

SENATE
STATE OF MINNESOTA
NINETY-SECOND SESSION

S.F. No. 4116

(SENATE AUTHORS: CHAMBERLAIN, Wiger and Rosen)

DATE	D-PG	OFFICIAL STATUS
03/17/2022	5386	Introduction and first reading Referred to Education Finance and Policy
03/23/2022	5498a 5564 5577	Comm report: To pass as amended Second reading Author added Wiger
03/31/2022	5952	General Orders: Stricken and re-referred to Finance
05/05/2022	8038	Author added Rosen
05/09/2022	8060a 8106	Comm report: To pass as amended Second reading
05/22/2022		Special Order: Amended Third reading Passed

1.1 A bill for an act

1.2 relating to education; making forecast adjustments; making technical changes to

1.3 state financial policy; repealing obsolete statutes; amending Minnesota Statutes

1.4 2020, sections 16A.011, by adding a subdivision; 16A.103, by adding a subdivision;

1.5 16A.152, subdivision 1b; 16A.97; 16A.99, subdivision 4; Minnesota Statutes 2021

1.6 Supplement, section 16A.152, subdivision 2; Laws 2021, First Special Session

1.7 chapter 7, article 16, section 2, subdivisions 29, 31, 33; article 17, sections 3; 6;

1.8 10; 11; 12; 17, subdivision 3; 19; Laws 2021, First Special Session chapter 13,

1.9 article 1, section 10, subdivisions 2, 3, 4, 5, 6, 7, 9; article 2, section 4, subdivisions

1.10 2, 3, 4, 12, 27; article 3, section 7, subdivision 7; article 5, section 3, subdivisions

1.11 2, 3, 4, 5; article 7, section 2, subdivisions 2, 3; article 8, section 3, subdivisions

1.12 2, 3, 4; article 9, section 4, subdivisions 5, 6, 12; article 10, section 1, subdivisions

1.13 2, 5, 8; repealing Minnesota Statutes 2020, section 16A.98.

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

1.15 **ARTICLE 1**

1.16 **E-12 EDUCATION FORECAST ADJUSTMENTS**

1.17 **A. GENERAL EDUCATION**

1.18 Section 1. Laws 2021, First Special Session chapter 13, article 1, section 10, subdivision

1.19 2, is amended to read:

1.20 Subd. 2. **General education aid.** For general education aid under Minnesota Statutes,

1.21 section 126C.13, subdivision 4:

1.22	7,569,266,000		
1.23	\$ <u>7,484,917,000</u>	.....	2022
1.24	7,804,527,000		
1.25	\$ <u>7,643,082,000</u>	.....	2023

1.26 The 2022 appropriation includes \$717,326,000 for 2021 and ~~\$6,851,940,000~~

1.27 \$6,767,591,000 for 2022.

2.1 The 2023 appropriation includes ~~\$734,520,000~~ \$725,148,000 for 2022 and
 2.2 ~~\$7,070,007,000~~ \$6,917,934,000 for 2023.

2.3 Sec. 2. Laws 2021, First Special Session chapter 13, article 1, section 10, subdivision 3,
 2.4 is amended to read:

2.5 Subd. 3. **Enrollment options transportation.** For transportation of pupils attending
 2.6 postsecondary institutions under Minnesota Statutes, section 124D.09, or for transportation
 2.7 of pupils attending nonresident districts under Minnesota Statutes, section 124D.03:

2.8 \$ ~~12,000~~ 1,000 2022

2.9 \$ ~~13,000~~ 1,000 2023

2.10 Sec. 3. Laws 2021, First Special Session chapter 13, article 1, section 10, subdivision 4,
 2.11 is amended to read:

2.12 Subd. 4. **Abatement aid.** For abatement aid under Minnesota Statutes, section 127A.49:

2.13 ~~2,897,000~~
 2.14 \$ 2,042,000 2022

2.15 ~~3,558,000~~
 2.16 \$ 2,003,000 2023

2.17 The 2022 appropriation includes \$269,000 for 2021 and ~~\$2,628,000~~ \$1,773,000 for
 2.18 2022.

2.19 The 2023 appropriation includes ~~\$291,000~~ \$197,000 for 2022 and ~~\$3,267,000~~ \$1,806,000
 2.20 for 2023.

2.21 Sec. 4. Laws 2021, First Special Session chapter 13, article 1, section 10, subdivision 5,
 2.22 is amended to read:

2.23 Subd. 5. **Consolidation transition aid.** For districts consolidating under Minnesota
 2.24 Statutes, section 123A.485:

2.25 \$ 309,000 2022

2.26 ~~373,000~~
 2.27 \$ 372,000 2023

2.28 The 2022 appropriation includes \$30,000 for 2021 and \$279,000 for 2022.

2.29 The 2023 appropriation includes ~~\$31,000~~ \$30,000 for 2022 and \$342,000 for 2023.

3.1 Sec. 5. Laws 2021, First Special Session chapter 13, article 1, section 10, subdivision 6,
3.2 is amended to read:

3.3 Subd. 6. **Nonpublic pupil education aid.** For nonpublic pupil education aid under
3.4 Minnesota Statutes, sections 123B.40 to 123B.43 and 123B.87:

3.5		16,991,000		
3.6	\$	<u>17,224,000</u>	.....	2022
3.7		17,450,000		
3.8	\$	<u>19,029,000</u>	.....	2023

3.9 The 2022 appropriation includes \$1,903,000 for 2021 and ~~\$15,088,000~~ \$15,321,000 for
3.10 2022.

3.11 The 2023 appropriation includes ~~\$1,676,000~~ \$1,702,000 for 2022 and ~~\$15,774,000~~
3.12 \$17,327,000 for 2023.

3.13 Sec. 6. Laws 2021, First Special Session chapter 13, article 1, section 10, subdivision 7,
3.14 is amended to read:

3.15 Subd. 7. **Nonpublic pupil transportation.** For nonpublic pupil transportation aid under
3.16 Minnesota Statutes, section 123B.92, subdivision 9:

3.17		19,770,000		
3.18	\$	<u>19,143,000</u>	.....	2022
3.19		19,906,000		
3.20	\$	<u>19,796,000</u>	.....	2023

3.21 The 2022 appropriation includes \$1,910,000 for 2021 and ~~\$17,860,000~~ \$17,233,000 for
3.22 2022.

3.23 The 2023 appropriation includes ~~\$1,984,000~~ \$1,914,000 for 2022 and ~~\$17,922,000~~
3.24 \$17,882,000 for 2023.

3.25 Sec. 7. Laws 2021, First Special Session chapter 13, article 1, section 10, subdivision 9,
3.26 is amended to read:

3.27 Subd. 9. **Career and technical aid** For career and technical aid under Minnesota Statutes,
3.28 section 124D.4531, subdivision 1b:

3.29		2,668,000		
3.30	\$	<u>2,582,000</u>	.....	2022
3.31		2,279,000		
3.32	\$	<u>1,980,000</u>	.....	2023

4.1 The 2022 appropriation includes \$323,000 for 2021 and ~~\$2,345,000~~ \$2,259,000 for
4.2 2022.

4.3 The 2023 appropriation includes ~~\$260,000~~ \$251,000 for 2022 and ~~\$2,019,000~~ \$1,729,000
4.4 for 2023.

4.5 **B. EDUCATION EXCELLENCE**

4.6 Sec. 8. Laws 2021, First Special Session chapter 13, article 2, section 4, subdivision 2, is
4.7 amended to read:

4.8 Subd. 2. **Achievement and integration aid.** For achievement and integration aid under
4.9 Minnesota Statutes, section 124D.862:

4.10 ~~84,057,000~~
4.11 \$ 80,310,000 2022

4.12 ~~83,431,000~~
4.13 \$ 81,615,000 2023

4.14 The 2022 appropriation includes \$8,868,000 for 2021 and ~~\$75,189,000~~ \$71,442,000 for
4.15 2022.

4.16 The 2023 appropriation includes ~~\$8,353,000~~ \$7,938,000 for 2022 and ~~\$75,078,000~~
4.17 \$73,677,000 for 2023.

4.18 Sec. 9. Laws 2021, First Special Session chapter 13, article 2, section 4, subdivision 3, is
4.19 amended to read:

4.20 Subd. 3. **American Indian education aid.** For American Indian education aid under
4.21 Minnesota Statutes, section 124D.81, subdivision 2a:

4.22 ~~11,351,000~~
4.23 \$ 11,436,000 2022

4.24 ~~11,775,000~~
4.25 \$ 11,889,000 2023

4.26 The 2022 appropriation includes \$1,102,000 for 2021 and ~~\$10,249,000~~ \$10,334,000 for
4.27 2022.

4.28 The 2023 appropriation includes ~~\$1,138,000~~ \$1,148,000 for 2022 and ~~\$10,637,000~~
4.29 \$10,741,000 for 2023.

5.1 Sec. 10. Laws 2021, First Special Session chapter 13, article 2, section 4, subdivision 4,
5.2 is amended to read:

5.3 Subd. 4. **Charter school building lease aid.** For building lease aid under Minnesota
5.4 Statutes, section 124E.22:

5.5		93,547,000		
5.6	\$	<u>89,499,000</u>	.....	2022
5.7		99,819,000		
5.8	\$	<u>95,224,000</u>	.....	2023

5.9 The 2022 appropriation includes \$8,617,000 for 2021 and ~~\$84,930,000~~ \$80,882,000 for
5.10 2022.

5.11 The 2023 appropriation includes ~~\$9,436,000~~ \$8,986,000 for 2022 and ~~\$90,383,000~~
5.12 \$86,238,000 for 2023.

5.13 Sec. 11. Laws 2021, First Special Session chapter 13, article 2, section 4, subdivision 12,
5.14 is amended to read:

5.15 Subd. 12. **Interdistrict desegregation or integration transportation grants.** For
5.16 interdistrict desegregation or integration transportation grants under Minnesota Statutes,
5.17 section 124D.87:

5.18		12,310,000		
5.19	\$	<u>9,900,000</u>	.....	2022
5.20		14,823,000		
5.21	\$	<u>10,974,000</u>	.....	2023

5.22 Sec. 12. Laws 2021, First Special Session chapter 13, article 2, section 4, subdivision 27,
5.23 is amended to read:

5.24 Subd. 27. **Tribal contract school aid.** For Tribal contract school aid under Minnesota
5.25 Statutes, section 124D.83:

5.26		2,743,000		
5.27	\$	<u>2,808,000</u>	.....	2022
5.28		3,160,000		
5.29	\$	<u>3,167,000</u>	.....	2023

5.30 The 2022 appropriation includes \$240,000 for 2021 and ~~\$2,503,000~~ \$2,568,000 for
5.31 2022.

5.32 The 2023 appropriation includes ~~\$278,000~~ \$285,000 for 2022 and \$2,882,000 for 2023.

6.1

C. TEACHERS

6.2 Sec. 13. Laws 2021, First Special Session chapter 13, article 3, section 7, subdivision 7,
6.3 is amended to read:

6.4 Subd. 7. **Alternative teacher compensation aid.** (a) For alternative teacher compensation
6.5 aid under Minnesota Statutes, section 122A.415, subdivision 4:

6.6		88,896,000		
6.7	\$	<u>88,559,000</u>	.....	2022
6.8		88,898,000		
6.9	\$	<u>88,453,000</u>	.....	2023

6.10 (b) The 2022 appropriation includes \$8,877,000 for 2021 and ~~\$80,019,000~~ \$79,682,000
6.11 for 2022.

6.12 (c) The 2023 appropriation includes ~~\$8,891,000~~ \$8,853,000 for 2022 and ~~\$80,007,000~~
6.13 \$79,600,000 for 2023.

6.14

D. SPECIAL EDUCATION

6.15 Sec. 14. Laws 2021, First Special Session chapter 13, article 5, section 3, subdivision 2,
6.16 is amended to read:

6.17 Subd. 2. **Special education; regular.** For special education aid under Minnesota Statutes,
6.18 section 125A.75:

6.19		1,822,998,000		
6.20	\$	<u>1,748,169,000</u>	.....	2022
6.21		1,945,533,000		
6.22	\$	<u>1,885,422,000</u>	.....	2023

6.23 The 2022 appropriation includes \$215,125,000 for 2021 and ~~\$1,607,873,000~~
6.24 \$1,533,044,000 for 2022.

6.25 The 2023 appropriation includes ~~\$226,342,000~~ \$215,808,000 for 2022 and
6.26 ~~\$1,719,191,000~~ \$1,669,614,000 for 2023.

6.27 Sec. 15. Laws 2021, First Special Session chapter 13, article 5, section 3, subdivision 3,
6.28 is amended to read:

6.29 Subd. 3. **Aid for children with disabilities.** For aid under Minnesota Statutes, section
6.30 125A.75, subdivision 3, for children with disabilities placed in residential facilities within
6.31 the district boundaries for whom no district of residence can be determined:

8.1 The 2022 appropriation includes \$2,588,000 for 2021 and \$22,413,000 for 2022.

8.2 The 2023 appropriation includes \$2,490,000 for 2022 and ~~\$21,796,000~~ \$21,825,000 for
8.3 2023.

8.4 Sec. 19. Laws 2021, First Special Session chapter 13, article 7, section 2, subdivision 3,
8.5 is amended to read:

8.6 Subd. 3. **Long-term facilities maintenance equalized aid.** For long-term facilities
8.7 maintenance equalized aid under Minnesota Statutes, section 123B.595, subdivision 9:

8.8 ~~108,582,000~~
8.9 \$ 107,837,000 2022

8.10 ~~111,077,000~~
8.11 \$ 108,870,000 2023

8.12 The 2022 appropriation includes \$10,660,000 for 2021 and ~~\$97,922,000~~ \$97,177,000
8.13 for 2022.

8.14 The 2023 appropriation includes ~~\$10,880,000~~ \$10,797,000 for 2022 and ~~\$100,197,000~~
8.15 \$98,073,000 for 2023.

8.16 F. NUTRITION

8.17 Sec. 20. Laws 2021, First Special Session chapter 13, article 8, section 3, subdivision 2,
8.18 is amended to read:

8.19 Subd. 2. **School lunch.** For school lunch aid under Minnesota Statutes, section 124D.111,
8.20 and Code of Federal Regulations, title 7, section 210.17:

8.21 ~~16,661,000~~
8.22 \$ 14,187,000 2022

8.23 ~~16,954,000~~
8.24 \$ 15,984,000 2023

8.25 Sec. 21. Laws 2021, First Special Session chapter 13, article 8, section 3, subdivision 3,
8.26 is amended to read:

8.27 Subd. 3. **School breakfast.** For traditional school breakfast aid under Minnesota Statutes,
8.28 section 124D.1158:

8.29 ~~11,848,000~~
8.30 \$ 20,000 2022

8.31 ~~12,200,000~~
8.32 \$ 10,519,000 2023

9.1 Sec. 22. Laws 2021, First Special Session chapter 13, article 8, section 3, subdivision 4,
9.2 is amended to read:

9.3 Subd. 4. **Kindergarten milk.** For kindergarten milk aid under Minnesota Statutes,
9.4 section 124D.118:

9.5		656,000		
9.6	\$	<u>566,000</u>	.....	2022
9.7		658,000		
9.8	\$	<u>659,000</u>	.....	2023

9.9 **G. EARLY EDUCATION**

9.10 Sec. 23. Laws 2021, First Special Session chapter 13, article 9, section 4, subdivision 5,
9.11 is amended to read:

9.12 Subd. 5. **Early childhood family education aid.** (a) For early childhood family education
9.13 aid under Minnesota Statutes, section 124D.135:

9.14		35,003,000		
9.15	\$	<u>34,160,000</u>	.....	2022
9.16		36,478,000		
9.17	\$	<u>35,126,000</u>	.....	2023

9.18 (b) The 2022 appropriation includes \$3,341,000 for 2021 and ~~\$31,662,000~~ \$30,819,000
9.19 for 2022.

9.20 (c) The 2023 appropriation includes ~~\$3,518,000~~ \$3,424,000 for 2022 and ~~\$32,960,000~~
9.21 \$31,702,000 for 2023.

9.22 Sec. 24. Laws 2021, First Special Session chapter 13, article 9, section 4, subdivision 6,
9.23 is amended to read:

9.24 Subd. 6. **Developmental screening aid.** (a) For developmental screening aid under
9.25 Minnesota Statutes, sections 121A.17 and 121A.19:

9.26		3,582,000		
9.27	\$	<u>3,655,000</u>	.....	2022
9.28		3,476,000		
9.29	\$	<u>3,583,000</u>	.....	2023

9.30 (b) The 2022 appropriation includes \$360,000 for 2021 and ~~\$3,222,000~~ \$3,295,000 for
9.31 2022.

9.32 (c) The 2023 appropriation includes ~~\$357,000~~ \$366,000 for 2022 and ~~\$3,119,000~~
9.33 \$3,217,000 for 2023.

10.1 Sec. 25. Laws 2021, First Special Session chapter 13, article 9, section 4, subdivision 12,
10.2 is amended to read:

10.3 Subd. 12. **Home visiting aid.** (a) For home visiting aid under Minnesota Statutes, section
10.4 124D.135:

10.5 ~~462,000~~
10.6 \$ 455,000 2022

10.7 ~~444,000~~
10.8 \$ 426,000 2023

10.9 (b) The 2022 appropriation includes \$47,000 for 2021 and ~~\$415,000~~ \$408,000 for 2022.

10.10 (c) The 2023 appropriation includes ~~\$46,000~~ \$45,000 for 2022 and ~~\$398,000~~ \$381,000
10.11 for 2023.

10.12 **H. COMMUNITY EDUCATION AND LIFELONG LEARNING**

10.13 Sec. 26. Laws 2021, First Special Session chapter 13, article 10, section 1, subdivision 2,
10.14 is amended to read:

10.15 Subd. 2. **Community education aid.** For community education aid under Minnesota
10.16 Statutes, section 124D.20:

10.17 \$ 180,000 2022

10.18 ~~155,000~~
10.19 \$ 175,000 2023

10.20 The 2022 appropriation includes \$22,000 for 2021 and \$158,000 for 2022.

10.21 The 2023 appropriation includes \$17,000 for 2022 and ~~\$138,000~~ \$158,000 for 2023.

10.22 Sec. 27. Laws 2021, First Special Session chapter 13, article 10, section 1, subdivision 5,
10.23 is amended to read:

10.24 Subd. 5. **School-age care aid.** For school-age care aid under Minnesota Statutes, section
10.25 124D.22:

10.26 ~~1,000~~
10.27 \$ 0 2022

10.28 \$ 1,000 2023

10.29 The 2022 appropriation includes \$0 for 2021 and ~~\$1,000~~ \$0 for 2022.

10.30 The 2023 appropriation includes \$0 for 2022 and \$1,000 for 2023.

12.1	<u>Health Care Access</u>			
12.2	<u>Fund</u>	<u>(86,146,000)</u>	<u>(11,799,000)</u>	
12.3	<u>Federal TANF</u>	<u>(93,126,000)</u>	<u>9,195,000</u>	
12.4	<u>Subd. 2. Forecasted Programs</u>			
12.5	<u>(a) MFIP/DWP</u>			
12.6	<u>Appropriations by Fund</u>			
12.7	<u>General Fund</u>	<u>72,106,000</u>	<u>(14,397,000)</u>	
12.8	<u>Federal TANF</u>	<u>(93,126,000)</u>	<u>9,195,000</u>	
12.9	<u>(b) MFIP Child Care Assistance</u>		<u>(103,347,000)</u>	<u>(73,738,000)</u>
12.10	<u>(c) General Assistance</u>		<u>(4,175,000)</u>	<u>(1,488,000)</u>
12.11	<u>(d) Minnesota Supplemental Aid</u>		<u>318,000</u>	<u>1,613,000</u>
12.12	<u>(e) Housing Support</u>		<u>(1,994,000)</u>	<u>9,257,000</u>
12.13	<u>(f) Northstar Care for Children</u>		<u>(9,613,000)</u>	<u>(4,865,000)</u>
12.14	<u>(g) MinnesotaCare</u>		<u>(86,146,000)</u>	<u>(11,799,000)</u>
12.15	<u>These appropriations are from the health care</u>			
12.16	<u>access fund.</u>			
12.17	<u>(h) Medical Assistance</u>			
12.18	<u>Appropriations by Fund</u>			
12.19	<u>General Fund</u>	<u>(348,364,000)</u>	<u>292,880,000</u>	
12.20	<u>Health Care Access</u>			
12.21	<u>Fund</u>	<u>-0-</u>	<u>-0-</u>	
12.22	<u>(i) Alternative Care Program</u>		<u>-0-</u>	<u>-0-</u>
12.23	<u>(j) Behavioral Health Fund</u>		<u>(11,560,000)</u>	<u>(23,867,000)</u>
12.24	<u>Subd. 3. Technical Activities</u>			
12.25	<u>These appropriations are from the federal</u>			
12.26	<u>TANF fund.</u>			
12.27	<u>EFFECTIVE DATE.</u> This section is effective the day following final enactment.			
12.28	Sec. 3. Laws 2021, First Special Session chapter 7, article 16, section 2, subdivision 29,			
12.29	is amended to read:			
12.30	Subd. 29. Grant Programs; Disabilities Grants		31,398,000	31,010,000

- 13.1 **(a) Training Stipends for Direct Support**
13.2 **Services Providers.** \$1,000,000 in fiscal year
13.3 2022 is from the general fund for stipends for
13.4 individual providers of direct support services
13.5 as defined in Minnesota Statutes, section
13.6 256B.0711, subdivision 1. ~~These~~ The stipends
13.7 are available to individual providers who have
13.8 completed designated voluntary trainings
13.9 made available through the State-Provider
13.10 Cooperation Committee formed by the State
13.11 of Minnesota and the Service Employees
13.12 International Union Healthcare Minnesota.
13.13 Any unspent appropriation in fiscal year 2022
13.14 is available in fiscal year 2023. This is a
13.15 onetime appropriation. This appropriation is
13.16 available only if the labor agreement between
13.17 the state of Minnesota and the Service
13.18 Employees International Union Healthcare
13.19 Minnesota under Minnesota Statutes, section
13.20 179A.54, is approved under Minnesota
13.21 Statutes, section 3.855.
- 13.22 **(b) Parent-to-Parent Peer Support.** \$125,000
13.23 in fiscal year 2022 and \$125,000 in fiscal year
13.24 2023 are from the general fund for a grant to
13.25 an alliance member of Parent to Parent USA
13.26 to support the alliance member's
13.27 parent-to-parent peer support program for
13.28 families of children with a disability or special
13.29 health care need.
- 13.30 **(c) Self-Advocacy Grants.** (1) \$143,000 in
13.31 fiscal year 2022 and \$143,000 in fiscal year
13.32 2023 are from the general fund for a grant
13.33 under Minnesota Statutes, section 256.477,
13.34 subdivision 1.

14.1 (2) \$105,000 in fiscal year 2022 and \$105,000
 14.2 in fiscal year 2023 are from the general fund
 14.3 for subgrants under Minnesota Statutes,
 14.4 section 256.477, subdivision 2.

14.5 **(d) Minnesota Inclusion Initiative Grants.**
 14.6 \$150,000 in fiscal year 2022 and \$150,000 in
 14.7 fiscal year 2023 are from the general fund for
 14.8 grants under Minnesota Statutes, section
 14.9 256.4772.

14.10 **(e) Grants to Expand Access to Child Care**
 14.11 **for Children with Disabilities.** \$250,000 in
 14.12 fiscal year 2022 and \$250,000 in fiscal year
 14.13 2023 are from the general fund for grants to
 14.14 expand access to child care for children with
 14.15 disabilities. Any unexpended amount in fiscal
 14.16 year 2022 is available through June 30, 2023.

14.17 This is a onetime appropriation.

14.18 **(f) Parenting with a Disability Pilot Project.**
 14.19 The general fund base includes \$1,000,000 in
 14.20 fiscal year 2024 and \$0 in fiscal year 2025 to
 14.21 implement the parenting with a disability pilot
 14.22 project.

14.23 **(g) Base Level Adjustment.** The general fund
 14.24 base is \$29,260,000 in fiscal year 2024 and
 14.25 \$22,260,000 in fiscal year 2025.

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

14.27 Sec. 4. Laws 2021, First Special Session chapter 7, article 16, section 2, subdivision 31,
 14.28 is amended to read:

14.29 Subd. 31. **Grant Programs; Adult Mental Health**
 14.30 **Grants**

Appropriations by Fund			
14.31			
14.32	General	98,772,000	98,703,000
14.33	Opiate Epidemic		
14.34	Response	2,000,000	2,000,000

15.1 **(a) Culturally and Linguistically**
 15.2 **Appropriate Services Implementation**
 15.3 **Grants.** \$2,275,000 in fiscal year 2022 and
 15.4 \$2,206,000 in fiscal year 2023 are from the
 15.5 general fund for grants to disability services,
 15.6 mental health, and substance use disorder
 15.7 treatment providers to implement culturally
 15.8 and linguistically appropriate services
 15.9 standards, according to the implementation
 15.10 and transition plan developed by the
 15.11 commissioner. Any unexpended amount in
 15.12 fiscal year 2022 is available through June 30,
 15.13 2023. The general fund base for this
 15.14 appropriation is \$1,655,000 in fiscal year 2024
 15.15 and \$0 in fiscal year 2025.

15.16 **(b) Base Level Adjustment.** The general fund
 15.17 base is \$93,295,000 in fiscal year 2024 and
 15.18 \$83,324,000 in fiscal year 2025. The opiate
 15.19 epidemic response fund base is \$2,000,000 in
 15.20 fiscal year 2024 and \$0 in fiscal year 2025.

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

15.22 Sec. 5. Laws 2021, First Special Session chapter 7, article 16, section 2, subdivision 33,
 15.23 is amended to read:

15.24 **Subd. 33. Grant Programs; Chemical**
 15.25 **Dependency Treatment Support Grants**

	Appropriations by Fund		
15.26			
15.27	General	4,273,000	4,274,000
15.28	Lottery Prize	1,733,000	1,733,000
15.29	Opiate Epidemic		
15.30	Response	500,000	500,000

15.31 **(a) Problem Gambling.** \$225,000 in fiscal
 15.32 year 2022 and \$225,000 in fiscal year 2023
 15.33 are from the lottery prize fund for a grant to
 15.34 the state affiliate recognized by the National
 15.35 Council on Problem Gambling. The affiliate

16.1 must provide services to increase public
 16.2 awareness of problem gambling, education,
 16.3 training for individuals and organizations
 16.4 providing effective treatment services to
 16.5 problem gamblers and their families, and
 16.6 research related to problem gambling.

16.7 **(b) Recovery Community Organization**
 16.8 **Grants.** \$2,000,000 in fiscal year 2022 and
 16.9 \$2,000,000 in fiscal year 2023 are from the
 16.10 general fund for grants to recovery community
 16.11 organizations, as defined in Minnesota
 16.12 Statutes, section 254B.01, subdivision 8, to
 16.13 provide for costs and community-based peer
 16.14 recovery support services that are not
 16.15 otherwise eligible for reimbursement under
 16.16 Minnesota Statutes, section 254B.05, as part
 16.17 of the continuum of care for substance use
 16.18 disorders. Any unexpended amount in fiscal
 16.19 year 2022 is available through June 30, 2023.
 16.20 The general fund base for this appropriation
 16.21 is \$2,000,000 in fiscal year 2024 and \$0 in
 16.22 fiscal year 2025

16.23 **(c) Base Level Adjustment.** The general fund
 16.24 base is \$4,636,000 in fiscal year 2024 and
 16.25 \$2,636,000 in fiscal year 2025. The opiate
 16.26 epidemic response fund base is \$500,000 in
 16.27 fiscal year 2024 and \$0 in fiscal year 2025.

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

16.29 Sec. 6. Laws 2021, First Special Session chapter 7, article 17, section 3, is amended to
 16.30 read:

16.31 **Sec. 3. GRANTS FOR TECHNOLOGY FOR HCBS RECIPIENTS.**

16.32 (a) This act includes \$500,000 in fiscal year 2022 and \$2,000,000 in fiscal year 2023
 16.33 for the commissioner of human services to issue competitive grants to home and

17.1 community-based service providers. Grants must be used to provide technology assistance,
17.2 including but not limited to Internet services, to older adults and people with disabilities
17.3 who do not have access to technology resources necessary to use remote service delivery
17.4 and telehealth. Any unexpended amount in fiscal year 2022 is available through June 30,
17.5 2023. The general fund base included in this act for this purpose is \$1,500,000 in fiscal year
17.6 2024 and \$0 in fiscal year 2025.

17.7 (b) All grant activities must be completed by March 31, 2024.

17.8 (c) This section expires June 30, 2024.

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

17.10 Sec. 7. Laws 2021, First Special Session chapter 7, article 17, section 6, is amended to
17.11 read:

17.12 **Sec. 6. TRANSITION TO COMMUNITY INITIATIVE.**

17.13 (a) This act includes \$5,500,000 in fiscal year 2022 and \$5,500,000 in fiscal year 2023
17.14 for additional funding for grants awarded under the transition to community initiative
17.15 described in Minnesota Statutes, section 256.478. Any unexpended amount in fiscal year
17.16 2022 is available through June 30, 2023. The general fund base in this act for this purpose
17.17 is \$4,125,000 in fiscal year 2024 and \$0 in fiscal year 2025.

17.18 (b) All grant activities must be completed by March 31, 2024.

17.19 (c) This section expires June 30, 2024.

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

17.21 Sec. 8. Laws 2021, First Special Session chapter 7, article 17, section 10, is amended to
17.22 read:

17.23 **Sec. 10. PROVIDER CAPACITY GRANTS FOR RURAL AND UNDERSERVED**
17.24 **COMMUNITIES.**

17.25 (a) This act includes \$6,000,000 in fiscal year 2022 and \$8,000,000 in fiscal year 2023
17.26 for the commissioner to establish a grant program for small provider organizations that
17.27 provide services to rural or underserved communities with limited home and
17.28 community-based services provider capacity. The grants are available to build organizational
17.29 capacity to provide home and community-based services in Minnesota and to build new or
17.30 expanded infrastructure to access medical assistance reimbursement. Any unexpended

18.1 amount in fiscal year 2022 is available through June 30, 2023. The general fund base in this
18.2 act for this purpose is \$8,000,000 in fiscal year 2024 and \$0 in fiscal year 2025.

18.3 (b) The commissioner shall conduct community engagement, provide technical assistance,
18.4 and establish a collaborative learning community related to the grants available under this
18.5 section and work with the commissioner of management and budget and the commissioner
18.6 of the Department of Administration to mitigate barriers in accessing grant funds. Funding
18.7 awarded for the community engagement activities described in this paragraph is exempt
18.8 from state solicitation requirements under Minnesota Statutes, section 16B.97, for activities
18.9 that occur in fiscal year 2022.

18.10 (c) All grant activities must be completed by March 31, 2024.

18.11 (d) This section expires June 30, 2024.

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

18.13 Sec. 9. Laws 2021, First Special Session chapter 7, article 17, section 11, is amended to
18.14 read:

18.15 Sec. 11. **EXPAND MOBILE CRISIS.**

18.16 (a) This act includes \$8,000,000 in fiscal year 2022 and \$8,000,000 in fiscal year 2023
18.17 for additional funding for grants for adult mobile crisis services under Minnesota Statutes,
18.18 section 245.4661, subdivision 9, paragraph (b), clause (15). Any unexpended amounts in
18.19 fiscal year 2022 and fiscal year 2023 are available through June 30, 2024. The general fund
18.20 base in this act for this purpose is \$4,000,000 in fiscal year 2024 and \$0 in fiscal year 2025.

18.21 (b) Beginning April 1, 2024, counties may fund and continue conducting activities
18.22 funded under this section.

18.23 (c) All grant activities must be completed by March 31, 2024.

18.24 (d) This section expires June 30, 2024.

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

19.1 Sec. 10. Laws 2021, First Special Session chapter 7, article 17, section 12, is amended to
19.2 read:

19.3 Sec. 12. **PSYCHIATRIC RESIDENTIAL TREATMENT FACILITY AND CHILD**
19.4 **AND ADOLESCENT MOBILE TRANSITION UNIT.**

19.5 (a) This act includes \$2,500,000 in fiscal year 2022 and \$2,500,000 in fiscal year 2023
19.6 for the commissioner of human services to create children's mental health transition and
19.7 support teams to facilitate transition back to the community of children from psychiatric
19.8 residential treatment facilities, and child and adolescent behavioral health hospitals. Any
19.9 unexpended amount in fiscal year 2022 is available through June 30, 2023. The general
19.10 fund base included in this act for this purpose is \$1,875,000 in fiscal year 2024 and \$0 in
19.11 fiscal year 2025.

19.12 (b) Beginning April 1, 2024, counties may fund and continue conducting activities
19.13 funded under this section.

19.14 (c) This section expires March 31, 2024.

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

19.16 Sec. 11. Laws 2021, First Special Session chapter 7, article 17, section 17, subdivision 3,
19.17 is amended to read:

19.18 Subd. 3. **Respite services for older adults grants.** (a) This act includes \$2,000,000 in
19.19 fiscal year 2022 and \$2,000,000 in fiscal year 2023 for the commissioner of human services
19.20 to establish a grant program for respite services for older adults. The commissioner must
19.21 award grants on a competitive basis to respite service providers. Any unexpended amount
19.22 in fiscal year 2022 is available through June 30, 2023. The general fund base included in
19.23 this act for this purpose is \$2,000,000 in fiscal year 2024 and \$0 in fiscal year 2025.

19.24 (b) All grant activities must be completed by March 31, 2024.

19.25 (c) This subdivision expires June 30, 2024.

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

20.1 Sec. 12. Laws 2021, First Special Session chapter 7, article 17, section 19, is amended to
 20.2 read:

20.3 Sec. 19. **CENTERS FOR INDEPENDENT LIVING HCBS ACCESS GRANT.**

20.4 (a) This act includes \$1,200,000 in fiscal year 2022 and \$1,200,000 in fiscal year 2023
 20.5 for grants to expand services to support people with disabilities from underserved
 20.6 communities who are ineligible for medical assistance to live in their own homes and
 20.7 communities by providing accessibility modifications, independent living services, and
 20.8 public health program facilitation. The commissioner of human services must award the
 20.9 grants in equal amounts to ~~the eight organizations~~ grantees. To be eligible, a grantee must
 20.10 be an organization defined in Minnesota Statutes, section 268A.01, subdivision 8. Any
 20.11 unexpended amount in fiscal year 2022 is available through June 30, 2023. The general
 20.12 fund base included in this act for this purpose is \$0 in fiscal year 2024 and \$0 in fiscal year
 20.13 2025.

20.14 (b) All grant activities must be completed by March 31, 2024.

20.15 (c) This section expires June 30, 2024.

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

20.17 ARTICLE 3

20.18 STATE FISCAL POLICY

20.19 Section 1. Minnesota Statutes 2020, section 16A.011, is amended by adding a subdivision
 20.20 to read:

20.21 Subd. 15a. **Transfer.** "Transfer" means the authorization to move state money from one
 20.22 fund, account, or agency to another fund, account, or agency within the state treasury. When
 20.23 authorized by law, a transfer must reduce money in one fund, account, or agency and increase
 20.24 the same amount to a separate fund, account, or agency.

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

20.26 Sec. 2. Minnesota Statutes 2020, section 16A.103, is amended by adding a subdivision to
 20.27 read:

20.28 Subd. 1i. **Budget close report.** By October 15 of each odd-numbered year, the
 20.29 commissioner shall prepare a detailed fund balance analysis of the general fund for the
 20.30 previous biennium. The analysis shall include a comparison to the most recent publicly
 20.31 available fund balance analysis of the general fund. The commissioner shall provide this

21.1 analysis to the chairs and ranking minority members of the house of representatives Ways
 21.2 and Means Committee and the senate Finance Committee and shall post the analysis on the
 21.3 agency's website.

21.4 Sec. 3. Minnesota Statutes 2020, section 16A.152, subdivision 1b, is amended to read:

21.5 Subd. 1b. **Budget reserve level.** (a) The commissioner of management and budget shall
 21.6 calculate the budget reserve level by multiplying the current biennium's general fund
 21.7 nondedicated revenues and the most recent budget reserve percentage under subdivision 8.

21.8 (b) If, on the basis of a November forecast of general fund revenues and expenditures,
 21.9 the commissioner of management and budget determines that there will be a positive
 21.10 unrestricted general fund balance at the close of the biennium and that the provisions of
 21.11 subdivision 2, paragraph (a), ~~clauses (1), (2), (3), and (4)~~, are satisfied, the commissioner
 21.12 shall transfer to the budget reserve account in the general fund the amount necessary to
 21.13 increase the budget reserve to the budget reserve level determined under paragraph (a). The
 21.14 amount of the transfer authorized in this paragraph shall not exceed 33 percent of the positive
 21.15 unrestricted general fund balance determined in the forecast.

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

21.17 Sec. 4. Minnesota Statutes 2021 Supplement, section 16A.152, subdivision 2, is amended
 21.18 to read:

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

21.24 (1) the cash flow account established in subdivision 1 until that account reaches
 21.25 \$350,000,000;

21.26 (2) the budget reserve account established in subdivision 1a until that account reaches
 21.27 ~~\$2,377,399,000~~ \$2,655,745,000;

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

22.1 (4) the amount necessary to restore all or a portion of the net aid reductions under section
 22.2 127A.441 and to reduce the property tax revenue recognition shift under section 123B.75,
 22.3 subdivision 5, by the same amount;

22.4 ~~(5) the amount necessary to increase the Minnesota 21st century fund by not more than~~
 22.5 ~~the difference between \$5,000,000 and the sum of the amounts credited and canceled to it~~
 22.6 ~~in the previous 12 months under Laws 2020, chapter 71, article 1, section 11, until the sum~~
 22.7 ~~of all transfers under this section and all amounts credited or canceled under Laws 2020,~~
 22.8 ~~chapter 71, article 1, section 11, equals \$20,000,000; and~~

22.9 ~~(6) for a forecast in November only, the amount remaining after the transfer under clause~~
 22.10 ~~(5) must be used to reduce the percentage of accelerated June liability sales tax payments~~
 22.11 ~~required under section 289A.20, subdivision 4, paragraph (b), until the percentage equals~~
 22.12 ~~zero, rounded to the nearest tenth of a percent. By March 15 following the November~~
 22.13 ~~forecast, the commissioner must provide the commissioner of revenue with the percentage~~
 22.14 ~~of accelerated June liability owed based on the reduction required by this clause. By April~~
 22.15 ~~15 each year, the commissioner of revenue must certify the percentage of June liability~~
 22.16 ~~owed by vendors based on the reduction required by this clause.~~

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

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

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

22.27 Sec. 5. Minnesota Statutes 2020, section 16A.97, is amended to read:

22.28 **16A.97 TOBACCO BONDS.**

22.29 The commissioner may sell and issue debt under ~~either or both of sections 16A.98 and~~
 22.30 section 16A.99, but the net proceeds of bonds issued and sold under ~~those sections together~~
 22.31 that section must not exceed \$640,000,000 during fiscal years 2012 and 2013.

23.1 Sec. 6. Minnesota Statutes 2020, section 16A.99, subdivision 4, is amended to read:

23.2 Subd. 4. **Refunding bonds.** The commissioner from time to time may issue appropriation
23.3 bonds for the purpose of refunding any appropriation bonds ~~or tobacco securitization bonds~~
23.4 ~~authorized under section 16A.98~~ then outstanding, including the payment of any redemption
23.5 premiums on the bonds, any interest accrued or to accrue to the redemption date, and costs
23.6 related to the issuance and sale of the refunding bonds. The proceeds of any refunding bonds
23.7 may, in the discretion of the commissioner, be applied to the purchase or payment at maturity
23.8 of the appropriation bonds to be refunded, to the redemption of the outstanding bonds on
23.9 any redemption date, or to pay interest on the refunding bonds and may, pending application,
23.10 be placed in escrow to be applied to the purchase, payment, retirement, or redemption. Any
23.11 escrowed proceeds, pending such use, may be invested and reinvested in obligations that
23.12 are authorized investments under section 11A.24. The income earned or realized on the
23.13 investment may also be applied to the payment of the bonds to be refunded or interest or
23.14 premiums on the refunded bonds, or to pay interest on the refunding bonds. After the terms
23.15 of the escrow have been fully satisfied, any balance of the proceeds and any investment
23.16 income may be returned to the general fund or, if applicable, the appropriation bond proceeds
23.17 account for use in any lawful manner. All refunding bonds issued under this subdivision
23.18 must be prepared, executed, delivered, and secured by appropriations in the same manner
23.19 as the bonds to be refunded.

23.20 Sec. 7. **REPEALER.**

23.21 Minnesota Statutes 2020, section 16A.98, is repealed.

16A.98 TOBACCO SECURITIZATION BONDS.

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

(a) "Authority" means the Tobacco Securitization Authority created and established under subdivision 3.

(b) "Authorized officer" means any of the members of the authority identified and described in subdivision 3.

(c) "Bond" means any instrument evidencing the obligation to pay money authorized or issued by the authority as provided by this section, including without limitation, bonds, notes, or certificates.

(d) "Bondholder" means, in the case of a bond issued in registered form, the registered owner of the bond and otherwise, the owner of the bond.

(e) "Commissioner" means the commissioner of management and budget.

(f) "Consent judgment" means the consent judgment, as the same has been and may be corrected, amended, or modified, in the action styled as The State of Minnesota, By Hubert Humphrey, III, Its Attorney General, and Blue Cross and Blue Shield of Minnesota v. Philip Morris Incorporated, et al., No. C1-94-8565 (Minnesota District Court, Second Judicial District, May 8, 1998).

(g) "General tobacco subaccount" means the account established by the authority within the tobacco settlement recovery account established under subdivision 12 for the net proceeds of bonds.

(h) "Settlement agreement" means the settlement agreement and stipulation for entry of consent judgment, dated May 8, 1998, between the State of Minnesota, By Hubert Humphrey, III, Its Attorney General, and Blue Cross and Blue Shield of Minnesota, on the one hand, and Philip Morris Incorporated, et al., on the other hand, and the subject of the consent judgment.

(i) "Net proceeds of bonds" means the gross proceeds of the sale of bonds issued under subdivision 5, less any amounts applied or to be applied to pay transaction and administrative expenses, including underwriting discount, to pay capitalized interest and to fund any reserves deemed necessary or appropriate by the authority, but does not include any investment earnings realized thereon.

(j) "Participating manufacturer" means a tobacco product manufacturer that is or becomes a signatory to the settlement agreement.

(k) "Pledged tobacco revenues" means the state's tobacco settlement revenues sold to the authority under the sale agreement and pledged by the authority for the payment of bonds and any related bond facility.

(l) "Related bond facility" means any interest rate exchange or similar agreement or any bond insurance policy, letter of credit or other credit enhancement facility, liquidity facility, guaranteed investment or reinvestment agreement, or other similar agreement, arrangement, or contract.

(m) "Residual amount in tobacco settlement revenues" means any tobacco settlement revenues determined as moneys received but not required for the identified period in which revenues are received, to pay principal or interest on bonds or administrative or transaction expenses of the authority, or to fund reserves or other requirements relating to bonds issued or related bond facilities made under this section.

(n) "Sale agreement" means any agreement authorized as provided in this section in which the state provides for the sale of all or a portion of the tobacco settlement revenues to the authority.

(o) "State" means the state of Minnesota.

(p) "Tobacco settlement bond proceeds fund" is established within the state treasury and consists of the net proceeds from any sale, conveyance, or transfer of the state's tobacco settlement revenues from the authority.

(q) "Tobacco settlement recovery account" is the account established by the authority outside of the state's treasury.

(r) "Tobacco settlement revenues subaccount" means the account established by the authority within the tobacco settlement recovery account established under subdivision 12 for receipt of tobacco settlement revenues and for payment of debt service of bonds authorized under this section.

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(s) "Tobacco settlement residual subaccount" means the account established by the authority within the tobacco settlement recovery account established under subdivision 12 for receipt of the residual amount in the tobacco settlement revenues subaccount.

(t) "Tobacco settlement revenues" means all tobacco settlement payments received by the state on and after July 21, 2011, and required to be made under the terms of the settlement agreement by participating manufacturers, and the state's rights to receive the tobacco settlement payments on and after July 21, 2011, exclusive of any payments made with respect to liability to make those payments for calendar years completed before July 21, 2011.

Subd. 2. Ownership, transfer, and sale of state's right to tobacco settlement revenues. All tobacco settlement revenues received and to be received by the state are the property of the state, to be used as provided by law, including a sale, assignment, or transfer of the right to receive the tobacco settlement revenues under this subdivision. During fiscal years 2012 and 2013, the commissioner may sell, convey, or otherwise transfer to the authority, and may take any action necessary to facilitate and complete the sale, conveyance, or transfer to the authority, the tobacco settlement revenues in exchange for the net proceeds of bonds and a right to the residual amount in the tobacco settlement revenues subaccount. Unless otherwise directed by statute, the net proceeds of any such sale, conveyance, or transfer shall be deposited in the general tobacco subaccount. The authority's purchased interest in tobacco settlement revenues received by the state from time to time shall be deposited in the tobacco settlement revenues subaccount, and the residual amount in tobacco settlement revenues received by the state from time to time shall be deposited in the tobacco settlement residual subaccount, in each case to be applied for the purposes and in the manner described in this section.

Any sale, conveyance, or other transfer authorized by this subdivision shall be evidenced by an instrument or agreement in writing signed on behalf of the state by the commissioner. A certified copy of the instrument or agreement shall be filed with the commissioner and the chairs of the senate Finance Committee and the house of representatives Ways and Means Committee promptly upon execution and delivery thereof. The instrument or agreement shall require, as a condition of the sale, conveyance, or other transfer, that the authority notify the commissioner promptly upon the issuance, sale, and delivery thereof if any bonds are issued that are secured by any of the tobacco settlement revenues and provide the commissioner with all information on the distribution of the bond proceeds. The commissioner shall submit a report to the chairs of the senate Finance Committee and the house of representatives Ways and Means Committee that includes all of the information provided to the commissioner by the authority under this subdivision. The instrument or agreement may include an irrevocable direction to pay all or a specified portion of the tobacco settlement revenues directly to or upon the order of the authority, or to any escrow agent or any trustee under an indenture or other agreement securing any bonds issued or related bond facilities made under this section. Upon execution and delivery of the sale agreement as provided in this section, the sale, conveyance, or other transfer of the right to receive the tobacco settlement revenues, shall, for all purposes, be a true sale and absolute conveyance of all right, title, and interest therein and not as a pledge or other security interest for any borrowing, valid, binding, and enforceable in accordance with the terms thereof and such instrument or agreements and any related instrument, agreement, or other arrangement, including any pledge, grant of security interest, or other encumbrance made by authority to secure any bonds issued by the authority, and shall not be subject to disavowal, disaffirmance, cancellation, or avoidance by reason of insolvency of any party, lack of consideration, or any other fact, occurrence, or rule of law. On and after the effective date of the sale of any portion, including all of the tobacco settlement revenues, the state shall have no right, title, or interest in or to the portion of the tobacco settlement revenues sold, and the portion of the tobacco settlement revenues sold shall be the property of the authority, and shall be received, held, and disbursed by the authority in a trust fund outside the state treasury. Any portions of the tobacco settlement revenues sold to the authority and held in trust may be invested in investments and deposit accounts or certificates, and with security, agreed upon with the bondholders or a trustee for the bondholders.

The procedures and requirements set forth in this subdivision shall be the sole procedures and requirements applicable to the sale of the tobacco settlement revenues.

Subd. 3. Establishment and powers of authority. (a) The authority is hereby established as a body corporate and politic and a public instrumentality of, but having a legal existence independent and separate from the state and, accordingly, the assets, liabilities, and funds of the authority shall be neither consolidated nor commingled with those of the state treasury, provided that the assets, liabilities, and funds of the authority shall be held by a duly designated agent or fiduciary of the authority. If the authority does not designate a fiduciary or an agent for the purposes of this subdivision, the assets and funds of the authority shall be held in the state treasury. The authority

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and its corporate existence shall continue until 12 months after all its liabilities have been met or otherwise discharged. Upon the termination of the existence of the authority, all of its rights and property shall pass to and be vested in the state. The authority shall be established for the express limited public purposes set forth in this section, and no part of the net earnings of the authority shall inure to any private individual.

(b) The authority shall be governed by a three-member board consisting of the commissioner, the commissioner of revenue, and the commissioner of health. The commissioner shall serve as the chair and chief executive officer of the authority, who shall sign instruments or agreements authorized by this section on behalf of the authority; provided that the authority may by resolution authorize a member other than the commissioner to sign authorized instruments or agreements. The authority may elect other officers as necessary from its members. The authority may also appoint a nonremunerated chief financial officer who may or may not be a member of the authority in order to provide financial analysis and advice regarding any transaction of the authority. The powers of the authority shall be subject to the terms, conditions, and limitations contained within this section, and any applicable covenants or agreements of the authority in any indenture or other agreement relating to any then outstanding bonds or related bond facilities. The authority may enter into contracts regarding any matter connected with any corporate purpose within the objects and purposes of this section. The members of the authority shall receive no salary or other compensation, either direct or indirect, for serving as members of the authority, other than reimbursement for actual and necessary expenses incurred in the performance of such person's duties. Notwithstanding the foregoing, the authority shall not be authorized to make any covenant, pledge, promise, or agreement purporting to bind the state with respect to tobacco settlement revenues, except as otherwise specifically authorized by this section.

(c) A majority of the authority, excluding vacancies, constitutes a quorum to conduct its business, to exercise its powers, and for all other purposes.

(d) The authority may conduct its business as provided under section 13D.015, including teleconference calls or interactive video, that allows for an interaction between members. If a meeting is conducted under this paragraph, a specific location must be available for the public to attend the meeting and at least one member must be present at that location.

(e) The authority may not file a voluntary petition under or be or become a debtor or bankrupt under the federal bankruptcy code or any other federal or state bankruptcy, insolvency, or moratorium law or statute as may, from time to time, be in effect, and neither any public officer nor any organization, entity, or other person shall authorize the authority to be or become a debtor or bankrupt under the federal bankruptcy code or any other federal or state bankruptcy, insolvency, or moratorium law or statute, as may, from time to time be in effect.

(f) The authority may not guarantee the debts of another.

(g) The commissioner shall provide administrative services to the authority.

(h) The authority may accept appropriations, gifts, grants, bequests, and devises, and use or dispose of them for its purposes. All gifts, grants, bequests, and revenues from those sources are appropriated to the authority.

(i) Proceeds of the authority's bonds, notes, and other obligations; amounts granted or appropriated to the authority for bond debt service reserves; income from investment; money in the funds; and all revenues from fees and charges of the authority including rentals, royalties, dividends, or other proceeds are annually appropriated to the authority for the accomplishment of its corporate purposes and must be spent, administered, and accounted for in accordance with the applicable provisions of all bond and note resolutions, indentures, and other instruments, contracts, and agreements of the authority. Notwithstanding section 16A.28, these appropriations are available until expended.

Subd. 4. **Certain powers of the authority.** The authority shall have the power to:

(1) sue and be sued;

(2) have a seal and alter the same at pleasure;

(3) make and alter bylaws for its organization and internal management;

(4) make and execute contracts and all other instruments necessary or convenient for the exercise of its powers and functions under this subdivision, including without limitation the purchase from the state of all or a portion of the right to receive tobacco settlement revenues, and request the

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attorney general to commence any action to protect or enforce any right conferred upon it by any law, contract, or other agreement;

(5) retain or contract for the services of underwriters, financial advisors, accountants or other consultants or agents;

(6) pay its operating expenses and its financing costs, including its reasonable costs of issuance and sale of bonds and those of the attorney general, if any;

(7) borrow money in its name, issue negotiable bonds as named by the authority, and provide for the rights of the holders thereof as otherwise provided in this section;

(8) procure insurance against any loss in connection with its activities, properties, and assets in such amount and from such insurers as it deems desirable;

(9) invest any funds or other moneys under its custody and control in investment securities or under any related bond facility;

(10) as security for the payment of the principal of and interest on any bonds issued by it under this section and any agreement made in connection therewith and for its obligations under any related bond facility, pledge all or any part of the tobacco settlement revenues;

(11) establish and create debt service reserve funds and capitalized interest accounts and deposit therein proceeds of bonds in such amount or amounts as shall be provided by the resolutions or trust indentures for the bonds; and

(12) do any and all things necessary and proper to carry out its purposes and exercise the powers expressly given and granted in this section.

Subd. 5. Bonds of the authority. (a) The authority shall have power and is hereby authorized to issue bonds from time to time in one or more series, in an aggregate principal amount no greater than \$900,000,000, excluding refunding bonds sold and issued under this section, to provide funds not to exceed \$640,000,000 and subject to the limitation in section 16A.97, for the purchase of all or a portion of the tobacco settlement revenues pursuant to subdivision 2, and also to provide sufficient funds for the establishment of a debt service reserve fund, and the payment or provision for capitalized interest and financing costs, including, without limitation, the cost of any related credit facility.

The issuance of bonds shall be authorized by a resolution of the authority, adopted by a majority of the members of the authority without further authorization or approval. The issue of the bonds of the authority shall be special limited revenue obligations payable from and secured by a pledge of the pledged tobacco revenues, those proceeds of bonds deposited in a debt service reserve fund for the benefit of bondholders, and earnings on funds of the authority, upon terms and conditions as specified by the authority in the resolution under which the bonds are issued or in a related trust indenture.

The authority shall have the power and is hereby authorized from time to time to issue bonds, whenever it deems refunding expedient, to refund any outstanding bonds by the issuance of new bonds, provided that the refunding bonds mature not more than 30 years after the date of issuance as may be determined by the authority. The refunding bonds may be exchanged for the bonds to be refunded or sold and the proceeds applied to the purchase, redemption, or payment of the bonds to be refunded.

(b) The bonds of each issue shall be dated, shall bear interest, which may be includable in or excludable from the gross income of the owners for federal income tax purposes, at fixed or variable rates, payable at or prior to maturity, and shall mature at such time or times, not more than 30 years after the date of issuance, as may be determined by the authority, and may be made redeemable before maturity, at the option of the authority, at such price or prices and under such terms and conditions as may be fixed by the authority. The principal and interest of the bonds may be made payable in any lawful medium. The resolution of the authority approving the issuance of the bonds shall determine the form of the bonds and the manner of execution of the bonds and shall fix the denomination or denominations of the bonds and the place or places of payment of principal and interest thereof, which may be at any bank or trust company within or outside the state. If any officer whose signature or a facsimile thereof appears on any bonds shall cease to be an officer before the delivery of the bonds, the signature or facsimile shall nevertheless be valid and sufficient for all purposes the same as if the officer had remained in office until such delivery.

(c) The authority may sell such bonds at either public or private sale upon terms as the commissioner shall determine are not inconsistent with this section and the bonds may be sold at

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any price or percentage of par value. Any bid received may be rejected by the authority. The proceeds of the bonds shall be disbursed for the purposes for which the bonds were issued under the restrictions as the sale agreement and the resolution authorizing the issuance of the bonds or the related trust indenture may provide. The bonds shall be issued upon approval of the authority and without any other approvals, filings, proceedings, or the happening of any other conditions or things other than the approvals, findings, proceedings, conditions, and things that are specified and required by this section.

(d) Any pledge made by the authority shall be valid and binding at the time the pledge is made. The assets, property, revenues, reserves, or earnings so pledged shall immediately be subject to the lien of the pledge without any physical delivery thereof or further act, and the lien of any pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the authority, irrespective of whether such parties have notice thereof. Notwithstanding any other provision of law to the contrary, neither the resolution nor any indenture or other instrument by which a pledge is created or by which the authority's interest in pledged assets, property, revenues, reserves, or earnings is assigned need be filed, perfected, or recorded in any public records in order to protect the pledge or perfect the lien as against third parties, except that a copy shall be filed in the records of the authority.

(e) Whether or not the bonds of the authority are of such form and character as to be negotiable instruments under the terms of the Uniform Commercial Code, the bonds are hereby made negotiable instruments for all purposes, subject only to the provisions of the bonds for registration.

(f) At the sole discretion of the authority, any bonds issued by the authority and any related bond facility made under the provisions of this section shall be secured by a resolution or trust indenture by and between the authority and the indenture trustee, which may be any trust company or bank having the powers of a trust company, whether located within or outside the state. The trust indenture or resolution providing for the issuance of the bonds shall, without limitation: (1) provide for the creation and maintenance of reserves as the authority shall determine to be proper; (2) include covenants setting forth the duties of the authority in relation to the bonds, the income of the authority, the related sale agreement, and the related tobacco settlement revenues; (3) contain provisions relating to the transfer of the residual interest upon receipt of the tobacco settlement revenues; (4) contain provisions respecting the custody, safeguarding, and application of all moneys and securities; (5) contain provisions for protecting and enforcing against the authority or the state the rights and remedies pursuant thereto and to the sale agreement of the owners of the bonds and any provider of a related bond facility as may be reasonable and proper and not in violation of law; and (6) contain other provisions as the authority may deem reasonable and proper for priorities and subordination among the owners of the bonds and providers of related bond facilities. Any reference in this section to a resolution of the authority shall include any trust indenture authorized thereby.

(g) The net proceeds of any sale, conveyance, or transfer by the state of tobacco settlement revenues shall be deposited into the authority's general tobacco subaccount. The authority shall transfer all moneys in the general tobacco subaccount to the commissioner for deposit in the tobacco settlement bond proceeds fund. Any residual amount in tobacco settlement revenues shall be deposited in the tobacco settlement residual subaccount. The balance in the tobacco residual subaccount shall be transferred to the commissioner for deposit in the general fund, as provided in subdivision 12, paragraph (b).

(h) The authority may enter into, amend, or terminate, as it determines to be necessary or appropriate, any related bond facility (1) to facilitate the issuance, sale, resale, purchase, repurchase, or payment of bonds, interest rate savings or market diversification, or the making or performance of swap contracts, including without limitation bond insurance, letters of credit and liquidity facilities, or (2) to attempt to manage or hedge risk or achieve a desirable effective interest rate or cash flow. Such facility shall be made upon the terms and conditions established by the authority, including without limitation provisions as to security, default, termination, payment, remedy, jurisdiction, and consent to service of process.

(i) The authority may enter into, amend, or terminate, as it deems to be necessary or appropriate, any related bond facility to place the obligations or investments of the authority, as represented by the bonds or the investment of reserves securing the bonds or related bond facilities or other tobacco settlement revenues or its other assets, in whole or in part, on the interest rate, cash flow, or other basis approved by the authority, which facility may include without limitation contracts commonly known as interest rate swap agreements, forward purchase contracts, or guaranteed investment contracts and futures or contracts providing for payments based on levels of, or changes in, interest rates. These contracts or arrangements may be entered into by the authority in connection with, or incidental to, entering into, or maintaining any (1) agreement that secures bonds of the authority

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or (2) investment or contract providing for investment of reserves or similar facility guaranteeing an investment rate for a period of years not to exceed the underlying term of the bonds. The determination by the authority that a related bond facility or the amendment or termination thereof is necessary or appropriate as aforesaid shall be conclusive. Any related bond facility may contain such provisions as to security, default, termination, payment, remedy, jurisdiction, and consent to service of process, and other terms and conditions as determined by the authority, after giving due consideration to the creditworthiness of the counterparty or other obligated party, including any rating by any nationally recognized rating agency, and any other criteria as may be appropriate.

(j) Bonds or any related bond facility may contain a recital that they are issued or executed, respectively, pursuant to this section, which recital shall be conclusive evidence of their validity, respectively, and the regularity of the proceedings relating thereto.

(k) No member or officer of the authority or any person executing the bonds is liable personally on the bonds or is subject to any personal liability or accountability by reason of their issuance, or is liable for any other debt or obligation of the authority.

(l) Information in any register of ownership of bonds or certificates is nonpublic data under section 13.02, subdivision 9, or private data on individuals under section 13.02, subdivision 12. The information is open only to the subject of it, except as disclosure:

(1) is necessary for the registrar, the commissioner, or the legislative auditor to perform a duty;

(2) is requested by an authorized representative of the commissioner of revenue, the attorney general, or the United States commissioner of internal revenue to determine the application of a tax; or

(3) is required under section 13.03, subdivision 4.

(m) The bonds of the authority are not subject to chapter 16C.

(n) The commissioner and any other member of the authority charged with the responsibility of issuing bonds for or on behalf of the authority, may enter into written agreements or contracts relating to the continuing disclosure of information necessary to comply with, or facilitate the issuance of bonds in accordance with, federal securities laws, rules, and regulations, including Securities and Exchange Commission rules and regulations, in Code of Federal Regulations, title 17, section 240.15c 2-12. An agreement may be in the form of covenants with purchasers and holders of bonds set forth in the order or resolution authorizing the issuance of the bonds, or a separate document authorized by the order or resolution.

Subd. 6. State not liable on bonds or related bond facilities. The state is not liable on bonds of the authority, and no bond or related bond facility shall constitute an indebtedness or an obligation of the state or any subdivision thereof, within the meaning of any constitutional or statutory limitation or provision or a charge against the general credit or taxing powers, if any, of any of them but shall be payable solely from pledged tobacco revenues. No owner of any bond or provider of any related bond facility shall have the right to compel the exercise of the taxing power of the state to pay any principal installment of, redemption premium, if any, or interest on the bonds or to make any payment due under any related bond facility. The bonds must contain on their face a statement to the effect of this subdivision.

Subd. 7. Agreement with the state. (a) The state pledges and agrees with the authority, and the owners of the bonds of the authority in which the authority has included such pledge and agreement, that the state shall: (1) irrevocably direct the transfer of all pledged tobacco revenues received by the state under and in accordance with the settlement agreement directly to the authority or its assignee; (2) diligently enforce its right to collect all moneys due from the participating manufacturers under the settlement agreement, in each case in the manner and to the extent deemed necessary in the judgment of and consistent with the discretion of the attorney general of the state, provided, however, that the sale agreement shall provide (i) that the remedies available to the authority and the bondholders for any breach of the pledges and agreements of the state set forth in this clause shall be limited to injunctive relief, and (ii) that the state shall be deemed to have diligently enforced this subdivision so long as there has been no judicial determination by a court of competent jurisdiction in this state, in an action commenced by a participating tobacco manufacturer, that the state has failed to diligently enforce this subdivision; (3) in any materially adverse way, neither amend the settlement agreement or take any other action that would (i) impair the authority's right to receive pledged tobacco revenues, or (ii) limit or alter the rights hereby vested in the authority to fulfill the terms of its agreements with the bondholders, or (iii) impair the rights and remedies of the bondholders or the security for such bonds until such bonds, together with the

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interest thereon and all costs and expenses in connection with any action or proceedings by or on behalf of the bondholders, are fully paid and discharged, provided, that nothing herein shall be construed to preclude the state's regulation of smoking, smoking cessation activities and laws, and taxation and regulation of the sale of cigarettes or the like or to restrict the right of the state to amend, modify, repeal, or otherwise alter statutes imposing or relating to the taxes; and (4) not amend, supersede, or repeal the settlement agreement or this section in any way that would materially adversely affect the amount of any payment to, or the rights to such payments of, the authority or the bondholders. This pledge and agreement may be included in the sale agreement and the authority may include this pledge and agreement in any contract with the bondholders of the authority.

(b) The provisions of this section, the bonds issued pursuant to this section, and the pledges and agreements by the state and the authority to the bondholders shall not be interpreted or construed to limit or impair the authority or discretion of the attorney general to administer and enforce provisions of the settlement agreement or to direct, control, and settle any litigation or arbitration proceeding arising from or relating to the settlement agreement.

Subd. 8. Enforcement of contract. The provisions of this section and of any resolution or proceeding authorizing the issuance of bonds or a related bond facility shall constitute a contract with the holders of the bonds or the related bond facility, and the provisions thereof shall be enforceable either by mandamus or other proceeding in any Minnesota court of competent jurisdiction in Ramsey County to enforce and compel the performance of all duties required by this section and by any resolution authorizing the issuance of bonds a related bond facility adopted in response hereto.

Subd. 9. Bonds as legal investments. Any of the following entities may legally invest any sinking funds, money, or other funds belonging to them or under their control in any bonds issued under this section: (1) the state, the investment board, public officers, municipal corporations, political subdivisions, and public bodies; (2) banks and bankers, savings and loan associations, credit unions, trust companies, savings banks and institutions, investment companies, insurance companies, insurance associations, and other persons carrying on a banking or insurance business; and (3) personal representatives, guardians, trustees, and other fiduciaries.

Subd. 10. Exemption from taxation. It is hereby determined that the creation of the authority and the carrying out of its corporate purposes are in all respects for the benefit of the people of the state and are public purposes. Accordingly, the property of the authority, its income, and its operations shall be exempt from taxation. The authority shall not be required to pay any fees, taxes, or assessments of any kind, whether state or local, including, but not limited to, fees, taxes, ad valorem taxes on real property, sales taxes or other taxes, upon or with respect to any property owned by it or under its jurisdiction, control, or supervision, or upon the uses thereof, or upon or with respect to its activities or operations in furtherance of the powers conferred upon it by this section.

Subd. 11. Report; audit. The authority shall report to the legislature and the governor by the January 15 following the end of each fiscal year. The report must include a complete operating and financial statement covering the authority's operations during the fiscal year, including amounts of income from all sources. Books and records of the authority are subject to audit by the legislative auditor in the manner prescribed for state agencies.

Subd. 12. Tobacco settlement recovery account. (a) The authority shall establish the tobacco settlement recovery account, which shall consist of three subaccounts: (1) the general tobacco subaccount, (2) the tobacco settlement revenues subaccount, and (3) the tobacco settlement residual subaccount. The authority shall deposit all moneys paid pursuant to the settlement agreement, and any other moneys as provided by law into the several subaccounts of the tobacco settlement recovery account. Money shall be deposited into the tobacco settlement revenues subaccount and the tobacco settlement residual subaccount as provided by the terms of this section, including any agreement between the state and the authority implementing the same. All other moneys available to be deposited into the tobacco settlement recovery account shall be deposited into the general tobacco subaccount. An investment made from moneys credited to a specific subaccount constitutes part of that subaccount and such subaccount shall be credited with all income from the investment of such moneys. The commissioner may invest the moneys in the several subaccounts of the tobacco settlement recovery account in the same manner, in the same types of investments, and subject to the same limitations provided in section 11A.24. Notwithstanding the foregoing, to the extent necessary to preserve the tax-exempt status of any bonds issued pursuant to this section, the interest on which is intended to be excludable from the gross income of the owners for federal income tax purposes, moneys on deposit in the tobacco settlement revenues subaccount and the tobacco settlement residual subaccount, may be invested in obligations the interest upon which is tax exempt

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under the provisions of Section 103 of the Internal Revenue Code of 1986, as now or hereafter amended, or any successor code or provision.

(b) Moneys on deposit in the tobacco settlement residual subaccount shall be transferred to the commissioner for deposit in the general fund.

(c) The amounts deposited into the tobacco settlement bond proceeds fund from the general tobacco subaccount and interest thereon are appropriated to the commissioner for payment of working capital, debt service on outstanding obligations of the general fund, the funding of debt service reserves for the bonds, each as permitted by state and federal law, nonsalary expenses incurred in conjunction with the sale of the bonds and to supplement the tobacco settlement residual subaccount to pay for appropriated obligations of the tobacco settlement recovery account for state fiscal years 2012 and 2013. The commissioner may transfer the amounts available to reduce debt service on outstanding obligations of the general fund to the state bond fund under section 16A.641.

Subd. 13. **Supplemental nature of section; construction and purpose.** The powers conferred by this section shall be in addition to and supplemental to the powers conferred by any other law, general or special, and may be exercised notwithstanding the provisions of any other such law. Insofar as the provisions of this section are inconsistent with the provisions of any other law, general or special, the provisions of this section shall be controlling.

Subd. 14. **Severability.** If any provision of this section is held invalid, such provision shall be deemed to be excised and the invalidity thereof shall not affect any of the other provisions of this section. If the application of any provision of this section to any person or circumstance is held invalid, it shall not affect the application of such provision to such persons or circumstances other than those as to which it is held invalid.