taken place during the period of leave affecting the entire workforce, unless otherwise elected by the employee. Upon return from a leave under this chapter, an employee must not be required to requalify for any benefits the employee enjoyed before leave began, including family or dependent coverages.

(2) An employee may, but is not entitled to, accrue any additional benefits or seniority during a leave under this chapter. Benefits accrued at the time leave began must be available to an employee upon return from leave.

(3) With respect to pension and other retirement plans, leave under this chapter must not be treated as or counted toward a break in service for purposes of vesting and eligibility to participate. If the plan requires an employee to be employed on a specific date in order to be credited with a year of service for vesting, contributions, or participation purposes, an employee on leave under this chapter must be treated as employed on that date. Periods of leave under this chapter need not be treated as credited service for purposes of benefit accrual, vesting, and eligibility to participate.

(4) Employees on leave under this chapter must be treated as if they continued to work for purposes of changes to benefit plans. Employees on leave under this chapter are entitled to changes in benefit plans, except those which may be dependent upon seniority or accrual during the leave period, immediately upon return from leave or to the same extent they would have qualified if no leave had been taken.

(e) An equivalent position must have substantially similar duties, conditions, responsibilities, privileges, and status as the employee's original position.

(1) The employee must be reinstated to the same or a geographically proximate worksite from where the employee had previously been employed. If the employee's original worksite has been closed, the employee is entitled to the same rights as if the employee had not been on leave when the worksite closed.

(2) The employee is ordinarily entitled to return to the same shift or the same or an equivalent work schedule.

(3) The employee must have the same or an equivalent opportunity for bonuses, profit-sharing, and other similar discretionary and nondiscretionary payments, excluding any bonus paid to another employee or employees for covering the work of the employee while the employee was on leave.

(4) This chapter does not prohibit an employer from accommodating an employee's request to be restored to a different shift, schedule, or position which better suits the employee's personal needs on return from leave, or to offer a promotion to a better position. However, an employee must not be induced by the employer to accept a different position against the employee's wishes.

(f) The requirement that an employee be restored to the same or equivalent job with the same or equivalent pay, benefits, and terms and conditions of employment does not extend to de minimis, intangible, or unmeasurable aspects of the job.

(g) Nothing in this section shall be deemed to affect the Americans with Disabilities Act, United States Code, title 42, chapter 126.

(h) Ninety calendar days from the date of hire, an employee has a right and is entitled to reinstatement as provided under this subdivision for any day for which:

(1) the employee has been deemed eligible for benefits under this chapter; or

(2) the employee meets the eligibility criteria under section 268B.06, subdivision 1, ~~clause~~ paragraph (a), clauses (2) ~~or~~ and (3), ~~and~~ or the employee has applied for benefits in good faith under this chapter. For the purposes of this paragraph, good faith is defined as anything that is not knowingly false or in reckless disregard of the truth.

(i) This subdivision and subdivision 7 may be waived for employees who are working in the construction industry under a bona fide collective bargaining agreement with a construction trade union that maintains a referral-to-work procedure for employees to obtain employment with multiple signatory employers, but only if the waiver is set forth in clear and unambiguous terms in the collective bargaining agreement and explicitly cites this subdivision and subdivision 7.

EFFECTIVE DATE. This section is effective January 1, 2026.

Sec. 27. Minnesota Statutes 2023 Supplement, section 268B.09, subdivision 7, is amended to read:

Subd. 7. **Limitations on an employee's right to reinstatement.** An employee has no greater right to reinstatement or to other benefits and conditions of employment than if the employee had been continuously employed during the period of leave under this chapter. An employer must be able to show that an employee would not otherwise have been employed at the time reinstatement is requested in order to deny restoration to employment.

(1) If an employee is laid off during the course of taking a leave under this chapter and employment is terminated, the employer's responsibility to continue the leave, maintain group health plan benefits, and restore the employee cease at the time the employee is laid off, provided the employer has no continuing obligations under a collective bargaining agreement or otherwise. An employer has the burden of proving that an employee would have been laid off during the period of leave under this chapter and, therefore, would not be entitled to restoration to a job slated for layoff when the employee's original position would not meet the requirements of an equivalent position.

(2) If a shift has been eliminated or overtime has been decreased, an employee would not be entitled to return to work that shift or the original overtime hours upon restoration. However, if a position on, for example, a night shift has been filled by another employee, the employee is entitled to return to the same shift on which employed before taking leave under this chapter.

(3) If an employee was hired for a specific term or only to perform work on a discrete project, the employer has no obligation to maintain group health plan benefits and restore the employee if the employment term or project is over and the employer would not otherwise have continued to employ the employee.

EFFECTIVE DATE. This section is effective January 1, 2026.

Sec. 28. Minnesota Statutes 2023 Supplement, section 268B.10, subdivision 1, is amended to read:

Subdivision 1. **Application for substitution.** (a) Employers may apply to the commissioner for approval to meet their obligations under this chapter through the substitution of a private plan that provides paid

family, paid medical, or paid family and medical benefits. In order to be approved as meeting an employer's obligations under this chapter, a private plan must confer all of the same rights, protections, and benefits provided to employees under this chapter, including but not limited to benefits under section 268B.04 and employment protections under section 268B.09. Employers may apply for approval of private plans that exceed the benefits provided to employees under this chapter. An employee covered by a private plan under this section retains all applicable rights and remedies under section 268B.09.

(b) An insurer must file every form, application, rider, endorsement, and rate used in connection with an insurance product that provides coverage for paid family and medical leave benefits as described in this section with the commissioner at least 60 days prior to the form or rate's effective date. The commissioner may extend this filing review period for an additional period not to exceed 60 days. If any form, rate, or amendment is not disapproved by the commissioner within the filing review period, the insurer may implement it. If the commissioner notifies an insurer that has filed any form or rate that the form or rate does not comply with this section, section 62A.02, or chapter 72A, it is unlawful for the insurer to issue or use the form or rate. In the notice, the commissioner shall specify the reasons for disapproval.

(c) Any insurer authorized to write accident and sickness insurance in Minnesota has the power to issue an insurance product that provides coverage for paid family and medical leave benefits as described in this section.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 29. Minnesota Statutes 2023 Supplement, section 268B.10, subdivision 2, is amended to read:

Subd. 2. **Private plan requirements; medical benefit program.** The commissioner, in consultation with the commissioner of commerce, must approve an application for private provision of the medical benefit program if the commissioner determines:

(1) all of the employees of the employer are to be covered under the provisions of the employer plan;

(2) eligibility requirements for benefits and leave are no more restrictive than as provided under this chapter;

(3) the weekly benefits payable under the private plan for any week are at least equal to the weekly benefit amount payable under this chapter;

(4) the total number of weeks for which benefits are payable under the private plan is at least equal to the total number of weeks for which benefits would have been payable under this chapter;

(5) no greater amount is required to be paid by employees toward the cost of benefits under the employer plan than by this chapter;

(6) wage replacement benefits are stated in the plan separately and distinctly from other benefits;

(7) the private plan will provide benefits and leave for any serious health condition or medical care related to pregnancy for which benefits are payable, and leave provided, under this chapter;

(8) the private plan will impose no additional condition or restriction on the use of medical benefits beyond those explicitly authorized by this chapter or regulations promulgated pursuant to this chapter;

(9) the private plan will allow any employee covered under the private plan who is eligible to receive medical benefits under this chapter to receive medical benefits under the employer plan; ~~and~~

(10) coverage will continue under the private plan while an employee remains employed by the employer. For former employees, coverage for the purposes of benefits applies until the individual is hired by a new employer or 26 weeks pass, whichever occurs first; and

(11) if an application for leave is filed by a former employee to a private plan, the plan pays benefits for the totality of the leave. Private plans may not cut off eligibility for a former employee during the course of an approved leave.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 30. Minnesota Statutes 2023 Supplement, section 268B.10, subdivision 3, is amended to read:

Subd. 3. **Private plan requirements; family benefit program.** The commissioner, in consultation with the commissioner of commerce, must approve an application for private provision of the family benefit program if the commissioner determines:

(1) all of the employees of the employer are to be covered under the provisions of the employer plan;

(2) eligibility requirements for benefits and leave are no more restrictive than as provided under this chapter;

(3) the weekly benefits payable under the private plan for any week are at least equal to the weekly benefit amount payable under this chapter;

(4) the total number of weeks for which benefits are payable under the private plan is at least equal to the total number of weeks for which benefits would have been payable under this chapter;

(5) no greater amount is required to be paid by employees toward the cost of benefits under the employer plan than by this chapter;

(6) wage replacement benefits are stated in the plan separately and distinctly from other benefits;

(7) the private plan will provide benefits and leave for any care for a family member with a serious health condition, bonding with a child, qualifying exigency, or safety leave event for which benefits are payable, and leave provided, under this chapter;

(8) the private plan will impose no additional condition or restriction on the use of family benefits beyond those explicitly authorized by this chapter or regulations promulgated pursuant to this chapter;

(9) the private plan will allow any employee covered under the private plan who is eligible to receive family benefits under this chapter to receive family benefits under the employer plan; ~~and~~

(10) coverage will continue under the private plan while an employee remains employed by the employer. For former employees, coverage for the purposes of benefits applies until the individual is hired by a new employer or 26 weeks pass, whichever occurs first; and

(11) if an application for leave is filed by a former employee to a private plan, the private plan is required to pay benefits for the totality of the leave. Private plans must not discontinue eligibility for a former employee during the course of an approved leave.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 31. Minnesota Statutes 2023 Supplement, section 268B.10, subdivision 6, is amended to read:

Subd. 6. **Private plan requirements; weekly benefit determination.** (a) For purposes of determining the family and medical benefit amount and duration under a private plan, the weekly benefit amount and duration shall be based on the employee's typical work week and wages earned with the employer at the time of an application for benefits. If an employer does not have complete base period wage detail information, the employer may accept an employee's certification of wage credits, based on the employee's records.

(b) In the event that an employee's request for benefits is denied, in whole or in part, or the amount of the benefits is contested, the employee has the right to request administrative review of a decision by the private plan within 30 calendar days. If the private plan maintains the denial, the employee may appeal to the department as permitted in section 268B.08.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 32. Minnesota Statutes 2023 Supplement, section 268B.10, is amended by adding a subdivision to read:

Subd. 9a. **Plan changes during approved leave.** If an employee is using approved leave under this chapter when their employer changes from the state plan to a private plan, from a private plan to the state plan, or from one private plan to another private plan, the plan under which the employee was covered when their benefits were approved is required to continue paying benefits for continuous, intermittent, and reduced schedule leave through the duration previously approved. If the employee requests an extension of their original leave, or recertification is required, the employee may reapply for benefits with their new plan.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 33. Minnesota Statutes 2023 Supplement, section 268B.10, subdivision 12, is amended to read:

Subd. 12. **Employees no longer covered.** (a) An employee is no longer covered by an approved private plan ~~if a leave under this chapter occurs after the employment relationship with the private plan employer ends, or~~ if the commissioner revokes the approval of the private plan.

(b) An employee no longer covered by an approved private plan is, if otherwise eligible, immediately entitled to benefits under this chapter to the same extent as though there had been no approval of the private plan.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 34. Minnesota Statutes 2023 Supplement, section 268B.10, is amended by adding a subdivision to read:

Subd. 12a. **Former employees and benefit applications.** Covered individuals that have been separated from an employer with a private plan for less than 26 weeks shall file applications for benefits as follows:

(1) if the former employee remains unemployed on the date that an application for benefits is filed, the former employee shall submit an application for benefits with the private plan of their former employer; and

(2) if the former employee has become employed by a different employer at the time that an application for benefits is filed, the former employee shall submit an application for benefits based on the new employer's coverage. If the new employer is covered under the state plan, the former employee shall submit the application

to the state. If the new employer has an approved private plan, the covered individual shall submit the application for benefits to the private plan in accordance with the requirements established by their employer.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 35. Minnesota Statutes 2023 Supplement, section 268B.10, subdivision 16, is amended to read:

Subd. 16. **Revocation of approval by commissioner.** (a) The commissioner may terminate any private plan if the commissioner determines the employer or agents of the employer:

(1) failed to pay benefits;

(2) failed to pay benefits in a timely manner, consistent with the requirements of this chapter;

(3) failed to submit reports as required by this chapter or rule adopted under this chapter; or

(4) otherwise failed to comply with this chapter or rule adopted under this chapter.

(b) The commissioner must give notice of the intention to terminate a plan to the employer at least ten days before taking any final action. The notice must state the effective date and the reason for the termination.

~~(c) The employer may, within ten days from mailing or personal service of the notice, file an appeal to the commissioner in the time, manner, method, and procedure provided by the commissioner under subdivision 11.~~

~~(d)~~ (c) The payment of benefits must not be delayed during an employer's appeal of the revocation of approval of a private plan.

~~(e)~~ (d) If the commissioner revokes approval of an employer's private plan, that employer is ineligible to apply for approval of another private plan for a period of three years, beginning on the date of revocation.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 36. Minnesota Statutes 2023 Supplement, section 268B.10, subdivision 17, is amended to read:

Subd. 17. **Employer penalties.** (a) The commissioner may assess the following monetary penalties against an employer with an approved private plan found to have violated this chapter:

(1) $1,000 for the first violation; and

(2) $2,000 for the second, and each successive violation.

(b) The commissioner must waive collection of any penalty if the employer corrects the violation within 30 days of receiving a notice of the violation and the notice is for a first violation.

(c) The commissioner may waive collection of any penalty if the commissioner determines the violation to be an inadvertent error by the employer.

(d) Monetary penalties collected under this section shall be deposited in the family and medical benefit insurance account.

~~(e) Assessment of penalties under this subdivision may be appealed as provided by the commissioner under subdivision 11.~~

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 37. Minnesota Statutes 2023 Supplement, section 268B.10, is amended by adding a subdivision to read:

Subd. 21a. **Filing obligation.** Employers covered under a private plan are subject to the quarterly wage reporting requirements under section 268B.12.

EFFECTIVE DATE. This section is effective July 1, 2025.

Sec. 38. Minnesota Statutes 2023 Supplement, section 268B.14, subdivision 3, is amended to read:

Subd. 3. **Employee charge back.** Notwithstanding section 177.24, subdivision 4, or 181.06, subdivision 1, and subject to subdivision 6, employers must pay a minimum of 50 percent of the annual premiums paid under this section. Employees, through a deduction in their wages to the employer, must pay the remaining portion, if any, of the premium not paid by the employer. Such deductions for any given employee must be in equal proportion to the premiums paid based on the wages of that employee. Deductions under this section must not cause an employee's wage, after the deduction, to fall below the rate required to be paid to the ~~worker~~ employee by ~~law, including~~ any applicable statute, regulation, rule, ordinance, or government resolution or policy, ~~or other legal authority,~~ whichever rate of pay is greater.

EFFECTIVE DATE. This section is effective January 1, 2026.

Sec. 39. Minnesota Statutes 2023 Supplement, section 268B.14, is amended by adding a subdivision to read:

Subd. 5a. **Small employer premium rate.** (a) Small employers are eligible for the premium rates provided by this subdivision if the employer:

(1) has 30 or fewer employees pursuant to subdivision 5b; and

(2) the average wage for that employer as calculated in subdivision 5c is less than or equal to 150 percent of the state's average wage in covered employment for the basis period.

(b) The premium rate for small employers eligible under this subdivision is 75 percent of the annual premium rate calculated in subdivisions 6 and 7, as follows:

(1) employers must pay a minimum of 25 percent of the rate calculated in subdivisions 6 and 7. Employers shall not deduct from any employees' pay to fund the employer portion of the premium; and

(2) employees must pay the remaining portion due under this subdivision, if any, of the premium not paid by the employer. The employer must make wage deductions as necessary under this subdivision to fund the employee portion of the premium.

Sec. 40. Minnesota Statutes 2023 Supplement, section 268B.14, is amended by adding a subdivision to read:

Subd. 5b. **Employee count.** (a) The basis period for determining premiums under:

(1) subdivision 5a;

(2) average employer wages under subdivision 5c; and

(3) eligibility for small employer assistance grants under section 268B.29

for any tax year shall be the four-quarter period ending September 30 of the prior year.

(b) For each employer that has been covered for the entirety of the basis period, the maximum number of quarterly wage records reported by the employer during the basis period shall be used to determine premiums under subdivision 5a and eligibility for small employer assistance grants under section 268B.29.

(c) For any employer not covered for the entirety of the basis period, the number of employees used to determine premiums under subdivision 5a and eligibility for small employer assistance grants under section 268B.29 shall be based on the number of employees working in Minnesota the employer estimates they will employ in the following calendar year.

(d) If upon a review of the actual number of wage records reported, it is found that a new employer's estimate at time of registration was ten percent or more less than the actual number of records reported, the employer's premiums under subdivision 5a and eligibility for small employer assistance grants under section 268B.29 shall be recalculated based on the wage records reported.

Sec. 41. Minnesota Statutes 2023 Supplement, section 268B.14, is amended by adding a subdivision to read:

Subd. 5c. **Average wage for employer.** (a) For each employer that has been covered for the entirety of the basis period, the employer's average wage shall be calculated by dividing the maximum amount of covered wages reported by the employer in a single quarterly wage record during the basis period by the maximum number of quarterly wage records reported by the employer during the basis period.

(b) For any employer not covered for the entirety of the basis period, the employer's average wage shall by calculated by dividing the employer's estimated amount of covered wages in the following tax year by the employer's estimated number of employees working in Minnesota the employer will employ in the following calendar year.

(c) If upon a review of the actual amount of covered wages reported it is found that a new employer's estimate at time of registration was ten percent or more less than the actual amount of covered wages, the employer's premiums under subdivision 5a and eligibility for small employer assistance grants under section 268B.29 shall be recalculated based on the wage records reported.

Sec. 42. Minnesota Statutes 2023 Supplement, section 268B.14, subdivision 7, is amended to read:

Subd. 7. **Premium rate adjustments.** ~~(a) Beginning January 1, 2027~~ The commissioner may adjust the annual premium rates pursuant to this section prior to January 1, 2026. By July 31, 2026, and then by July 31 of each year thereafter, the commissioner must adjust the annual premium rates ~~using the formula in paragraph (b)~~ for the following calendar year based on program historical experience and sound actuarial principles and so that the projected fund balance as a percentage of total program expenditure does not fall below 25 percent. The commissioner shall contract with a qualified independent actuarial consultant to conduct an actuarial study for this purpose no less than every year. A copy of all actuarial studies, and any revisions or other documents received that relate to an actuarial study, must be provided promptly to the chairs and ranking minority members of the legislative committees with jurisdiction over this chapter. All actuarial studies, and any revisions or other documents received that relate to an actuarial study, must also be filed with the Legislative Reference Library in compliance with section 3.195. A qualified independent actuarial consultant is one who is a Fellow of the Society of Actuaries (FSA) and a Member of the American Academy of Actuaries (MAAA) and who has experience directly relevant to the analysis required. In no year shall the annual premium rate exceed 1.2 percent of taxable wages paid to each employee.

~~(b) To calculate the employer rates for a calendar year, the commissioner must:~~

~~(1) multiply 1.45 times the amount disbursed from the family and medical benefit insurance account for the 52-week period ending September 30 of the prior year;~~

~~(2) subtract the amount in the family and medical benefit insurance account on that September 30 from the resulting figure;~~

~~(3) divide the resulting figure by the total wages in covered employment of employees of employers without approved private plans under section 268B.10 for either the family or medical benefit program. For employers with an approved private plan for either the medical benefit program or the family benefit program, but not both, count only the proportion of wages in covered employment associated with the program for which the employer does not have an approved private plan; and~~

~~(4) round the resulting figure down to the nearest one-hundredth of one percent.~~

~~(c) The commissioner must apportion the premium rate between the family and medical benefit programs based on the relative proportion of expenditures for each program during the preceding year.~~

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

Sec. 43. Minnesota Statutes 2023 Supplement, section 268B.15, subdivision 7, is amended to read:

Subd. 7. **Credit adjustments; refunds.** (a) If an employer makes an application for a credit adjustment of any amount paid under this chapter within four years of the date that the payment was due, in a manner and format prescribed by the commissioner, and the commissioner determines that the payment or any portion thereof was erroneous, the commissioner must make an adjustment and issue a credit without interest. If a credit cannot be used, the commissioner must refund, without interest, the amount erroneously paid. The commissioner, on the commissioner's own motion, may make a credit adjustment or refund under this subdivision.

(b) Any refund returned to the commissioner is considered unclaimed property under chapter 345.

(c) If a credit adjustment or refund is denied in whole or in part, a determination of denial must be sent to the employer by mail or electronic transmission. ~~The determination of denial is final unless an employer files an appeal within 20 calendar days after sending. Proceedings on the appeal are conducted in accordance with section 268B.08.~~

(d) If an employer receives a credit adjustment or refund under this section, the employer must determine the amount of any overpayment attributable to a deduction from employee wages under section 268B.14, subdivision 3, and return any amount erroneously deducted to each affected employee.

EFFECTIVE DATE. This section is effective January 1, 2026.

Sec. 44. Minnesota Statutes 2023 Supplement, section 268B.155, subdivision 2, is amended to read:

Subd. 2. **Notice upon application.** In an application for family or medical leave benefits, the applicant must disclose if child support obligations are owed and, if so, in what state and county. If child support obligations are owed, the commissioner must, if the applicant establishes a ~~benefit account~~ leave, notify the child support agency.

EFFECTIVE DATE. This section is effective January 1, 2026.

Sec. 45. Minnesota Statutes 2023 Supplement, section 268B.185, subdivision 2, is amended to read:

Subd. 2. **Overpayment because of misrepresentation.** (a) An applicant has committed misrepresentation if the applicant is overpaid benefits by making an intentional false statement or representation in an effort to fraudulently collect benefits. Overpayment because of misrepresentation does not occur where there is an unintentional mistake or a good faith belief as to the eligibility or correctness of the statement or representation.

(b) After the discovery of facts indicating misrepresentation, the commissioner must issue a determination of overpayment penalty assessing a penalty equal to 15 percent of the amount overpaid.

~~(c) Unless the applicant files an appeal within 30 calendar days after the sending of a determination of overpayment penalty to the applicant by mail or electronic transmission, the determination is final. Proceedings on the appeal are conducted in accordance with section 268B.08.~~

~~(d)~~ (c) A determination of overpayment penalty must state the methods of collection the commissioner may use to recover the overpayment, penalty, and interest assessed. Money received in repayment of overpaid benefits, penalties, and interest is first applied to the benefits overpaid, second to the penalty amount due, and third to any interest due.

~~(e)~~ (d) The department is authorized to issue a determination of overpayment penalty under this subdivision within 24 months of the establishment of the ~~benefit account~~ leave upon which the benefits were obtained through misrepresentation.

EFFECTIVE DATE. This section is effective January 1, 2026.

Sec. 46. Minnesota Statutes 2023 Supplement, section 268B.19, is amended to read:

268B.19 EMPLOYER MISCONDUCT; PENALTY.

(a) The commissioner must penalize an employer if that employer or any employee, officer, or agent of that employer is in collusion with any applicant for the purpose of assisting the applicant in receiving benefits fraudulently. The penalty is $500 or the amount of benefits determined to be overpaid, whichever is greater.

(b) The commissioner must penalize an employer if that employer or any employee, officer, or agent of that employer:

(1) made a false statement or representation knowing it to be false;

(2) made a false statement or representation without a good-faith belief as to the correctness of the statement or representation; or

(3) knowingly failed to disclose a material fact.

(c) The penalty is the greater of $500 or 50 percent of the following resulting from the employer's action:

(1) the amount of any overpaid benefits to an applicant;

(2) the amount of benefits not paid to an applicant that would otherwise have been paid; or

(3) the amount of any payment required from the employer under this chapter that was not paid.

(d) Penalties must be paid within 30 calendar days of issuance of the determination of penalty and credited to the family and medical benefit insurance account.

~~(c) The determination of penalty is final unless the employer files an appeal within 30 calendar days after the sending of the determination of penalty to the employer by United States mail or electronic transmission.~~

EFFECTIVE DATE. This section is effective July 1, 2024.

Sec. 47. Minnesota Statutes 2023 Supplement, section 268B.26, is amended to read:

268B.26 NOTICE REQUIREMENTS.

(a) Each employer must post in a conspicuous place on each of its premises a workplace notice prepared by the commissioner providing notice of benefits available under this chapter. The required workplace notice must be in English and each language other than English which is the primary language of five or more employees or independent contractors of that workplace, if such notice is available from the department.

(b) Each employer must issue to each employee not more than 30 days from the beginning date of the employee's employment, or 30 days before premium collection begins, whichever is later, the following written information provided by the department in the primary language of the employee:

(1) an explanation of the availability of family and medical leave benefits provided under this chapter, including rights to reinstatement and continuation of health insurance;

(2) the amount of premium deductions made by the employer under this chapter;

(3) the employer's premium amount and obligations under this chapter;

(4) the name and mailing address of the employer;

(5) the identification number assigned to the employer by the department;

(6) instructions on how to file a claim for family and medical leave benefits;

(7) the mailing address, email address, and telephone number of the department; and

(8) any other information required by the department.

Delivery is made when an employee provides written or electronic acknowledgment of receipt of the information~~, or signs a statement indicating the employee's refusal to sign such acknowledgment~~. In cases where an employee refuses to acknowledge receipt, an employer must be able to demonstrate the way the employee had been notified.

(c) An employer that fails to comply with this section may be issued, for a first violation, a civil penalty of $50 per employee, and for each subsequent violation, a civil penalty of $300 per employee. The employer shall have the burden of demonstrating compliance with this section.

(d) Employer notice to an employee under this section may be provided in paper or electronic format. For notice provided in electronic format only, the employer must provide employee access to an employer-owned computer during an employee's regular working hours to review and print required notices.

(e) The department shall prepare a uniform employee notice form for employers to use that provides the notice information required under this section. The commissioner shall prepare the uniform employee notice in the five most common languages spoken in Minnesota.

(f) Each employer who employs or intends to employ seasonal employees as defined in section 268B.01, subdivision 35, must issue to each seasonal employee a notice that the employee is not eligible to receive paid family and medical leave benefits while the employee is so employed. The notice must be provided at the time an employment offer is made, or within 30 days of November 1, 2025, for the employer's existing seasonal employees, and be in a form provided by the department. Delivery is made when an employee provides written or electronic acknowledgment of receipt of the information, or signs a statement indicating the employee's refusal to sign such acknowledgment.

EFFECTIVE DATE. This section is effective November 1, 2025.

Sec. 48. Minnesota Statutes 2023 Supplement, section 268B.27, subdivision 2, is amended to read:

Subd. 2. **Construction.** Nothing in this chapter shall be construed to:

(1) allow an employer to compel an employee to exhaust accumulated sick, vacation, or personal time before or while taking leave under this chapter;

(2) prohibit an employer from providing additional benefits, including but not limited to covering the portion of earnings not provided during periods of leave covered under this chapter including through a supplemental benefit payment, as defined under section 268B.01, subdivision 41;

(3) limit the parties to a collective bargaining agreement from bargaining and agreeing with respect to leave benefits and related ~~procedures~~ policies and employee protections that meet or exceed, and do not otherwise conflict with, the minimum standards and requirements in this chapter; or

(4) be applied so as to create any power or duty in conflict with federal law.

EFFECTIVE DATE. This section is effective January 1, 2026.

Sec. 49. Minnesota Statutes 2023 Supplement, section 268B.29, is amended to read:

268B.29 SMALL ~~BUSINESS~~ EMPLOYER ASSISTANCE GRANTS.

(a) Employers with 30 or fewer employees ~~and less than $3,000,000 in gross annual revenues~~ as calculated under section 268B.14, subdivision 5b, and an average wage for that employer under section 268B.14, subdivision 5c, less than or equal to 150 percent of the state's average wage in covered employment for the prior year may apply to the department for grants under this section.

(b) The commissioner may approve a grant of up to $3,000 if the employer hires a temporary worker, or increases another existing worker's wages, to substitute for an employee on family or medical leave for a period of seven days or more.

(c) The maximum total grant per eligible employer in a calendar year is $6,000.

(d) Grants must be used to hire temporary workers or to increase wages for current employees. To be eligible for consideration for a grant under this section, the employer must documentation attest, in a manner and format prescribed by the commissioner, that:

(1) the temporary worker hired or wage-related costs incurred are due to an employee's use of leave under this chapter;

(2) the amount of the grant requested is less than or equal to the additional costs incurred by the employer; and

(3) the employer meets the revenue requirements in paragraph (a).

(e) Applications shall be submitted and processed ~~on a first-received, first-processed basis~~ in a form and manner determined by the commissioner within each calendar year until funding is exhausted. Applications received after funding has been exhausted in a calendar year are not eligible for reimbursement.

~~(f) For the purposes of this section, the commissioner shall average the number of employees reported by an employer over the last four completed calendar quarters as submitted in the wage detail records required in section 268B.12 to determine the size of the employer.~~

~~(g)~~ (f) An employer who has an approved private plan is not eligible to receive a grant under this section.

~~(h)~~ (g) Unless additional funds are appropriated, the commissioner may award grants under this section up to a maximum of $5,000,000 per calendar year from the family and medical benefit insurance account.

EFFECTIVE DATE. This section is effective January 1, 2026.

Sec. 50. **[268B.30] DATA PRIVACY.**

(a) Except as provided by this section, data collected, created, or maintained under this chapter are private data on individuals or nonpublic data not on individuals as defined in section 13.02, subdivisions 9 and 12, and must not be disclosed except according to a district court order or section 13.05. A subpoena is not considered a district court order.

(b) Data classified under paragraph (a) may be disseminated to and used by the following without the consent of the subject of the data:

(1) state and federal agencies specifically authorized access to the data by state or federal law;

(2) the unemployment insurance division, to the extent necessary to administer the programs established under this chapter and chapter 268;

(3) employers, to the extent necessary to support adjudication of application requests and to support the employer's administration of a leave of absence;

(4) health care providers, to the extent necessary to support verification of health care conditions and qualifying events;.

(5) the public authority responsible for child support in Minnesota or any other state in accordance with section 256.978;

(6) human rights agencies within Minnesota that have enforcement powers;

(7) the Department of Revenue, to the extent necessary for its duties under Minnesota laws;

(8) public and private agencies responsible for administering publicly financed assistance programs for the purpose of monitoring the eligibility of the program's recipients;

(9) the Department of Labor and Industry and the Commerce Fraud Bureau in the Department of Commerce for uses consistent with the administration of their duties under Minnesota law;

(10) the Department of Human Services and the Office of Inspector General and its agents within the Department of Human Services, including county fraud investigators, for investigations related to recipient

or provider fraud and employees of providers when the provider is suspected of committing public assistance fraud;

(11) the Department of Public Safety for support in identify verification;

(12) local, state, and federal law enforcement agencies for the purpose of ascertaining the last known address and employment location of an individual who is the subject of a criminal investigation;

(13) the Department of Health for the purposes of epidemiologic investigations;

(14) the Department of Corrections for the purposes of tracking incarceration of applicants; and

(15) contracted third parties, to the extent necessary to aid in identity verification, adjudication, administration, and evaluation of the program.

(c) Data on individuals and employers that are collected, maintained, or used by the department in an investigation under section 268B.19, 268B.21, 268B.22, or 268B.23 are confidential as to data on individuals and protected nonpublic data not on individuals as defined in section 13.02, subdivisions 3 and 13, and must not be disclosed except under statute or district court order or to a party named in a criminal proceeding, administrative or judicial, for preparation of a defense.

(d) Data gathered by the department in the administration of this chapter must not be made the subject or the basis for any suit in any civil proceedings, administrative or judicial, unless the action is initiated by the department.

Sec. 51. **REPEALER.**

(a) Minnesota Statutes 2023 Supplement, section 268B.06, subdivision 7, is repealed effective the day following final enactment.

(b) Minnesota Statutes 2023 Supplement, section 268B.10, subdivision 11, is repealed effective July 1, 2025.

(c) Minnesota Statutes 2023 Supplement, section 268B.14, subdivision 5, is repealed effective January 1, 2026.

(d) Minnesota Statutes 2023 Supplement, section 268B.08, is repealed effective November 1, 2025.

Presented to the governor May 23, 2024

Signed by the governor May 24, 2024, 9:07 a.m.