STATE OF MINNESOTA

NINETY-SECOND SESSION — 2022

NINETY-SEVENTH DAY

SAINT PAUL, MINNESOTA, WEDNESDAY, APRIL 27, 2022

The House of Representatives convened at 11:00 a.m. and was called to order by Dan Wolgamott, Speaker pro tempore.

Prayer was offered by Rabbi Marcus Rubenstein, Temple of Aaron Synagogue, St. Paul, Minnesota.

The members of the House gave the pledge of allegiance to the flag of the United States of America.

The roll was called and the following members were present:

Acomb	Davnie	Hansen, R.	Lee	Nelson, N.	Schultz
Agbaje	Demuth	Hanson, J.	Liebling	Neu Brindley	Scott
Akland	Dettmer	Hassan	Lillie	Noor	Stephenson
Albright	Drazkowski	Hausman	Lippert	Novotny	Sundin
Anderson	Ecklund	Heinrich	Lislegard	O'Driscoll	Swedzinski
Backer	Edelson	Heintzeman	Long	Olson, B.	Theis
Bahner	Elkins	Her	Lucero	Olson, L.	Thompson
Bahr	Erickson	Hertaus	Lueck	O'Neill	Torkelson
Baker	Feist	Hollins	Mariani	Pelowski	Urdahl
Becker-Finn	Fischer	Hornstein	Marquart	Petersburg	Vang
Bennett	Franke	Howard	Masin	Pfarr	Wazlawik
Berg	Franson	Huot	McDonald	Pierson	West
Bernardy	Frazier	Igo	Mekeland	Pinto	Winkler
Bierman	Frederick	Johnson	Miller	Poston	Wolgamott
Bliss	Freiberg	Jordan	Moller	Pryor	Xiong, J.
Boe	Garofalo	Jurgens	Moran	Raleigh	Xiong, T.
Boldon	Gomez	Keeler	Morrison	Rasmusson	Youakim
Burkel	Green	Kiel	Mortensen	Reyer	Spk. Hortman
Carlson	Greenman	Klevorn	Mueller	Richardson	
Christensen	Grossell	Koegel	Munson	Robbins	
Daniels	Gruenhagen	Kotyza-Witthuhn	Murphy	Sandell	
Daudt	Haley	Koznick	Nash	Sandstede	
Davids	Hamilton	Kresha	Nelson, M.	Schomacker	

A quorum was present.

Quam was excused until 1:00 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. There being no objection, further reading of the Journal was dispensed with and the Journal was approved as corrected by the Chief Clerk.

REPORTS OF CHIEF CLERK

S. F. No. 2673 and H. F. No. 4608, which had been referred to the Chief Clerk for comparison, were examined and found to be not identical.

Mariani moved that S. F. No. 2673 be substituted for H. F. No. 4608 and that the House File be indefinitely postponed. The motion prevailed.

REPORTS OF STANDING COMMITTEES AND DIVISIONS

Moran from the Committee on Ways and Means to which was referred:

H. F. No. 3872, A bill for an act relating to higher education; providing for funding and policy changes for the Office of Higher Education, the University of Minnesota, and the Minnesota State Colleges and Universities system; creating and modifying certain student aid programs; creating and modifying certain grants to institutions; modifying certain institutional licensure provisions; creating the Inclusive Higher Education Technical Assistance Center; modifying Board of Regents provisions; requiring reports; appropriating money; amending Minnesota Statutes 2020, sections 135A.15, subdivision 8, by adding a subdivision; 136A.121, subdivisions 5, 18; 136A.1701, subdivision 11; 136A.833; 137.023; 137.024; 137.0245, subdivisions 2, 3; 137.0246; Minnesota Statutes 2021 Supplement, sections 135A.137, subdivision 3; 136A.126, subdivisions 1, 4; 136A.1791, subdivision 5; 136A.91, subdivisions 1, 2; 136F.20, subdivision 4; 136F.202, subdivision 1; Laws 2021, First Special Session chapter 2, article 1, section 2, subdivision 35; article 2, section 45, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 135A; 136A; 137; repealing Minnesota Rules, part 4880.2500.

Reported the same back with the following amendments:

Page 2, line 7, delete "57,469,000" and insert "28,714,000"

Page 4, line 14, delete "29,730,000" and insert "975,000"

Page 4, delete lines 17 to 23 and insert:

"(b) This appropriation is for administrative costs related to establishing the program."

Page 5, line 5, after the period, insert "The commissioner may use no more than three percent of this appropriation to administer the program."

Page 7, line 4, delete "10,000,000" and insert "24,375,000"

Page 7, line 8, delete "9,000,000" and insert "23,375,000"

Page 7, line 9, delete "$6,000,000" and insert "$20,375,000"

Page 8, line 33, delete "32,531,000" and insert "46,911,000"

Page 9, line 4, delete "30,381,000" and insert "44,761,000"

Page 9, line 5, delete "$6,000,000" and insert "$13,880,000"

Page 9, line 14, delete "$10,000,000" and insert "$14,000,000"

Page 10, line 10, delete "$7,500,000" and insert "$10,000,000"

Page 10, line 15, delete "and"

Page 10, line 17, delete the period and insert "; and"

Page 10, after line 17, insert:

"(3) $2,500,000 is for accelerated conversion of the university's fleet vehicles to electric vehicles."

Page 11, after line 20, insert:

"Sec. 5. Laws 2021, First Special Session chapter 2, article 1, section 2, subdivision 36, is amended to read:

Subd. 36. **Fostering Independence Higher Education Grants**	238,000	3,759,000

(a) For grants to eligible students under Minnesota Statutes, section 136A.1241. Of this amount, $238,000 in the first year is for administration costs. The base for fiscal year 2024 and later is $3,761,000.

(b) Beginning in fiscal year 2023, the commissioner of the Office of Higher Education may use no more than three percent of the appropriation to administer the grants under Minnesota Statutes, section 136A.1241."

Page 20, line 25, delete "receives" and insert "is eligible to receive"

Correct the title numbers accordingly

With the recommendation that when so amended the bill be placed on the General Register.

The report was adopted.

Moran from the Committee on Ways and Means to which was referred:

H. F. No. 4355, A bill for an act relating to state government; appropriating money for the Department of Employment and Economic Development; making policy and technical changes; requiring reports; amending Minnesota Statutes 2020, sections 116J.552, subdivision 6; 116J.8747; 116J.8770; 116J.993, subdivision 3; 116L.04, subdivision 1a; 116L.17, subdivision 1; 116L.98, subdivisions 2, 3; Minnesota Statutes 2021 Supplement, sections 116J.8749; 116J.9924, subdivision 4; Laws 2021, First Special Session chapter 10, article 1, section 2, subdivision 2; Laws 2021, First Special Session chapter 14, article 11, section 42; proposing coding for new law in Minnesota Statutes, chapter 116J; repealing Minnesota Statutes 2021 Supplement, section 116J.9924, subdivision 6.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
ECONOMIC DEVELOPMENT APPROPRIATIONS

Section 1. **APPROPRIATIONS.**

The sums shown in the columns under "Appropriations" are added to the appropriations in Laws 2021, First Special Session chapter 10, or other law to the specified agencies. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2022" and "2023" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2022, or June 30, 2023, respectively. Appropriations for the fiscal year ending June 30, 2022, are effective the day following final enactment. If an appropriation in this act is enacted more than once during the 2022 regular session, the appropriation is to be given effect only once.

	APPROPRIATIONS Available for the Year Ending June 30	
	2022	**2023**
Sec. 2. **DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT**		
Subdivision 1. **Total Appropriation**	**$-0-**	**$217,097,000**

Appropriations by Fund

	2022	2023
General Fund	-0-	191,347,000
Workforce Development	-0-	25,750,000

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

Subd. 2. **Business and Community Development**	-0-	134,300,000

(a) $20,000,000 in fiscal year 2023 is for the Main Street Economic Revitalization Program under Minnesota Statutes, section 116J.8749. This is a onetime appropriation and is available until June 30, 2025.

(b) $45,000,000 in fiscal year 2023 is for deposit in the spark small business loan program account under Minnesota Statutes, section 116J.9926. Of this amount, $10,000,000 is for loans to community businesses as defined in Minnesota Statutes, section 116J.8751. Beginning in fiscal year 2024, the base amount is $3,000,000.

(c) $20,000,000 in fiscal year 2023 is for deposit in the emerging developer fund account in the special revenue fund. Of this amount, up to five percent is for the administration and monitoring of the emerging developer fund program under Minnesota Statutes, section 116J.9926. Beginning in fiscal year 2024, the base amount is $1,000,000.

(d) $7,500,000 in fiscal year 2023 is for the Canadian border counties economic relief program. This is a onetime appropriation.

(e) $35,000,000 in fiscal year 2023 is for the small business recovery grant program. This is a onetime appropriation and is available until June 30, 2024.

(f) $800,000 in fiscal year 2023 is for a grant to Enterprise Minnesota, Inc., for the small business growth acceleration program under Minnesota Statutes, section 116O.115. This is a onetime appropriation.

(g) $1,000,000 in fiscal year 2023 is for Join Us Minnesota campaign to market the state of Minnesota to businesses and potential workers. This appropriation is available until June 30, 2024. Of this amount, up to five percent is for administration and monitoring of the program. Beginning in fiscal year 2024, the base amount is $500,000.

(h) $2,000,000 in fiscal year 2023 is for a grant to the Center for Economic Inclusion for strategic, data-informed investments in job creation strategies that respond to the needs of underserved populations statewide. Of this amount, up to ten percent may be used for the center's technical assistance and administrative costs. This is a onetime appropriation.

(i)(1) $1,000,000 in fiscal year 2023 is for a grant to the Coalition of Asian American Leaders to address employment and economic disparities for Asian Minnesotan communities in response to the COVID-19 pandemic and incidents of bias by conducting and disseminating research and by providing grants, outreach, and technical assistance to Asian Minnesotan individuals, small businesses, and nonprofit organizations to navigate state programs and grants related to COVID-19 pandemic health and economic recovery challenges. This is a onetime appropriation and is available until December 31, 2024.

(2) The Coalition of Asian American Leaders must issue a report on the outcomes of the grant to the commissioner of employment and economic development by December 15, 2024.

(j) $2,000,000 in fiscal year 2023 is for a grant to Women's Foundation of Minnesota to invest in economic structures that educate, mobilize, and equip Black women with the necessary tools to build, retain, and strengthen the capacity to build generational wealth. This is a onetime appropriation.

Subd. 3. **Employment and Training Programs** -0- 52,450,000

Appropriations by Fund

General Fund	-0-	26,700,000
Workforce Development Fund	-0-	25,750,000

(a) $1,000,000 in fiscal year 2023 is for grants to organizations providing support services to new Americans in order to facilitate successful community integration and entry into the workforce. Services may include case management, job training and employment services, education programs, and legal services. Of this amount:

(1) $325,000 is for a grant to the International Institute of Minnesota;

(2) $325,000 is for a grant to the Minnesota Council of Churches;

(3) $223,000 is for a grant to Arrive Ministries; and

(4) $127,000 is for a grant to Catholic Charities of the Diocese of Winona, Inc.

This is a onetime appropriation.

(b) $750,000 in fiscal year 2023 is from the workforce development fund for a grant to the Minneapolis Park and Recreation Board's Teen Teamworks youth employment and training programs. This is a onetime appropriation and is available until spent.

(c)(1) $20,000,000 in fiscal year 2023 is from the workforce development fund for grants to Minnesota's 16 local workforce development boards for strategies identified in local Workforce Innovation and Opportunity Act plans to address Minnesota's current workforce shortages by supporting training for unemployed and underemployed Minnesotans and the earning of industry-recognized credentials to equip workers with in-demand skills. Allowable uses of money include but are not limited to helping job seekers prepare for and find jobs, providing services to employers, supporting CareerForce locations, and conducting marketing and outreach for CareerForce services. Grant money must not be used for administrative costs. Grants shall be distributed consistent with the distribution and utilization of money under federal legislation regarding job training and related services. This is a onetime appropriation and is available until expended.

(2) By January 15 of each year that grant money is used, beginning in 2023, all grant recipients shall submit a report to the governor's Workforce Development Board that details the use of grant money, including the number of businesses, job seekers, and other stakeholders served.

(d) $5,000,000 in fiscal year 2023 is from the workforce development fund for a youth technology competitive training grant program to prepare people who are Black, Indigenous, people of color, or women to meet the growing labor needs in Minnesota's technology industry. This is a onetime appropriation and money is available until June 30, 2024. Of this amount, up to five percent is for administration and monitoring of the program. Grant money must be used to:

(1) provide career education, wraparound support services, and job skills training for high school aged youth in the technology industry;

(2) increase the number of summer internship opportunities in the technology industry;

(3) support outreach activities to businesses and create pathways for employment and internships for youth in the technology industry; and

(4) increase the number of young adults employed in the technology industry and ensure that they reflect Minnesota's diverse workforce.

Programs and services supported by grant money must give priority to individuals and groups that are economically disadvantaged or historically underrepresented in the technology industry, including but not limited to women, veterans, and members of minority and immigrant groups.

(e) $470,000 in fiscal year 2023 is for activities associated with the Office for New Americans in Minnesota Statutes, section 116J.4231. Beginning in fiscal year 2024, the base amount is $500,000.

(f) $25,230,000 in fiscal year 2023 is for the targeted community capital project grant program under Minnesota Statutes, section 116J.9924. This is a onetime appropriation.

Subd. 4. **Paid Family and Medical Leave** -0- 30,347,000

(a) $30,347,000 in fiscal year 2023 is for purposes of Minnesota Statutes, chapter 268B. This is a onetime appropriation.

(b) The base for the family and medical benefit insurance account in the special revenue fund is $37,215,000 in fiscal year 2024 and $453,290,000 in fiscal year 2025.

Sec. 3. **DEPARTMENT OF LABOR AND INDUSTRY** **$-0-** **$536,000**

(a) $536,000 in fiscal year 2023 is for purposes of Minnesota Statutes, chapter 268B. This is a onetime appropriation.

(b) The base for the family and medical benefit insurance account in the special revenue fund is $436,000 in fiscal year 2024 and $559,000 in fiscal year 2025.

Sec. 4. **DEPARTMENT OF HUMAN SERVICES** **$-0-** **$1,066,000**

$1,066,000 in fiscal year 2023 is for purposes of Minnesota Statutes, chapter 268B. The base for this appropriation is $0 in fiscal year 2024 and $214,000 in fiscal year 2025.

Sec. 5. **MANAGEMENT AND BUDGET** **$-0-** **$-0-**

For purposes of Minnesota Statutes, chapter 268B, the general fund base is $1,967,000 in fiscal year 2024 and $4,103,000 in fiscal year 2025.

Sec. 6. **LEGISLATIVE COORDINATING COMMISSION** **$-0-** **$22,000**

$22,000 in fiscal year 2023 is for purposes of Minnesota Statutes, chapter 268B. The base for this appropriation is $73,000 in fiscal year 2024 and $141,000 in fiscal year 2025.

Sec. 7. **SUPREME COURT** **$-0-** **$15,000**

$15,000 in fiscal year 2023 is for purposes of Minnesota Statutes, chapter 268B. The base for this appropriation is $15,000 in fiscal year 2024 and $492,000 in fiscal year 2025.

Sec. 8. **UNIVERSITY OF MINNESOTA** **$-0-** **$-0-**

For purposes of Minnesota Statutes, chapter 268B, the general fund base is $1,686,000 in fiscal year 2025.

Sec. 9. **FAMILY AND MEDICAL BENEFITS; TRANSFER.**

$31,986,000 in fiscal year 2024 is transferred from the family and medical benefit insurance account in the special revenue fund to the general fund. This is a onetime transfer.

Sec. 10. **DUPLICATE APPROPRIATIONS GIVEN EFFECT ONCE.**

If an appropriation in this act is enacted more than once during the 2022 regular session, the appropriation is to be given effect only once.

Sec. 11. Laws 2021, First Special Session chapter 10, article 1, section 2, subdivision 2, is amended to read:

Subd. 2. **Business and Community Development**		208,015,000	~~44,741,000~~ 58,741,000

Appropriations by Fund

General	205,215,000	~~41,941,000~~ 55,941,000
Remediation	700,000	700,000
Workforce Development	2,100,000	2,100,000

(a) $1,787,000 each year is for the greater Minnesota business development public infrastructure grant program under Minnesota Statutes, section 116J.431. This appropriation is available until June 30, 2025.

(b) $8,425,000 in the first year and ~~$1,425,000~~ $6,425,000 in the second year are for the small business partnership grant program formerly known as the business development competitive grant program. Of this amount, up to five percent is for administration and monitoring of the ~~business development competitive grant~~ program and $7,000,000 in the first year ~~is~~ and $5,000,000 in the second year are for technical assistance to small businesses. Funding for technical assistance to small businesses in the second year shall be divided proportionately between program grantees from the first year. Except for awards for technical assistance for small businesses, all grant awards shall be for two consecutive years~~. Grants~~ and shall be awarded in the first year. The small business partnership grant program shall also provide business development assistance and services to commercial cooperatives, employee-owned businesses, and commercial land trusts. Beginning in fiscal year 2024, the base amount is $4,925,000 of which $1,500,000 is for technical assistance to small businesses participating in the spark small business loan program under Minnesota Statutes, section 116J.8751.

(c) $1,772,000 each year is for contaminated site cleanup and development grants under Minnesota Statutes, sections 116J.551 to 116J.558. This appropriation is available until expended.

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

(e) $139,000 each year is for the Center for Rural Policy and Development.

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

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

(h)(1) $2,500,000 ~~each year is~~ the first year and $6,500,000 the second year are for grants to local communities to increase the number of quality child care providers to support economic development. This appropriation is available through June 30, 2023. Fifty percent of grant funds must go to communities located outside the seven-county metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2. In fiscal year 2024 and beyond, the base amount is $1,500,000.

(2) Grant recipients must obtain a 50 percent nonstate match to grant funds in either cash or in-kind contribution, unless the commissioner waives the requirement. Grant funds available under this subdivision must be used to implement projects to reduce the child care shortage in the state, including but not limited to funding for child care business start-ups or expansion, training, facility modifications, direct subsidies or incentives to retain employees, or improvements required for licensing, and assistance with licensing and other regulatory requirements. In awarding grants, the commissioner must give priority to communities that have demonstrated a shortage of child care providers.

(3) Within one year of receiving grant funds, grant recipients must report to the commissioner on the outcomes of the grant program, including but not limited to the number of new providers, the number of additional child care provider jobs created, the number of additional child care slots, and the amount of cash and in-kind local funds invested. Within one month of all grant recipients reporting on program outcomes, the commissioner must report the grant recipients' outcomes to the chairs and ranking members of the legislative committees with jurisdiction over early learning and child care and economic development.

(i) $1,500,000 each year is for a grant to the Minnesota Initiative Foundations. This appropriation is available until June 30, 2025. In fiscal year 2024 and beyond, the base amount is $1,000,000. The Minnesota Initiative Foundations must use grant funds under this section to:

(1) facilitate planning processes for rural communities resulting in a community solution action plan that guides decision making to sustain and increase the supply of quality child care in the region to support economic development;

(2) engage the private sector to invest local resources to support the community solution action plan and ensure quality child care is a vital component of additional regional economic development planning processes;

(3) provide locally based training and technical assistance to rural child care business owners individually or through a learning cohort. Access to financial and business development assistance must prepare child care businesses for quality engagement and improvement by stabilizing operations, leveraging funding from other sources, and fostering business acumen that allows child care businesses to plan for and afford the cost of providing quality child care; and

(4) recruit child care programs to participate in quality rating and improvement measurement programs. The Minnesota Initiative Foundations must work with local partners to provide low-cost training, professional development opportunities, and continuing education curricula. The Minnesota Initiative Foundations must fund, through local partners, an enhanced level of coaching to rural child care providers to obtain a quality rating through measurement programs.

The Minnesota Initiative Foundations are authorized to subgrant their allocation to partner organizations who are assisting in their child care work.

(j) $8,000,000 each year is for the Minnesota job creation fund under Minnesota Statutes, section 116J.8748. Of this amount, the commissioner of employment and economic development may use up to three percent for administrative expenses. This appropriation is available until expended.

(k) $10,029,000 the first year and $10,028,000 the second year are for the Minnesota investment fund under Minnesota Statutes, section 116J.8731. Of this amount, the commissioner of employment and economic development may use up to three percent for administration and monitoring of the program. In fiscal year 2024 and beyond, the base amount is $12,370,000. This appropriation is available until expended. Notwithstanding Minnesota Statutes, section 116J.8731, money appropriated to the commissioner for the Minnesota investment fund may be used for the redevelopment program under Minnesota Statutes, sections 116J.575 and 116J.5761, at the discretion of the commissioner. Grants under this paragraph are not subject to the grant amount limitation under Minnesota Statutes, section 116J.8731.

(l) ~~$0 each~~ $5,000,000 in the second year is for the redevelopment program under Minnesota Statutes, sections ~~116J.575~~ 116J.571 and 116J.5761. This appropriation is available until spent. In fiscal year 2024 and beyond, the base amount is ~~$2,246,000~~ $3,496,000.

(2) For funding in fiscal year 2023, the commissioner shall prioritize applications from development authorities located in low-income areas, defined as:

(i) a census tract that has a poverty rate of at least 20 percent, as reported by the United States Bureau of the Census in the most recent American Community Survey;

(ii) a qualified census tract, as defined under United States Code, title 26, section 42; or

(iii) a census tract, city, township, or county in which ten percent of the population have an annual income of 200 percent or less of the federal poverty level.

(3) Notwithstanding any other law to the contrary, no local matching funds are required from development authorities located in low-income areas in fiscal year 2023 and state funds may be used for 100 percent of the cost of the projects.

(m) $1,000,000 each year is for the Minnesota emerging entrepreneur loan program under Minnesota Statutes, section 116M.18. Funds available under this paragraph are for transfer into the emerging entrepreneur program special revenue fund account created under Minnesota Statutes, chapter 116M, and are available until expended. Of this amount, up to four percent is for administration and monitoring of the program.

(n) $325,000 each year is for the Minnesota Film and TV Board. The appropriation in each year is available only upon receipt by the board of $1 in matching contributions of money or in-kind contributions from nonstate sources for every $3 provided by this appropriation, except that each year up to $50,000 is available on July 1 even if the required matching contribution has not been received by that date.

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

(p) $500,000 each year is for a grant to the Minnesota Film and TV Board for the film production jobs program under Minnesota Statutes, section 116U.26. This appropriation is available until June 30, 2025.

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

(r) $1,350,000 each year from the workforce development fund is for jobs training grants under Minnesota Statutes, section 116L.41.

(s) $2,500,000 each year is for Launch Minnesota. This appropriation is available until June 30, 2025. The base in fiscal year 2026 is $0. Of this amount:

(1) $1,500,000 each year is for innovation grants to eligible Minnesota entrepreneurs or start-up businesses to assist with their operating needs;

(2) $500,000 each year is for administration of Launch Minnesota; and

(3) $500,000 each year is for grantee activities at Launch Minnesota.

(t) $1,148,000 the first year is for a grant to the Northeast Entrepreneur Fund, a small business administration microlender and community development financial institution operating in northern Minnesota. Grant funds must be used as capital for accessing additional federal lending for small businesses impacted by COVID-19 and must be returned to the commissioner for deposit in the general fund if the Northeast Entrepreneur Fund fails to secure such federal funds before January 1, 2022.

(u) $80,000,000 the first year is for the Main Street Economic Revitalization Loan Program. Of this amount, up to $300,000 is for the commissioner's administration and monitoring of the program. This appropriation is available until June 30, 2025.

(v) $70,000,000 the first year is for the Main Street COVID-19 Relief Grant Program. Of this amount, up to:

(1) $34,950,000 is for grants to the Minnesota Initiative Foundations to serve businesses outside of the metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2;

(2) $34,950,000 is for grants to partner organizations to serve businesses inside the metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2; and

(3) $100,000 is for the commissioner's administration and monitoring of the program.

(w) $250,000 each year is for the publication, dissemination, and use of labor market information under Minnesota Statutes, section 116J.401.

(x) $500,000 each year is for the airport infrastructure renewal (AIR) grant program under Minnesota Statutes, section 116J.439. In awarding grants with this appropriation, the commissioner must

prioritize eligible applicants that did not receive a grant pursuant to the appropriation in Laws 2019, First Special Session chapter 7, article 1, section 2, subdivision 2, paragraph (q).

(y) $750,000 each year is from the workforce development fund for grants to the Neighborhood Development Center for small business programs, including:

(1) training, lending, and business services;

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

(3) development of new business incubators.

This is a onetime appropriation.

(z) $5,000,000 in the first year is for a grant to Lake of the Woods County for the forgivable loan program for remote recreational businesses. This appropriation is available until April 1, 2022.

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

Sec. 12. Laws 2021, First Special Session chapter 14, article 11, section 42, is amended to read:

Sec. 42. **APPROPRIATION; MEAT PROCESSING BUSINESSES IN REDEVELOPMENT AREA.**

Of an appropriation in fiscal year 2022 for the targeted community capital project grant program under Minnesota Statutes, section 116J.9924, the commissioner of employment and economic development must grant $6,000,000 ~~for one or more grants to any business engaged in the meat processing industry and currently conducting operations in a building or buildings constructed on or before January 1, 1947, and located in a city of the second class that was designated as a redevelopment area by the United States Department of Commerce under the Public Works and Economic Development Act of 1965, Public Law 89-136, title IV, section 401(a)(4). This appropriation includes: site acquisition costs; relocation costs; predesign; design; sewer, water, and stormwater infrastructure; site preparation; engineering; and the cost of improvements to real property locally zoned to allow a meat processing land use that are incurred by any qualified business under this section. A grantee under this section must work in consultation with a local government unit with jurisdiction over the area where the property is located on activities funded by the grant. This is a onetime appropriation. A grant issued under this section is not subject to the grant requirements under Minnesota Statutes, section 116J.9924.~~ to the city of South St. Paul for economic development, redevelopment, and job creation and retention programs and projects. This grant is not subject to the requirements under Minnesota Statutes, chapter 116J.

Sec. 13. **CANCELLATION AND APPROPRIATION.**

(a) All unspent money, estimated to be $889,000, appropriated under Laws 2015, First Special Session chapter 1, article 1, section 2, subdivision 2, paragraphs (k) and (l), is canceled to the general fund.

(b) All money canceled under paragraph (a) is appropriated in fiscal year 2023 to the commissioner of employment and economic development for the targeted community capital project grant program under Minnesota Statutes, section 116J.9924. This is a onetime appropriation.

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

ARTICLE 2
ECONOMIC DEVELOPMENT POLICY

Section 1. **[116J.015] REVIEW OF REPORT MANDATES.**

The commissioner of employment and economic development shall annually create a list of reports that were mandated by law at least three years prior to the date of the list and that no longer serve a useful purpose. This list, along with suggested legislation for eliminating the listed reports, shall be submitted no later than January 15 each year, beginning in 2023, to the legislative committees with jurisdiction over employment and economic development for the consideration of the legislature.

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

Sec. 2. **[116J.4231] OFFICE OF NEW AMERICANS.**

Subdivision 1. **Office established; purpose.** (a) The Office of New Americans is established within the Department of Employment and Economic Development. The governor must appoint an executive director who serves in the unclassified service. The executive director must hire a program manager and an office assistant, as well as any staff necessary to carry out the office's duties under subdivision 2.

(b) The purpose of the office is to serve immigrants and refugees in Minnesota by:

(1) addressing challenges that face immigrants and refugees in Minnesota, and creating access in economic development and workforce programs and services;

(2) providing interstate agency coordination, policy reviews, and guidance that assist in creating access to immigrants and refugees.

Subd. 2. **Duties.** (a) The office has the duty to:

(1) create and implement a statewide strategy to support immigrant and refugee integration into Minnesota communities;

(2) address the state's workforce needs by connecting employers and job seekers within the immigrant and refugee community;

(3) identify strategies to reduce employment barriers for immigrants and refugees;

(4) ensure equitable opportunities and access to services within state government for immigrants and refugees;

(5) work with state agencies and community and foundation partners to undertake studies and research and analyze economic and demographic trends to better understand and serve the state's immigrant and refugee communities;

(6) coordinate and establish best practices for language access initiatives to all state agencies;

(7) convene stakeholders and make policy recommendations to the governor on issues impacting immigrants and refugees;

(8) promulgate rules necessary to implement and effectuate this section;

(9) provide an annual report, as required by subdivision 3;

(10) perform any other activities consistent with the office's purpose.

Subd. 3. **Reporting.** (a) Beginning January 15, 2024, and each year thereafter, the Office of New Americans shall report to the legislative committees with jurisdiction over the office's activities during the previous year.

(b) The report shall contain, at a minimum:

(1) a summary of the office's activities;

(2) suggested policies, incentives, and legislation designed to accelerate the achievement of the duties under subdivision 2;

(3) any proposed legislative and policy initiatives;

(4) the amount and types of grants awarded under subdivision 6; and

(5) any other information deemed necessary and requested by the legislative committees with jurisdiction over the office.

(c) The report may be submitted electronically and is subject to section 3.195, subdivision 1.

Subd. 4. **Interdepartmental Coordinating Council on Immigrant and Refugee Affairs.** (a) An interdepartmental Coordinating Council on Immigrant and Refugee Affairs is established to advise the Office of New Americans.

(b) The purpose of the council is to identify and establish ways in which state departments and agencies can work together to deliver state programs and services effectively and efficiently to Minnesota's immigrant and refugee populations. The council shall implement policies, procedures, and programs requested by the governor through the state departments and offices.

(c) The council shall be chaired by the executive director of the Office of New Americans and shall be comprised of the commissioners, department directors, or designees, from the following state departments and offices:

(1) the governor's office;

(2) the Department of Administration;

(3) the Department of Employment and Economic Development;

(4) the Department of Human Services;

(5) the Department of Human Services Resettlement Program Office;

(6) the Department of Labor and Industry;

(7) the Department of Health;

(8) the Department of Education;

(9) the Office of Higher Education;

(10) the Department of Public Safety;

(11) the Department of Corrections; and

(12) the Office of New Americans.

(d) Each department or office serving as a member of the council shall designate one staff member as an immigrant and refugee services liaison. The liaisons' responsibilities shall include:

(1) preparation and dissemination of information and services available to immigrants and refugees;

(2) interfacing with the Office of New Americans on issues that impact immigrants and refugees and their communities; and

(3) where applicable, serving as the point of contact for immigrants and refugees accessing resources both within the department and with boards charged with oversight of a profession.

Subd. 5. **No right of action.** Nothing in this section shall be construed to create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the state; its departments, agencies, or entities; its officers, employees, or agents; or any other person.

Subd. 6. **Grants.** Within the limits of available appropriations, the office may apply for grants for interested state agencies, community partners, and stakeholders under this section to carry out the duties under subdivision 2.

Sec. 3. Minnesota Statutes 2020, section 116J.552, subdivision 6, is amended to read:

Subd. 6. **Municipality.** "Municipality" means the statutory or home rule charter city, town, federally recognized Tribe, or, in the case of unorganized territory, the county in which the site is located.

Sec. 4. Minnesota Statutes 2020, section 116J.8747, is amended to read:

116J.8747 JOB TRAINING PROGRAM GRANT.

Subdivision 1. **Grant allowed.** The commissioner may provide a grant to a qualified job training program from money appropriated for the purposes of this section as follows:

~~(1) an $11,000 placement grant paid to a job training program upon placement in employment of a qualified graduate of the program; and~~

~~(2) an $11,000 retention grant paid to a job training program upon retention in employment of a qualified graduate of the program for at least one year.~~

(1) up to ten percent of the appropriation may be allocated for administrative expenses by the program;

(2) up to 20 percent of the appropriation may be allocated for direct service expenses by the program;

(3) a placement grant paid to a job training program upon placement in employment of a qualified graduate of the job training program as follows:

(i) $2,500 for placement in part-time employment (20 hours a week or more) of at least 150 percent of the state minimum wage hourly;

(ii) $2,500 for placement in full-time employment (32 hours a week or more) at the state minimum wage but below 150 percent of the state minimum wage hourly; and

(iii) $5,000 for placement in full-time employment (32 hours a week or more) of at least 150 percent of the state minimum wage hourly; and

(4) a retention grant paid to a job training program upon retention in employment of a qualified graduate of the job training program for at least one year as follows:

(i) $5,000 for one year of retained part-time employment (20 hours a week or more) of at least 150 percent of the state minimum wage;

(ii) $5,000 for one year of retained full-time employment (32 hours a week or more) at the state minimum wage but below 150 percent of the state minimum wage; and

(iii) $10,000 for one year of retained full-time employment (32 hours a week or more) of at least 150 percent of the state minimum wage hourly.

Subd. 2. **Qualified job training program.** To qualify for grants under this section, a job training program must satisfy the following requirements:

(1) the program must be operated by a nonprofit corporation that qualifies under section 501(c)(3) of the Internal Revenue Code;

(2) the program may spend up to $5,500 in total training per participant;

(3) the program must provide education and training in:

(i) basic skills, such as reading, writing, financial literacy, digital literacy, mathematics, and communications;

(ii) long-term plans for success including participant coaching for two years after placement;

(iii) soft skills, including skills critical to success on the job; and

(iv) access to internships, technology training, personal and emotional intelligence skill development, and other support services;

(4) the program may provide ~~income supplements not to exceed $2,000 per participant~~ support services, when needed, to participants for housing, counseling, tuition, and other basic needs;

(5) individuals served by the program must be 18 years of age or older as of the date of enrollment, and have household income in the six months immediately before entering the program that is 200 percent or less of the federal poverty guideline for Minnesota, based on family size; and

(6) the program must be certified by the commissioner of employment and economic development, or the commissioner's designee, as meeting the requirements of this subdivision.

Subd. 3. **~~Graduation and retention grant~~ Employment requirements.** ~~For purposes of a placement grant under this section, a qualified graduate is a graduate of a job training program qualifying under subdivision 2 who is placed in a job in Minnesota that pays at least the current state minimum wage. To qualify for a retention grant under this section for a retention fee, a job in which the graduate is retained must pay at least the current state~~

~~minimum wage.~~ (a) For employment to qualify under subdivision 1, the employment must be permanent, unsubsidized, private or public sector employment, eligible for unemployment insurance under section 268.035, or otherwise eligible for unemployment insurance under section 268.035 if hours were above 32 per week.

(b) Programs are limited to one placement and one retention payment for a qualified graduate in a performance program within the two years following a placement or retention payment made under this section.

Subd. 4. **Duties of program.** (a) A program certified by the commissioner under subdivision 2 must comply with the requirements of this subdivision.

(b) A program must maintain and provide upon request records for each qualified graduate in compliance with state record retention requirements. The records must include information sufficient to verify the graduate's eligibility under this section, identify the employer, and describe the job including its compensation rate ~~and~~, benefits, and average hours per week.

(c) A program is subject to the reporting requirements under section 116L.98.

Sec. 5. Minnesota Statutes 2021 Supplement, section 116J.8749, is amended to read:

116J.8749 MAIN STREET ECONOMIC REVITALIZATION PROGRAM.

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

(b) "Borrower" means an eligible recipient receiving a loan guaranteed or capitalized under this section.

(c) "Capitalized loan" means a loan for which the state provides up to 20 percent of the loan funding with the state funds payment subordinate in the event of default.

~~(c)~~ (d) "Commissioner" means the commissioner of employment and economic development.

~~(d)~~ (e) "Eligible project" means the development, redevelopment, demolition, site preparation, predesign, design, engineering, repair, or renovation of real property or capital improvements. Eligible projects must be designed to address the greatest economic development and redevelopment needs that have arisen in the community surrounding that real property since March 15, 2020. Eligible project includes but is not limited to the construction of buildings, infrastructure, and related site amenities, landscaping, or street-scaping. Eligible project does not include the purchase of real estate or business operations or business operating expenses, such as inventory, wages, or working capital.

~~(e)~~ (f) "Eligible recipient" means a:

(1) business;

(2) nonprofit organization; or

(3) developer

that is seeking funding to complete an eligible project. Eligible recipient does not include a partner organization or a local unit of government.

~~(f)~~ (g) "Guaranteed loan" means a loan guaranteed by the state for 80 percent of the loan amount for a maximum period of 15 years from the origination of the loan.

~~(g)~~ (h) "Leveraged grant" means a grant that is matched by the eligible recipient's commitment to the eligible project of nonstate funds at a level of 200 percent of the grant amount. The nonstate match may include but is not limited to funds contributed by a partner organization and insurance proceeds.

~~(h)~~ (i) "Loan guarantee trust fund" means a dedicated account established under this section for the purpose of compensation for defaulted loan guarantees.

(j) "Low-income area" means a census tract that has a poverty rate of at least 20 percent as reported in the most recently completed decennial census published by the United States Bureau of the Census.

~~(i)~~ (k) "Partner organizations" or "partners" means:

(1) foundations engaged in economic development;

(2) community development financial institutions; and

(3) community development corporations.

~~(j)~~ (l) "Program" means the Main Street Economic Revitalization Program under this section.

~~(k)~~ (m) "Subordinated loan" means a loan secured by a lien that is lower in priority than one or more specified other liens.

Subd. 2. **Establishment.** The commissioner shall establish the Main Street Economic Revitalization Program to make grants to partner organizations to fund leveraged grants, capitalized loans, and guaranteed loans to specific named eligible recipients for eligible projects that are designed to address the greatest economic development and redevelopment needs that have arisen in the surrounding community since March 15, 2020.

Subd. 3. **Grants to partner organizations.** (a) The commissioner shall make grants to partner organizations to provide leveraged grants, capitalized loans, and guaranteed loans to eligible recipients using criteria, forms, applications, and reporting requirements developed by the commissioner.

(b) To be eligible for a grant, a partner organization must:

(1) outline a plan to provide leveraged grants, capitalized loans, and guaranteed loans to eligible recipients for specific eligible projects that represent the greatest economic development and redevelopment needs in the surrounding community. This plan must include an analysis of the economic impact of the eligible projects the partner organization proposes to make these investments in;

(2) establish a process of ensuring there are no conflicts of interest in determining awards under the program; and

(3) demonstrate that the partner organization has raised funds for the specific purposes of this program to commit to the proposed eligible projects or will do so within the 15-month period following the encumbrance of funds. Existing assets and state or federal funds may not be used to meet this requirement.

(c) Grants shall be made in up to three rounds:

(1) a first round with an application date before September 1, 2021, during which no more than 50 percent of available funds will be granted;

(2) a second round with an application date after September 1, 2021, but before March 1, 2022; and

(3) a third round with an application date after June 30, 2023, if any funds remain after the first two rounds.

A partner may apply in multiple rounds for projects that were not funded in earlier rounds or for new projects.

(d) Up to four percent of a grant under this subdivision may be used by the partner organization for administration and monitoring of the program.

Subd. 4. **Award criteria.** In awarding grants under this section, the commissioner shall give funding preference to applications that:

(1) have the greatest regional economic impact under subdivision 3, paragraph (b), clause (1), particularly with regard to increasing the local tax base; and

(2) have the greatest portion of the estimated cost of the eligible projects met through nonstate funds.

Subd. 5. **Leveraged grants to eligible recipients.** (a) A leveraged grant to an eligible recipient shall be for no more than $750,000.

(b) A leveraged grant may be used to finance no more than 30 percent of an eligible project.

(c) An eligible project must have secured commitments for all required matching funds and all required development approvals before a leveraged grant may be distributed.

(d) The commissioner may waive the matching fund requirement for projects located in low-income areas.

Subd. 6. **Capitalized and guaranteed loans to eligible recipients.** (a) A capitalized or guaranteed loan to an eligible recipient must:

(1) be for no more than $2,000,000; and

(2) be for a term of no more than 15 years~~; and~~.

~~(3)~~ (b) All capitalized loans shall comply with the terms under subdivision 6a and all guaranteed loans shall comply with the terms under subdivision 7.

~~(b)~~ (c) An eligible project must have all required development approvals before a capitalized or guaranteed loan may be distributed.

(d) Upon origination of a capitalized loan, the commissioner shall authorize disbursement of up to 20 percent of the loan amount to the partner organization.

~~(c)~~ (e) Upon origination of a guaranteed loan, the commissioner must reserve ten percent of the loan amount into the loan guarantee trust fund created under subdivision 8.

~~(d)~~ (f) No capitalized or guaranteed loan may be made to an eligible recipient after December 31, 2024.

Subd. 6a. **Required terms for capitalized loans.** For a capitalized loan under the program:

(1) principal and interest payments made by the borrower under the terms of the loan shall be allocated first to the nonstate portion of the loan and second to the state portion of the loan;

(2) the partner organization shall not accelerate repayment of the loan or exercise other remedies if the borrower defaults, unless:

(i) the borrower fails to make a required payment of principal or interest within 60 days of the due date; or

(ii) the commissioner consents in writing;

(3) the partner organization must timely prepare and deliver to the commissioner, annually by the date specified in the loan agreement, an audited or reviewed financial statement for the loan, prepared by a certified public accountant according to generally accepted accounting principles, if available, and documentation that the borrower used the loan proceeds solely for an eligible project;

(4) the commissioner shall have access to loan documents at any time subsequent to the loan documents being submitted to the partner organization;

(5) the partner organization must maintain adequate records and documents concerning the loan so that the commissioner may determine the borrower's financial condition and compliance with program requirements;

(6) the state portion of the loan may be subordinate to other loans made by lenders in the overall financing package; and

(7) repayments of the state portion of the loan may be retained by the partner organization for capitalizing additional redevelopment projects.

Subd. 7. **Required terms for guaranteed loans.** For a guaranteed loan under the program:

(1) principal and interest payments made by the borrower under the terms of the loan are to reduce the guaranteed and nonguaranteed portion of the loan on a proportionate basis. The nonguaranteed portion shall not receive preferential treatment over the guaranteed portion;

(2) the partner organization shall not accelerate repayment of the loan or exercise other remedies if the borrower defaults, unless:

(i) the borrower fails to make a required payment of principal or interest within 60 days of the due date; or

(ii) the commissioner consents in writing;

(3) in the event of a default, the partner organization may not make a demand for payment pursuant to the guarantee unless the commissioner agrees in writing that the default has materially affected the rights or security of the parties;

(4) the partner organization must timely prepare and deliver to the commissioner, annually by the date specified in the loan guarantee, an audited or reviewed financial statement for the loan, prepared by a certified public accountant according to generally accepted accounting principles, if available, and documentation that the borrower used the loan proceeds solely for an eligible project;

(5) the commissioner shall have access to loan documents at any time subsequent to the loan documents being submitted to the partner organization;

(6) the partner organization must maintain adequate records and documents concerning the loan so that the commissioner may determine the borrower's financial condition and compliance with program requirements;

(7) orderly liquidation of collateral securing the loan must be provided for in the event of default, pursuant to the loan guarantee; and

(8) the guaranteed portion of the loan may be subordinate to other loans made by lenders in the overall financing package.

Subd. 8. **Loan guarantee trust fund established.** A loan guarantee trust fund account in the special revenue fund is created in the state treasury to pay for defaulted loan guarantees. The commissioner shall administer this account. The day that this section expires, all remaining funds in the account are canceled to the general fund.

Subd. 9. **Statewide program.** In proportion to eligible demand, leveraged grants, capitalized loans, and guaranteed loans under this section shall be made so that an approximately equal dollar amount of leveraged grants, capitalized loans, and guaranteed loans are made to businesses in the metropolitan area as in the nonmetropolitan area, not to exceed 65 percent in any one area. After June 30, 2023, the department may allow leveraged grants, capitalized loans, and guaranteed loans to be made anywhere in the state without regard to geographic area.

Subd. 10. **Exemptions.** All grants and grant-making processes under this section are exempt from Minnesota Statutes, sections 16A.15, subdivision 3; 16B.97; and 16B.98, subdivisions 5, 7, and 8. The commissioner must audit the use of funds under this section in accordance with standard accounting practices. The exemptions under this subdivision expire on December 31, 2023.

Subd. 11. **Reports.** (a) By January 31, 2022, and annually until December 31, 2026, after which biennial reporting will be permitted after the commissioner consults with the legislature, partner organizations participating in the program must provide a report to the commissioner that includes descriptions of the eligible projects supported by the program, the type and amount of support provided, any economic development gains attributable to the support, and an explanation of administrative expenses.

(b) By February 15, 2022, and annually until December 31, 2026, after which biennial reporting will be permitted after the commissioner consults with the legislature, the commissioner must report to the legislative committees in the house of representatives and senate with jurisdiction over economic development about funding provided under this program based on the information received under paragraph (a) and about the performance of the loan guarantee trust fund.

Subd. 12. **Expiration.** This section expires December 31, 2036.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2021.

Sec. 6. **[116J.8751] SPARK SMALL BUSINESS LOAN PROGRAM.**

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

(b) "Account" means the spark small business loan program account created under subdivision 5.

(c) "Commissioner" means the commissioner of employment and economic development.

(d) "Community business" means a cooperative, an employee-owned business, or a commercial land trust that is at least 51 percent owned by individuals from targeted groups.

(e) "Immigrant" means a lawful permanent resident who has been in the United States for a maximum of seven years at the time of application.

(f) "Partner organization" means a community development financial institution or nonprofit corporation.

(g) "Program" means the spark small business loan program established under this section.

(h) "Targeted groups" means people who are Black, Indigenous, People of Color, immigrants, low income, women, veterans, or people with disabilities.

Subd. 2. **Establishment.** The spark small business loan program is established to award grants to partner organizations to fund loans statewide to businesses that employ the equivalent of 50 full-time workers or less, to encourage private investment, provide jobs, create and strengthen business enterprises, and promote economic development.

Subd. 3. **Grants to partner organizations.** (a) The commissioner shall award grants to partner organizations through a competitive grant process where applicants apply using a form designed by the commissioner. In evaluating applications, the commissioner must consider, among other things, whether the applicant:

(1) has a board of directors that includes citizens experienced in business and community development and creating jobs;

(2) has the technical skills to analyze projects;

(3) is familiar with other available public and private funding sources and economic development programs;

(4) can initiate and implement economic development projects;

(5) can establish and administer a revolving loan account or has operated a revolving loan account; and

(6) can work with job referral networks.

(b) The commissioner shall ensure that, to the extent there is sufficient eligible demand, loans are made to businesses inside and outside the metropolitan area, as defined in section 473.121, subdivision 2, in a manner approximating each region's proportion of the state population. After March 31 of each fiscal year, the commissioner may allow loans to be made anywhere in the state without regard to geographic area.

(c) Partner organizations that receive grants under this subdivision may use up to ten percent of the award for administrative expenses, including providing specialized technical and legal assistance, either directly or through partnership with nonprofit organizations, to businesses eligible to apply for loans under this program.

(d) The commissioner shall review existing agreements with partner organizations every five years and may renew or terminate the agreement based on that review. In making the review, the commissioner shall consider, among other criteria, the criteria in paragraph (a).

Subd. 4. **Loans to businesses.** (a) A partner organization that receives a grant under subdivision 3 shall establish a plan for making loans to businesses. The plan requires approval by the commissioner.

(b) Under the plan:

(1) the partner organization shall establish a commissioner-certified revolving loan fund for the purpose of making loans to businesses;

(2) loans shall be for projects that are unlikely to be undertaken unless a loan is received under the program;

(3) a partner organization may not make a loan to a project in which it has an ownership interest;

(4) the state contribution to each loan shall be no less than $5,000 and no more than:

(i) $35,000 if the loan is for a retail development project;

(ii) $600,000 if the loan is for a community business; and

(iii) $150,000 for all other loans;

(5) the interest rate on a loan shall not be higher than the Wall Street Journal prime rate and may be zero;

(6) loans shall be for a maximum term of seven years;

(7) the partner organization may charge a loan origination fee of no more than one percent of the loan value and may retain that origination fee;

(8) a loan application given preliminary approval by the partner organization must be forwarded to the commissioner for final approval;

(9) repayments may be deferred for up to one year if justified by the project proposed and approved by the commissioner;

(10) all repayments of interest on loans shall be deposited in the partner organization's revolving loan fund for use in making further loans consistent with this section;

(11) all repayments of loan principal must be paid to the commissioner for deposit in the spark small business loan program account; and

(12) up to ten percent of a loan's principal amount may be forgiven if the commissioner approves and the borrower has met lender criteria, including being current with all payments.

Subd. 5. **Creation of account.** A spark small business loan program account is created in the special revenue fund in the state treasury. Money in the account is appropriated to the commissioner for the grants under this section. Annually, the commissioner may use an amount equal to no more than four percent of the value of grants made in the previous year for the administrative costs of the program. In fiscal year 2023, the commissioner may use $500,000 for administration. Notwithstanding section 16A.28, money deposited in the account from any source is available until expended.

Subd. 6. **Reporting requirements.** (a) A partner organization that receives a grant shall:

(1) submit an annual report to the commissioner by February 15 of each year, beginning in 2024, that includes a description of businesses supported by the program, an account of loans made during the calendar year, the program's impact on business enterprises and job creation, the source and amount of money collected and distributed by the program, the program's assets and liabilities, and an explanation of administrative expenses; and

(2) provide for an independent annual audit to be performed in accordance with generally accepted accounting practices and auditing standards and submit a copy of each annual audit report to the commissioner.

(b) By March 1 of each year, beginning in 2024, the commissioner shall submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over economic development on program outcomes, including copies of all reports and audits received under paragraph (a).

Sec. 7. Minnesota Statutes 2020, section 116J.8770, is amended to read:

116J.8770 EQUITY INVESTMENTS.

The commissioner may invest funds from the capital access account to make equity investments in ~~community development~~ early stage and venture capital funds for the purpose of providing capital for small and emerging businesses. The ~~community development~~ early stage and venture capital fund must have experience in equity investments with small businesses and the ability to raise private capital.

Sec. 8. Minnesota Statutes 2021 Supplement, section 116J.9924, subdivision 4, is amended to read:

Subd. 4. **Grant amount; project phasing.** (a) The commissioner shall award grants in an amount not to exceed ~~$1,500,000~~ $3,000,000 per grant.

(b) A grant awarded under this section must be no less than the amount required to complete one or more phases of the project, less any nonstate funds already committed for such activities.

Sec. 9. **[116J.9926] EMERGING DEVELOPER FUND PROGRAM.**

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

(b) "Commissioner" means the commissioner of employment and economic development.

(c) "Disadvantaged community" means a community where the median household income is less than 80 percent of the area median income.

(d) "Eligible project" means a project that is based in Minnesota and meets one or more of the following criteria:

(1) it will stimulate community stabilization or revitalization;

(2) it will be located within a census tract identified as a disadvantaged community or low-income community;

(3) it will directly benefit residents of a low-income household;

(4) it will increase the supply and improve the condition of affordable housing and homeownership;

(5) it will support the growth needs of new and existing community-based enterprises that promote economic stability or improve the supply or quality of job opportunities; or

(6) it will promote wealth creation, including by being a project in a neighborhood traditionally not served by real estate developers.

(e) "Emerging developer" means a developer who:

(1) has limited access to loans from traditional financial institutions; or

(2) is a new or smaller developer who has engaged in educational training in real estate development; and

(3) is either a:

(i) minority as defined in section 116M.14, subdivision 6;

(ii) woman;

(iii) person with a disability, as defined in section 116M.14, subdivision 9; or

(iv) low-income person.

(f) "Low-income person" means a person who:

(1) has a household income at or below 200 percent of the federal poverty level; or

(2) has a family income that does not exceed 60 percent of the area median income as determined by the United States Department of Housing and Urban Development.

(g) "Partner organization" means a community development financial institution or a similarly qualified nonprofit corporation, as determined by the commissioner.

(h) "Program" means the emerging developer fund program created under this section.

Subd. 2. **Establishment.** The commissioner shall establish an emerging developer fund program to make grants to partner organizations to make loans to emerging developers for eligible projects to transform neighborhoods statewide and promote economic development and the creation and retention of jobs in Minnesota. The program must also reduce racial and socioeconomic disparities by growing the financial capacity of emerging developers.

Subd. 3. **Grants to partner organizations.** (a) The commissioner shall design a competitive process to award grants to partner organizations to make loans to emerging developers under subdivision 4.

(b) A partner organization may use up to ten percent of grant funds for the administrative costs of the program.

Subd. 4. **Loans to emerging developers.** (a) Through the program, partner organizations shall offer emerging developers predevelopment, construction, and bridge loans for eligible projects according to a plan submitted to and approved by the commissioner.

(b) Predevelopment loans must be for no more than $50,000. All other types of loans must be for no more than $500,000.

(c) Loans must be for a term set by the partner organization and approved by the commissioner of no less than six months and no more than five years, depending on the use of loan proceeds.

(d) Loans must be for zero interest or an interest rate of no more than the Wall Street Journal prime rate, as determined by the partner organization and approved by the commissioner based on the individual project risk and type of loan sought.

(e) Loans must have flexible collateral requirements compared to traditional loans, but may require a personal guaranty from the emerging developer and may be largely unsecured when the appraised value of the real estate is low.

(f) Loans must have no prepayment penalties and are expected to be repaid from permanent financing or a conventional loan, once that is secured.

(g) Loans must have the ability to bridge many types of receivables, such as tax credits, grants, developer fees, and other forms of long-term financing.

(h) At the partner organization's request and the commissioner's discretion, an emerging developer may be required to work with an experienced developer or professional services consultant who can offer expertise and advice throughout the development of the project.

(i) All loan repayments must be paid into the emerging developer fund account created in this section to fund additional loans.

Subd. 5. **Eligible expenses.** (a) The following are eligible expenses for a predevelopment loan under the program:

(1) earnest money or purchase deposit;

(2) building inspection fees and environmental reviews;

(3) appraisal and surveying;

(4) design and tax credit application fees;

(5) title and recording fees;

(6) site preparation, demolition, and stabilization;

(7) interim maintenance and project overhead;

(8) property taxes and insurance;

(9) construction bonds or letters of credit;

(10) market and feasibility studies; and

(11) professional fees.

(b) The following are eligible expenses for a construction or bridge loan under the program:

(1) land or building acquisition;

(2) construction-related expenses;

(3) developer and contractor fees;

(4) site preparation and demolition;

(5) financing fees, including title and recording;

(6) professional fees;

(7) carrying costs;

(8) construction period interest;

(9) project reserves; and

(10) leasehold improvements and equipment purchase.

Subd. 6. **Emerging developer fund account.** An emerging developer fund account is created in the special revenue fund in the state treasury. Money in the account is appropriated to the commissioner for grants to partner organizations to make loans under this section.

Subd. 7. **Reports to the legislature.** (a) By January 15 of each year, beginning in 2024, each partner organization shall submit a report to the commissioner on the use of program funds and program outcomes.

(b) By February 15 of each year, beginning in 2024, the commissioner shall submit a report to the chairs of the house of representatives and senate committees with jurisdiction over economic development on the use of program funds and program outcomes.

Sec. 10. Minnesota Statutes 2020, section 116J.993, subdivision 3, is amended to read:

Subd. 3. **Business subsidy.** "Business subsidy" or "subsidy" means a state or local government agency grant, contribution of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business.

The following forms of financial assistance are not a business subsidy:

(1) a business subsidy of less than $150,000;

(2) assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;

(3) public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;

(4) redevelopment property polluted by contaminants as defined in section 116J.552, subdivision 3;

(5) assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code and assistance provided for designated historic preservation districts, provided that the assistance is equal to or less than 50 percent of the total cost;

(6) assistance to provide job readiness and training services if the sole purpose of the assistance is to provide those services;

(7) assistance for housing;

(8) assistance for pollution control or abatement, including assistance for a tax increment financing hazardous substance subdistrict as defined under section 469.174, subdivision 23;

(9) assistance for energy conservation;

(10) tax reductions resulting from conformity with federal tax law;

(11) workers' compensation and unemployment insurance;

(12) benefits derived from regulation;

(13) indirect benefits derived from assistance to educational institutions;

(14) funds from bonds allocated under chapter 474A, bonds issued to refund outstanding bonds, and bonds issued for the benefit of an organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1999;

(15) assistance for a collaboration between a Minnesota higher education institution and a business;

(16) assistance for a tax increment financing soils condition district as defined under section 469.174, subdivision 19;

(17) redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value;

(18) general changes in tax increment financing law and other general tax law changes of a principally technical nature;

(19) federal assistance until the assistance has been repaid to, and reinvested by, the state or local government agency;

(20) funds from dock and wharf bonds issued by a seaway port authority;

(21) business loans and loan guarantees of $150,000 or less;

(22) federal loan funds provided through the United States Department of Commerce, Economic Development Administration, Department of the Treasury; and

(23) property tax abatements granted under section 469.1813 to property that is subject to valuation under Minnesota Rules, chapter 8100.

Sec. 11. Minnesota Statutes 2020, section 116L.04, subdivision 1a, is amended to read:

Subd. 1a. **Pathways program.** The pathways program may provide grants-in-aid for developing programs which assist in the transition of persons from welfare to work and assist individuals at or below 200 percent of the federal poverty guidelines. The program is to be operated by the board. The board shall consult and coordinate with program administrators at the Department of Employment and Economic Development to design and provide services for temporary assistance for needy families recipients.

Pathways grants-in-aid may be awarded to educational or other nonprofit training institutions or to workforce development intermediaries for education and training programs and services supporting education and training programs that serve eligible recipients.

Preference shall be given to projects that:

(1) provide employment with benefits paid to employees;

(2) provide employment where there are defined career paths for trainees;

(3) pilot the development of an educational pathway that can be used on a continuing basis for transitioning persons from welfare to work; and

(4) demonstrate the active participation of Department of Employment and Economic Development workforce centers, Minnesota State College and University institutions and other educational institutions, and local welfare agencies.

Pathways projects must demonstrate the active involvement and financial commitment of ~~private~~ participating business. Pathways projects must be matched with cash or in-kind contributions on at least a one-half-to-one ratio by participating ~~private~~ business.

A single grant to any one institution shall not exceed $400,000. A portion of a grant may be used for preemployment training.

Sec. 12. Minnesota Statutes 2020, section 116L.17, subdivision 1, is amended to read:

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

(b) "Commissioner" means the commissioner of employment and economic development.

(c) "Dislocated worker" means an individual who is a resident of Minnesota at the time employment ceased or was working in the state at the time employment ceased and:

(1) has been permanently separated or has received a notice of permanent separation from public or private sector employment and is eligible for or has exhausted entitlement to unemployment benefits, and is unlikely to return to the previous industry or occupation;

(2) has been long-term unemployed and has limited opportunities for employment or reemployment in the same or a similar occupation in the area in which the individual resides, including older individuals who may have substantial barriers to employment by reason of age;

(3) has been terminated or has received a notice of termination of employment as a result of a plant closing or a substantial layoff at a plant, facility, or enterprise;

(4) has been self-employed, including farmers and ranchers, and is unemployed as a result of general economic conditions in the community in which the individual resides or because of natural disasters;

(5) is a veteran as defined by section 197.447, has been discharged or released from active duty under honorable conditions within the last 36 months, and (i) is unemployed or (ii) is employed in a job verified to be below the skill level and earning capacity of the veteran;

(6) is an individual determined by the United States Department of Labor to be covered by trade adjustment assistance under United States Code, title 19, sections 2271 to 2331, as amended; or

(7) is a displaced homemaker. A "displaced homemaker" is an individual who has spent a substantial number of years in the home providing homemaking service and (i) has been dependent upon the financial support of another; and ~~now~~ due to divorce, separation, death, or disability of that person, must now find employment to self support; or (ii) derived the substantial share of support from public assistance on account of dependents in the home and no longer receives such support. To be eligible under this clause, the support must have ceased while the worker resided in Minnesota.

For the purposes of this section, "dislocated worker" does not include an individual who was an employee, at the time employment ceased, of a political committee, political fund, principal campaign committee, or party unit, as those terms are used in chapter 10A, or an organization required to file with the federal elections commission.

(d) "Eligible organization" means a state or local government unit, nonprofit organization, community action agency, business organization or association, or labor organization.

(e) "Plant closing" means the announced or actual permanent shutdown of a single site of employment, or one or more facilities or operating units within a single site of employment.

(f) "Substantial layoff" means a permanent reduction in the workforce, which is not a result of a plant closing, and which results in an employment loss at a single site of employment during any 30-day period for at least 50 employees excluding those employees that work less than 20 hours per week.

Sec. 13. Minnesota Statutes 2020, section 116L.98, subdivision 2, is amended to read:

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

(b) "Credential" means ~~postsecondary~~ degrees, diplomas, licenses, and certificates awarded in recognition of an individual's attainment of measurable technical or occupational skills necessary to obtain employment or advance with an occupation. This definition does not include ~~certificates awarded by workforce investment boards or~~ work-readiness certificates.

(c) "Exit" means to have not received service under a workforce program for 90 consecutive calendar days. The exit date is the last date of service.

(d) "Net impact" means the use of matched control groups and regression analysis to estimate the impacts attributable to program participation net of other factors, including observable personal characteristics and economic conditions.

(e) "Pre-enrollment" means the period of time before an individual was enrolled in a workforce program.

Sec. 14. Minnesota Statutes 2020, section 116L.98, subdivision 3, is amended to read:

Subd. 3. **Uniform outcome report card; reporting by commissioner.** (a) By December 31 of each even-numbered year, the commissioner must report to the chairs and ranking minority members of the committees of the house of representatives and the senate having jurisdiction over economic development and workforce policy and finance the following information separately for each of the previous two fiscal or calendar years, for each program subject to the requirements of subdivision 1:

(1) the total number of participants enrolled;

(2) the median pre-enrollment wages based on participant wages for the second through the fifth calendar quarters immediately preceding the quarter of enrollment excluding those with zero income;

(3) the total number of participants with zero income in the second through fifth calendar quarters immediately preceding the quarter of enrollment;

(4) the total number of participants enrolled in training;

(5) the total number of participants enrolled in training by occupational group;

(6) the total number of participants that exited the program and the average enrollment duration of participants that have exited the program during the year;

(7) the total number of exited participants who completed training;

(8) the total number of exited participants who attained a credential;

(9) the total number of participants employed during three consecutive quarters immediately following the quarter of exit, by industry;

(10) the median wages of participants employed during three consecutive quarters immediately following the quarter of exit;

(11) the total number of participants employed during eight consecutive quarters immediately following the quarter of exit, by industry; and

(12) the median wages of participants employed during eight consecutive quarters immediately following the quarter of exit~~;~~.

~~(13) the total cost of the program;~~

~~(14) the total cost of the program per participant;~~

~~(15) the cost per credential received by a participant; and~~

~~(16) the administrative cost of the program.~~

(b) The report to the legislature must contain participant information by education level, race and ethnicity, gender, and geography, and a comparison of exited participants who completed training and those who did not.

(c) The requirements of this section apply to programs administered directly by the commissioner or administered by other organizations under a grant made by the department.

Sec. 15. **CANADIAN BORDER COUNTIES ECONOMIC RELIEF PROGRAM.**

Subdivision 1. **Relief program established.** The Northland Foundation and the Northwest Minnesota Foundation must develop and implement a Canadian border counties economic relief program to assist businesses adversely affected by the 2021 closure of the Boundary Waters Canoe Area Wilderness or the closures of the Canadian border since 2020.

Subd. 2. **Available relief.** (a) The economic relief program established under this section may include grants provided in this section to the extent that funds are available. Before awarding grants to the Northland Foundation and the Northwest Minnesota Foundation for the relief program under this section:

(1) the Northland Foundation and the Northwest Minnesota Foundation must develop criteria, procedures, and requirements for:

(i) determining eligibility for assistance;

(ii) evaluating applications for assistance;

(iii) awarding assistance; and

(iv) administering the grant program authorized under this section;

(2) the Northland Foundation and the Northwest Minnesota Foundation must submit criteria, procedures, and requirements developed under clause (1) to the commissioner of employment and economic development for review; and

(3) the commissioner must approve the criteria, procedures, and requirements submitted under clause (2).

(b) The maximum grant to a business under this section is $50,000 per business.

Subd. 3. **Qualification requirements.** To qualify for assistance under this section, a business must:

(1) be located within a county that shares a border with Canada;

(2) document a reduction of at least 20 percent in gross receipts in 2021 compared to 2019; and

(3) provide a written explanation for how the 2021 closure of the Boundary Waters Canoe Area Wilderness or the closures of the Canadian border since 2020 resulted in the reduction in gross receipts documented under clause (2).

Subd. 4. **Monitoring.** (a) The Northland Foundation and the Northwest Minnesota Foundation must establish performance measures, including but not limited to the following components:

(1) the number of grants awarded and award amounts for each grant;

(2) the number of jobs created or retained as a result of the assistance, including information on the wages and benefit levels, the status of the jobs as full time or part time, and the status of the jobs as temporary or permanent;

(3) the amount of business activity and changes in gross revenues of the grant recipient as a result of the assistance; and

(4) the new tax revenue generated as a result of the assistance.

(b) The commissioner of employment and economic development must monitor the Northland Foundation's and the Northwest Minnesota Foundation's compliance with this section and the performance measures developed under paragraph (a).

(c) The Northland Foundation and the Northwest Minnesota Foundation must comply with all requests made by the commissioner under this section.

Subd. 5. **Business subsidy requirements.** Minnesota Statutes, sections 116J.993 to 116J.995, do not apply to assistance under this section. Businesses in receipt of assistance under this section must provide for job creation and retention goals and wage and benefit goals.

Subd. 6. **Administrative costs.** The commissioner of employment and economic development may use up to three percent of the appropriation made for this section for administrative expenses of the department.

EFFECTIVE DATE. This section is effective July 1, 2022, and expires June 30, 2023.

Sec. 16. **SMALL BUSINESS RECOVERY GRANT PROGRAM.**

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

(b) "Business" means both for-profit businesses and nonprofit organizations that earn revenue in ways similar to businesses, including but not limited to ticket sales and membership fees.

(c) "Commissioner" means the commissioner of employment and economic development.

(d) "Partner organization" or "partner" means the Minnesota Initiative Foundations and nonprofit corporations on the certified lenders list that the commissioner determines to be qualified to provide grants to businesses under this section.

(e) "Program" means the small business recovery grant program under this section.

Subd. 2. **Establishment.** The commissioner shall establish the small business recovery grant program to make grants to partner organizations to provide grants to businesses that have been directly or indirectly impacted by the COVID-19 pandemic and other economic challenges.

Subd. 3. **Grants to partner organizations.** (a) The commissioner shall make grants to partner organizations to provide grants to businesses under subdivision 4 using criteria, forms, applications, and reporting requirements developed by the commissioner.

(b) The commissioner must, to the degree practical, grant an equal amount of money to partner organizations serving the seven-county metropolitan area, as defined under Minnesota Statutes, section 473.121, subdivision 2, as the commissioner grants to organizations serving greater Minnesota.

(c) Up to four percent of a grant under this subdivision may be used by the partner organization for administration and monitoring of the program.

(d) Any money not spent by partner organizations by December 31, 2023, must be returned to the commissioner and canceled back to the general fund.

Subd. 4. **Grants to businesses.** (a) Partners shall make grants to businesses using criteria, forms, applications, and reporting requirements developed by the commissioner.

(b) To be eligible for a grant under this subdivision, a business must:

(1) have primary business operations located in Minnesota;

(2) be at least 50 percent owned by a resident of Minnesota;

(3) employ the equivalent of 50 full-time workers or less;

(4) be able to demonstrate financial hardship during 2021 or 2022;

(5) include as part of the application a business plan for continued operation; and

(6) primarily do business in one or more of the industries listed under subdivision 5.

(c) Grants under this subdivision shall be awarded by randomized selection process after applications are collected over a period of no more than ten calendar days.

(d) Grants under this subdivision must be for up to $25,000 per business.

(e) No business may receive more than one grant under this section.

(f) Grant money must be used for working capital to support payroll expenses, rent or mortgage payments, utility bills, and other similar expenses that occur or have occurred since January 1, 2022, in the regular course of business, but not to refinance debt that existed at the time of the governor's COVID-19 peacetime emergency declaration.

Subd. 5. **Eligible industries.** To be eligible for a grant under subdivision 4, a business must primarily do business in one or more of the following industries:

(1) serving food or beverages, such as restaurants, cafes, bars, breweries, wineries, and distilleries;

(2) personal services, such as hair care, nail care, skin care, or massage;

(3) indoor entertainment, such as a business providing arcade games, escape rooms, or indoor trampoline parks;

(4) indoor fitness and recreational sports centers, such as gyms, fitness studios, indoor ice rinks, and indoor swimming pools;

(5) wellness and recreation, such as the teaching of yoga, dance, or martial arts;

(6) catering services;

(7) temporary lodging, such as hotels and motels; or

(8) performance venues.

Subd. 6. **Distribution of awards.** Of grant funds awarded under subdivision 4, a minimum of:

(1) $5,000,000 must be awarded to businesses that employ the equivalent of six full-time workers or less;

(2) $3,500,000 must be awarded to minority business enterprises, as defined in Minnesota Statutes, section 116M.14, subdivision 5;

(3) $1,000,000 must be awarded to businesses that are majority owned and operated by veterans as defined in Minnesota Statutes, section 197.447; and

(4) $1,000,000 must be awarded to businesses that are majority owned and operated by women.

Subd. 7. **Exemptions.** All grants and grant-making processes under this section are exempt from Minnesota Statutes, sections 16A.15, subdivision 3; 16B.97; and 16B.98, subdivisions 5, 7, and 8. The commissioner must audit the use of grant money under this section in accordance with standard accounting practices. This subdivision expires on December 31, 2023.

Subd. 8. **Reports.** (a) By January 31, 2024, partner organizations participating in the program must provide a report to the commissioner that includes descriptions of the businesses supported by the program, the amounts granted, and an explanation of administrative expenses.

(b) By February 15, 2024, the commissioner must report to the legislative committees in the house of representatives and senate with jurisdiction over economic development about grants made under this section based on the information received under paragraph (a).

Sec. 17. **ENCUMBRANCE EXCEPTION.**

Notwithstanding Minnesota Statutes, section 16B.98, subdivision 5, paragraph (a), clause (2), or 16C.05, subdivision 2, paragraph (a), clause (3), the commissioner of employment and economic development may permit grant recipients of the Minnesota investment fund program under Minnesota Statutes, section 116J.8731; the job creation fund program under Minnesota Statutes, section 116J.8748; and the border-to-border broadband program under Minnesota Statutes, section 116J.395, to incur eligible expenses based on an agreed upon work plan and budget for up to 90 days prior to an encumbrance being established in the accounting system.

EFFECTIVE DATE. This section is effective the day following final enactment and expires on June 30, 2025.

Sec. 18. **REPEALER.**

Minnesota Statutes 2021 Supplement, section 116J.9924, subdivision 6, is repealed.

ARTICLE 3
FAMILY AND MEDICAL BENEFITS

Section 1. Minnesota Statutes 2020, section 13.719, is amended by adding a subdivision to read:

Subd. 7. **Family and medical insurance data.** (a) For the purposes of this subdivision, the terms used have the meanings given them in section 268B.01.

(b) Data on applicants, family members, or employers under chapter 268B are private or nonpublic data, provided that the department may share data collected from applicants with employers or health care providers to the extent necessary to meet the requirements of chapter 268B or other applicable law.

(c) The department and the Department of Labor and Industry may share data classified under paragraph (b) to the extent necessary to meet the requirements of chapter 268B or the Department of Labor and Industry's enforcement authority over chapter 268B, as provided in section 177.27.

Sec. 2. Minnesota Statutes 2020, 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, 181.02, 181.03, 181.031, 181.032, 181.101, 181.11, 181.13, 181.14, 181.145, 181.15, 181.172, paragraph (a) or (d), 181.275, subdivision 2a, 181.722, 181.79, ~~and~~ 181.939 to 181.943, 268B.09, subdivisions 1 to 6, and 268B.14, subdivision 3, or with any rule promulgated under section 177.28. The commissioner shall issue an order requiring an employer to comply with sections 177.41 to 177.435 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 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. 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.

Sec. 3. Minnesota Statutes 2020, 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 amount of gross pay earned by the employee during that period;

(6) a list of deductions made from the employee's pay;

(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;

~~(7)~~ (8) the net amount of pay after all deductions are made;

~~(8)~~ (9) the date on which the pay period ends;

~~(9)~~ (10) the legal name of the employer and the operating name of the employer if different from the legal name;

~~(10)~~ (11) the physical address of the employer's main office or principal place of business, and a mailing address if different; and

~~(11)~~ (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.

Sec. 4. Minnesota Statutes 2020, section 268.19, subdivision 1, is amended to read:

Subdivision 1. **Use of data.** (a) Except as provided by this section, data gathered from any person under the administration of the Minnesota Unemployment Insurance Law are private data on individuals or nonpublic data not on individuals as defined in section 13.02, subdivisions 9 and 12, and may not be disclosed except according to a district court order or section 13.05. A subpoena is not considered a district court order. These data may be disseminated to and used by the following agencies 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) any agency of any other state or any federal agency charged with the administration of an unemployment insurance program;

(3) any agency responsible for the maintenance of a system of public employment offices for the purpose of assisting individuals in obtaining employment;

(4) the public authority responsible for child support in Minnesota or any other state in accordance with section 256.978;

(5) human rights agencies within Minnesota that have enforcement powers;

(6) the Department of Revenue to the extent necessary for its duties under Minnesota laws;

(7) public and private agencies responsible for administering publicly financed assistance programs for the purpose of monitoring the eligibility of the program's recipients;

(8) 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;

(9) 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;

(10) local and state welfare agencies for monitoring the eligibility of the data subject for assistance programs, or for any employment or training program administered by those agencies, whether alone, in combination with another welfare agency, or in conjunction with the department or to monitor and evaluate the statewide Minnesota family investment program by providing 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, or medical programs under chapter 256B or 256L or formerly codified under chapter 256D;

(11) local and state welfare agencies for the purpose of identifying employment, wages, and other information to assist in the collection of an overpayment debt in an assistance program;

(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 United States Immigration and Customs Enforcement has access to data on specific individuals and specific employers provided the specific individual or specific employer is the subject of an investigation by that agency;

(14) the Department of Health for the purposes of epidemiologic investigations;

(15) the Department of Corrections for the purposes of case planning and internal research for preprobation, probation, and postprobation employment tracking of offenders sentenced to probation and preconfinement and postconfinement employment tracking of committed offenders;

(16) the state auditor to the extent necessary to conduct audits of job opportunity building zones as required under section 469.3201; ~~and~~

(17) the Office of Higher Education for purposes of supporting program improvement, system evaluation, and research initiatives including the Statewide Longitudinal Education Data System~~.~~; and

(18) the Family and Medical Benefits Division of the Department of Employment and Economic Development to be used as necessary to administer chapter 268B.

(b) Data on individuals and employers that are collected, maintained, or used by the department in an investigation under section 268.182 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.

(c) Data gathered by the department in the administration of the Minnesota unemployment insurance program 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. 5. **[268B.01] DEFINITIONS.**

Subdivision 1. **Scope.** For the purposes of this chapter, the terms defined in this section have the meanings given.

Subd. 2. **Applicant.** "Applicant" means an individual applying for leave with benefits under this chapter.

Subd. 3. **Applicant's average weekly wage.** "Applicant's average weekly wage" means an amount equal to the applicant's high quarter wage credits divided by 13.

Subd. 4. **Base period.** (a) "Base period," unless otherwise provided in this subdivision, means the most recent four completed calendar quarters before the effective date of an applicant's application for 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 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.

Subd. 5. **Benefit.** "Benefit" or "benefits" means monetary payments under this chapter associated with qualifying bonding, family care, pregnancy, serious health condition, qualifying exigency, or safety leave events, unless otherwise indicated by context.

Subd. 6. **Benefit account.** "Benefit account" means a benefit account established under section 268B.04.

Subd. 7. **Benefit year.** "Benefit year" means the period of 52 calendar weeks beginning the date a benefit account under section 268B.04 is effective. For a benefit account established effective any January 1, April 1, July 1, or October 1, the benefit year will be a period of 53 calendar weeks.

Subd. 8. **Bonding.** "Bonding" means time spent by an applicant who is a biological, adoptive, or foster parent with a biological, adopted, or foster child in conjunction with the child's birth, adoption, or placement.

Subd. 9. **Calendar day.** "Calendar day" or "day" means a fixed 24-hour period corresponding to a single calendar date.

Subd. 10. **Calendar quarter.** "Calendar quarter" means the period of three consecutive calendar months ending on March 31, June 30, September 30, or December 31.

Subd. 11. **Calendar week.** "Calendar week" has the same meaning as "week" under subdivision 46.

Subd. 12. **Commissioner.** "Commissioner" means the commissioner of employment and economic development, unless otherwise indicated by context.

Subd. 13. **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) "Employment" includes an individual's entire service performed within or without or both within and without this state, if:

(1) the service is localized in this state; or

(2) the service is not localized in any state, but some of the service is performed in this state and:

(i) the base of operations of the employee is in the state, or if there is no base of operations, then the place from which such service is directed or controlled is in this state; or

(ii) the base of operations or place from which such service is directed or controlled is not in any state in which some part of the service is performed, but the individual's residence is in this state.

(c) "Covered employment" does not include:

(1) a self-employed individual; or

(2) an independent contractor.

Subd. 14. **Department.** "Department" means the Department of Employment and Economic Development, unless otherwise indicated by context.

Subd. 15. **Employee.** (a) "Employee" means an individual who is in the employment of an employer.

(b) Employee does not include employees of the United States of America.

Subd. 16. **Employer.** (a) "Employer" means:

(1) any person, type of organization, or entity, including any partnership, association, trust, estate, joint stock company, insurance company, limited liability company, or corporation, whether domestic or foreign, or the receiver, trustee in bankruptcy, trustee, or the legal representative of a deceased person, having any individual in covered employment;

(2) the state, statewide system, and state agencies; and

(3) any local government entity, including but not limited to a county, city, town, school district, municipal corporation, quasimunicipal corporation, or other political subdivision. An employer also includes charter schools.

(b) Employer does not include:

(1) the United States of America; or

(2) a self-employed individual who has elected and been approved for coverage under section 268B.11 with regard to the self-employed individual's own coverage and benefits.

Subd. 17. **Estimated self-employment income.** "Estimated self-employment income" means a self-employed individual's average net earnings from self-employment in the two most recent taxable years. For a self-employed individual who had net earnings from self-employment in only one of the years, the individual's estimated self-employment income equals the individual's net earnings from self-employment in the year in which the individual had net earnings from self-employment.

Subd. 18. **Family and medical benefit insurance account.** "Family and medical benefit insurance account" means the family and medical benefit insurance account in the special revenue fund in the state treasury under section 268B.02.

Subd. 19. **Family and medical benefit insurance enforcement account.** "Family and medical benefit insurance enforcement account" means the family and medical benefit insurance enforcement account in the state treasury under section 268B.185.

Subd. 20. **Family benefit program.** "Family benefit program" means the program administered under this chapter for the collection of premiums and payment of benefits related to family care, bonding, safety leave, and leave related to a qualifying exigency.

Subd. 21. **Family care.** "Family care" means an applicant caring for a family member with a serious health condition or caring for a family member who is a covered service member.

Subd. 22. **Family member.** (a) "Family member" means, with respect to an employee:

(1) a spouse, including a domestic partner in a civil union or other registered domestic partnership recognized by the state, and a spouse's parent;

(2) a child and a child's spouse;

(3) a parent and a parent's spouse;

(4) a sibling and a sibling's spouse;

(5) a grandparent, a grandchild, or a spouse of a grandparent or grandchild; and

(6) any other individual who is related by blood or affinity and whose association with the employee is equivalent of a family relationship. For the purposes of this clause, with respect to an employee, this includes but is not limited to:

(i) a child of a sibling of the employee;

(ii) a sibling of the parents of the employee;

(iii) a child-in-law, a parent-in-law, a sibling-in-law, and a grandparent-in-law; and

(iv) an individual who has resided at the same address as the employee for at least one year as of the first day of leave under this chapter.

(b) For the purposes of this chapter, a child includes a stepchild; biological, adopted, or foster child of the employee; or a child for whom the employee is standing in loco parentis.

(c) For the purposes of this chapter, a grandchild includes a step-grandchild or biological, adopted, or foster grandchild of the employee.

Subd. 23. **Health care provider.** "Health care provider" means:

(1) an individual who is licensed, certified, or otherwise authorized under law to practice in the individual's scope of practice as a physician, osteopath, surgeon, or advanced practice registered nurse; or

(2) any other individual determined by the commissioner by rule, in accordance with the rulemaking procedures in the Administrative Procedure Act, to be capable of providing health care services.

Subd. 24. **High quarter.** "High quarter" means the calendar quarter in an applicant's base period with the highest amount of wage credits.

Subd. 25. **Incapacity.** "Incapacity" means inability to perform regular work, attend school, or fully perform other regular daily activities due to a serious health condition, treatment therefore, or recovery therefrom.

Subd. 26. **Independent contractor.** (a) If there is an existing specific test or definition for independent contractor in Minnesota statute or rule applicable to an occupation or sector as of the date of enactment of this chapter, that test or definition shall apply to that occupation or sector for purposes of this chapter. If there is not an existing test or definition as described, the definition for independent contractor shall be as provided in this subdivision.

(b) An individual is an independent contractor and not an employee of the person for whom the individual is performing services in the course of the person's trade, business, profession, or occupation only if:

(1) the individual maintains a separate business with the individual's own office, equipment, materials, and other facilities;

(2) the individual:

(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) the individual 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) the individual is incurring the main expenses related to the services that the individual is performing for the person under the contract;

(5) the individual 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) the individual 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) the individual may realize a profit or suffer a loss under the contract to perform services for the person;

(8) the individual 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.

(c) For the purposes of this chapter, an insurance producer, as defined in section 60K.31, subdivision 6, is an independent contractor of an insurance company, as defined in section 60A.02, subdivision 4, unless the insurance producer and insurance company agree otherwise.

Subd. 27. **Inpatient care.** "Inpatient care" means an overnight stay in a hospital, hospice, or residential medical care facility, including any period of incapacity, or any subsequent treatment in connection with such inpatient care.

Subd. 28. **Maximum weekly benefit amount.** "Maximum weekly benefit amount" means the state's average weekly wage as calculated under section 268.035, subdivision 23.

Subd. 29. **Medical benefit program.** "Medical benefit program" means the program administered under this chapter for the collection of premiums and payment of benefits related to an applicant's serious health condition or pregnancy.

Subd. 30. **Net earnings from self-employment.** "Net earnings from self-employment" has the meaning given in section 1402 of the Internal Revenue Code, as defined in section 290.01, subdivision 31.

Subd. 31. **Pregnancy.** "Pregnancy" means prenatal care or incapacity due to pregnancy or recovery from childbirth, still birth, miscarriage, or related health conditions.

Subd. 32. **Qualifying exigency.** (a) "Qualifying exigency" means a need arising out of a military member's active duty service or notice of an impending call or order to active duty in the United States armed forces, including providing for the care or other needs of the family member's child or other dependent, making financial or legal arrangements for the family member, attending counseling, attending military events or ceremonies, spending time with the family member during a rest and recuperation leave or following return from deployment, or making arrangements following the death of the military member.

(b) For the purposes of this chapter, a "military member" means a current or former member of the United States armed forces, including a member of the National Guard or reserves, who, except for a deceased military member, is a resident of the state and is a family member of the employee taking leave related to the qualifying exigency.

Subd. 33. **Safety leave.** "Safety leave" means leave from work because of domestic abuse, sexual assault, or stalking of the employee or employee's family member, provided the leave is to:

(1) seek medical attention related to the physical or psychological injury or disability caused by domestic abuse, sexual assault, or stalking;

(2) obtain services from a victim services organization;

(3) obtain psychological or other counseling;

(4) seek relocation due to the domestic abuse, sexual assault, or stalking; or

(5) seek legal advice or take legal action, including preparing for or participating in any civil or criminal legal proceeding related to, or resulting from, the domestic abuse, sexual assault, or stalking.

Subd. 34. **Self-employed individual.** "Self-employed individual" means a resident of the state who, in one of the two taxable years preceding the current calendar year, derived at least $10,000 in net earnings from self-employment from an entity other than an S corporation for the performance of services in this state.

Subd. 35. **Self-employment premium base.** "Self-employment premium base" means the lesser of:

(1) a self-employed individual's estimated self-employment income for the calendar year plus the individual's self-employment wages in the calendar year; or

(2) the maximum earnings subject to the FICA Old-Age, Survivors, and Disability Insurance tax in the taxable year.

Subd. 36. **Self-employment wages.** "Self-employment wages" means the amount of wages that a self-employed individual earned in the calendar year from an entity from which the individual also received net earnings from self-employment.

Subd. 37. **Serious health condition.** (a) "Serious health condition" means a physical or mental illness, injury, impairment, condition, or substance use disorder that involves:

(1) at-home care or inpatient care in a hospital, hospice, or residential medical care facility, including any period of incapacity; or

(2) continuing treatment or supervision by a health care provider which includes any one or more of the following:

(i) a period of incapacity of more than three consecutive, full calendar days, and any subsequent treatment or period of incapacity relating to the same condition, that also involves:

(A) treatment two or more times by a health care provider or by a provider of health care services under orders of, or on referral by, a health care provider; or

(B) treatment by a health care provider on at least one occasion that results in a regimen of continuing treatment under the supervision of the health care provider;

(ii) a period of incapacity due to pregnancy, or for prenatal care;

(iii) a period of incapacity or treatment for a chronic health condition that:

(A) requires periodic visits, defined as at least twice a year, for treatment by a health care provider or under orders of, or on referral by, a health care provider;

(B) continues over an extended period of time, including recurring episodes of a single underlying condition; and

(C) may cause episodic rather than continuing periods of incapacity;

(iv) a period of incapacity which is permanent or long term due to a condition for which treatment may not be effective. The employee or family member must be under the continuing supervision of, but need not be receiving active treatment by, a health care provider; or

(v) a period of absence to receive multiple treatments, including any period of recovery from the treatments, by a health care provider or by a provider of health care services under orders of, or on referral by, a health care provider, for:

(A) restorative surgery after an accident or other injury; or

(B) a condition that would likely result in a period of incapacity of more than three consecutive, full calendar days in the absence of medical intervention or treatment.

(b) For the purposes of paragraph (a), clauses (1) and (2), treatment by a health care provider means an in-person visit or telemedicine visit with a health care provider, or by a provider of health care services under orders of, or on referral by, a health care provider.

(c) For the purposes of paragraph (a), treatment includes but is not limited to examinations to determine if a serious health condition exists and evaluations of the condition.

(d) Absences attributable to incapacity under paragraph (a), clause (2), item (ii) or (iii), qualify for leave under this chapter even if the employee or the family member does not receive treatment from a health care provider during the absence, and even if the absence does not last more than three consecutive, full calendar days.

Subd. 38. **State's average weekly wage.** "State's average weekly wage" means the weekly wage calculated under section 268.035, subdivision 23.

Subd. 39. **Supplemental benefit payment.** (a) "Supplemental benefit payment" means:

(1) a payment made by an employer to an employee as salary continuation or as paid time off. Such a payment must be in addition to any family or medical leave benefits the employee is receiving under this chapter; and

(2) a payment offered by an employer to an employee who is taking leave under this chapter to supplement the family or medical leave benefits the employee is receiving.

(b) Employers may, but are not required to, designate certain benefits including but not limited to salary continuation, vacation leave, sick leave, or other paid time off as a supplemental benefit payment.

(c) Nothing in this chapter requires an employee to receive supplemental benefit payments.

Subd. 40. **Taxable year.** "Taxable year" has the meaning given in section 290.01, subdivision 9.

Subd. 41. **Taxable wages.** "Taxable wages" means those wages paid to an employee in covered employment each calendar year up to an amount equal to the maximum wages subject to premium in a calendar year, which is equal to the maximum earnings in that year subject to the FICA Old-Age, Survivors, and Disability Insurance tax rounded to the nearest $1,000.

Subd. 42. **Typical workweek hours.** "Typical workweek hours" 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

(2) 40 hours for a salaried employee, regardless of the number of hours the salaried employee typically works.

Subd. 43. **Wage credits.** "Wage credits" means the amount of wages paid within an applicant's base period for covered employment, as defined in subdivision 13.

Subd. 44. **Wage detail report.** "Wage detail report" means the report on each employee in covered employment required from an employer on a calendar quarter basis under section 268B.12.

Subd. 45. **Wages.** (a) "Wages" means all compensation for employment, including commissions; bonuses, awards, and prizes; severance payments; standby pay; vacation and holiday pay; back pay as of the date of payment; tips and gratuities paid to an employee by a customer of an employer and accounted for by the employee to the employer; sickness and accident disability payments, except as otherwise provided in this subdivision; and the cash value of housing, utilities, meals, exchanges of services, and any other goods and services provided to compensate an employee, except:

(1) the amount of any payment made to, or on behalf of, an employee under a plan established by an employer that makes provision for employees generally or for a class or classes of employees, including any amount paid by an employer for insurance or annuities, or into a plan, to provide for a payment, on account of (i) retirement, (ii) medical and hospitalization expenses in connection with sickness or accident disability, or (iii) death;

(2) the payment by an employer of the tax imposed upon an employee under United States Code, title 26, section 3101 of the Federal Insurance Contribution Act, with respect to compensation paid to an employee for domestic employment in a private household of the employer or for agricultural employment;

(3) any payment made to, or on behalf of, an employee or beneficiary (i) from or to a trust described in United States Code, title 26, section 401(a) of the federal Internal Revenue Code, that is exempt from tax under section 501(a) at the time of the payment unless the payment is made to an employee of the trust as compensation for services as an employee and not as a beneficiary of the trust, or (ii) under or to an annuity plan that, at the time of the payment, is a plan described in section 403(a);

(4) the value of any special discount or markdown allowed to an employee on goods purchased from or services supplied by the employer where the purchases are optional and do not constitute regular or systematic payment for services;

(5) customary and reasonable directors' fees paid to individuals who are not otherwise employed by the corporation of which they are directors;

(6) the payment to employees for reimbursement of meal expenses when employees are required to perform work after their regular hours;

(7) the payment into a trust or plan for purposes of providing legal or dental services if provided for all employees generally or for a class or classes of employees;

(8) the value of parking facilities provided or paid for by an employer, in whole or in part, if provided for all employees generally or for a class or classes of employees;

(9) royalties to an owner of a franchise, license, copyright, patent, oil, mineral, or other right;

(10) advances or reimbursements for traveling or other ordinary and necessary expenses incurred or reasonably expected to be incurred in the business of the employer. Traveling and other reimbursed expenses must be identified either by making separate payments or by specifically indicating the separate amounts where both wages and expense allowances are combined in a single payment;

(11) residual payments to radio, television, and similar artists that accrue after the production of television commercials, musical jingles, spot announcements, radio transcriptions, film soundtracks, and similar activities;

(12) the income to a former employee resulting from the exercise of a nonqualified stock option;

(13) supplemental unemployment benefit payments under a plan established by an employer, if the payment is not wages under the Federal Unemployment Tax Act. The payments are wages unless made solely for the supplementing of weekly state or federal unemployment benefits. Supplemental unemployment benefit payments may not be assigned, nor may any consideration be required from the applicant, other than a release of claims in order to be excluded from wages;

(14) sickness or accident disability payments made by the employer after the expiration of six calendar months following the last calendar month that the individual worked for the employer;

(15) disability payments made under the provisions of any workers' compensation law;

(16) sickness or accident disability payments made by a third-party payer such as an insurance company; or

(17) payments made into a trust fund, or for the purchase of insurance or an annuity, to provide for sickness or accident disability payments to employees under a plan or system established by the employer that provides for the employer's employees generally or for a class or classes of employees.

(b) Nothing in this subdivision excludes from the term "wages" any payment made under any type of salary reduction agreement, including payments made under a cash or deferred arrangement and cafeteria plan, as defined in United States Code, title 26, sections 401(k) and 125 of the federal Internal Revenue Code, to the extent that the employee has the option to receive the payment in cash.

(c) Wages includes the total payment to the operator and supplier of a vehicle or other equipment where the payment combines compensation for personal services as well as compensation for the cost of operating and hiring the equipment in a single payment. This paragraph does not apply if:

(1) there is a preexisting written agreement providing for allocation of specific amounts; or

(2) at the time of each payment there is a written acknowledgment indicating the separate allocated amounts.

(d) Wages includes payments made for services as a caretaker. Unless there is a contract or other proof to the contrary, compensation is considered as being equally received by a married couple where the employer makes payment to only one spouse, or by all tenants of a household who perform services where two or more individuals share the same dwelling and the employer makes payment to only one individual.

(e) Wages includes payments made for services by a migrant family. Where services are performed by a married couple or a family and an employer makes payment to only one individual, each worker is considered as having received an equal share of the compensation unless there is a contract or other proof to the contrary.

(f) Wages includes advances or draws against future earnings, when paid, unless the payments are designated as a loan or return of capital on the books and records of the employer at the time of payment.

(g) Wages includes payments made by a subchapter "S" corporation, as organized under the Internal Revenue Code, to or on behalf of officers and shareholders that are reasonable compensation for services performed for the corporation.

For a subchapter "S" corporation, wages does not include:

(1) a loan for business purposes to an officer or shareholder evidenced by a promissory note signed by an officer before the payment of the loan proceeds and recorded on the books and records of the corporation as a loan to an officer or shareholder;

(2) a repayment of a loan or payment of interest on a loan made by an officer to the corporation and recorded on the books and records of the corporation as a liability;

(3) a reimbursement of reasonable corporation expenses incurred by an officer and documented by a written expense voucher and recorded on the books and records of the corporation as corporate expenses; and

(4) a reasonable lease or rental payment to an officer who owns property that is leased or rented to the corporation.

Subd. 46. **Wages paid.** (a) "Wages paid" means the amount of wages:

(1) that have been actually paid; or

(2) that have been credited to or set apart so that payment and disposition is under the control of the employee.

(b) Wage payments delayed beyond the regularly scheduled pay date are wages paid on the missed pay date. Back pay is wages paid on the date of actual payment. Any wages earned but not paid with no scheduled date of payment are wages paid on the last day of employment.

(c) Wages paid does not include wages earned but not paid except as provided for in this subdivision.

Subd. 47. **Week.** "Week" means calendar week ending at midnight Saturday.

Subd. 48. **Weekly benefit amount.** "Weekly benefit amount" means the amount of family and medical leave benefits computed under section 268B.04.

Sec. 6. **[268B.02] FAMILY AND MEDICAL BENEFIT INSURANCE PROGRAM CREATION.**

Subdivision 1. **Creation.** A family and medical benefit insurance program is created to be administered by the commissioner according to the terms of this chapter.

Subd. 2. **Creation of division.** A Family and Medical Benefit Insurance Division is created within the department under the authority of the commissioner. The commissioner shall appoint a director of the division. The division shall administer and operate the benefit program under this chapter.

Subd. 3. **Rulemaking.** The commissioner shall adopt rules to implement the provisions of this chapter.

Subd. 4. **Account creation; appropriation.** The family and medical benefit insurance account is created in the special revenue fund in the state treasury. Money in this account is appropriated to the commissioner to pay benefits under and to administer this chapter, including outreach required under section 268B.18.

Subd. 5. **Information technology services and equipment.** The department is exempt from the provisions of section 16E.016 for the purposes of this chapter.

Sec. 7. **[268B.03] PAYMENT OF BENEFITS.**

Subdivision 1. **Requirements.** The commissioner must pay benefits from the family and medical benefit insurance account as provided under this chapter to an applicant who has met each of the following requirements:

(1) the applicant has filed an application for benefits and established a benefit account in accordance with section 268B.04;

(2) the applicant has met all of the ongoing eligibility requirements under section 268B.06;

(3) the applicant does not have an outstanding overpayment of family or medical leave benefits, including any penalties or interest;

(4) the applicant has not been held ineligible for benefits under section 268.07, subdivision 2; and

(5) the applicant is not employed exclusively by a private plan employer and has wage credits during the base year attributable to employers covered under the state family and medical leave program.

Subd. 2. **Benefits paid from state funds.** Benefits are paid from state funds and are not considered paid from any special insurance plan, nor as paid by an employer. An application for family or medical leave benefits is not considered a claim against an employer but is considered a request for benefits from the family and medical benefit insurance account. The commissioner has the responsibility for the proper payment of benefits regardless of the level of interest or participation by an applicant or an employer in any determination or appeal. An applicant's entitlement to benefits must be determined based upon that information available without regard to a burden of proof. Any agreement between an applicant and an employer is not binding on the commissioner in determining an applicant's entitlement. There is no presumption of entitlement or nonentitlement to benefits.

Sec. 8. **[268B.04] BENEFIT ACCOUNT; BENEFITS.**

Subdivision 1. **Application for benefits; determination of benefit account.** (a) An application for benefits may be filed 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 at the time the application is filed and must provide all requested information in the manner required. If the applicant does not meet eligibility at the time of the application or fails to provide all requested information, the communication is not an application for family and medical leave benefits.

(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 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.

(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.

(d) The commissioner may, at any time within 24 months from the establishment of a benefit account, reconsider any determination of benefit account and make an amended determination if the commissioner finds that the wage credits listed in the determination were incorrect for any reason. An amended determination of benefit account must be promptly sent to the applicant and all base period employers, by mail or electronic transmission. This 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.** (a) Unless paragraph (b) applies, 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.

(b) To establish a new benefit account following the expiration of the benefit year on a prior benefit account, an applicant must have performed actual work in subsequent covered employment and have been paid wages in one or more completed calendar quarters that started after the effective date of the prior benefit account. The wages paid for that employment must be at least enough to meet the requirements of paragraph (a). A benefit account under this paragraph must not be established effective earlier than the Sunday following the end of the most recent completed calendar quarter in which the requirements of paragraph (a) were met. An applicant must not establish a second benefit account as a result of one loss of employment.

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) 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) The maximum weekly benefit amount is the state's average weekly wage as calculated under section 268.035, subdivision 23.

(d) The state's maximum weekly benefit amount, computed in accordance with section 268.035, subdivision 23, applies to a benefit account 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) For an employee receiving family or medical leave, a weekly benefit amount is prorated when:

(1) the employee works hours for wages; or

(2) the employee 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 37.

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) Except as provided in paragraph (b), in a single benefit year, an applicant may receive up to 12 weeks of benefits under this chapter related to the applicant's serious health condition or pregnancy and up to 12 weeks of benefits under this chapter for bonding, safety leave, or family care.

(b) An applicant may receive up to 12 weeks of benefits in a single benefit year for leave related to one or more qualifying exigencies.

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. Benefits may be paid for a minimum duration of eight consecutive hours in a week. If an employee on leave claims eight hours at any point during a week, the minimum duration is satisfied.

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 30 calendar days after the sending of the determination or amended determination, or within 60 calendar days, if an applicant establishes good cause for not appealing within 30 days. For the purposes of this paragraph, "good cause" means a reason that would have prevented an applicant from acting with due diligence in appealing within 30 days and includes any illness, disability, or linguistic and literacy limitation of the applicant, along with other relevant factors. If an applicant claims good cause for a late appeal, the applicant must be granted a hearing on the issue of timeliness. This hearing can be held at the same time as a hearing on the merits of the appeal. Proceedings on the appeal are conducted in accordance with section 268B.08.

(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.** (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. 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) A benefit account established under subdivision 2 is effective the date the application for benefits was effective.

(c) A benefit account, once established, may later be withdrawn if:

(1) the applicant has not been paid any benefits on that benefit account; and

(2) a new application for benefits is filed and a new benefit account is established at the time of the withdrawal.

A benefit account may be withdrawn after the expiration of the benefit year, and the new work requirements of subdivision 2, paragraph (b), do not apply if the applicant was not paid any benefits on the benefit account that is being withdrawn.

A determination or amended determination of eligibility or ineligibility issued under section 268B.07 that was sent before the withdrawal of the benefit account, remains in effect and is not voided by the withdrawal of the benefit account.

Sec. 9. **[268B.05] CONTINUED REQUEST FOR BENEFITS.**

A continued request for family or medical leave benefits is a certification by an applicant, done on a weekly basis, that the applicant is unable to perform usual work due to a qualifying event and meets the ongoing eligibility requirements for benefits under section 268B.06. A continued request must include information on possible issues of ineligibility.

Sec. 10. **[268B.06] ELIGIBILITY REQUIREMENTS; PAYMENTS THAT AFFECT BENEFITS.**

Subdivision 1. **Eligibility conditions.** (a) An applicant may be eligible to receive family or medical leave benefits for any week if:

(1) the applicant has filed a continued request for benefits for that week under section 268B.05;

(2) the week for which benefits are requested is in the applicant's benefit year;

(3) the applicant was unable to perform regular work due to a serious health condition, a qualifying exigency, safety leave, family care, bonding, pregnancy, or recovery from pregnancy for the period required under subdivision 2;

(4) the applicant has sufficient wage credits from an employer or employers as defined in section 268B.01, subdivision 41, to establish a benefit account under section 268B.04; and

(5) an applicant requesting benefits under this chapter must fulfill certification requirements under subdivision 3.

(b) A self-employed individual or independent contractor who has elected and been approved for coverage under section 268B.11 need not fulfill the requirement of paragraph (a), clause (4).

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 pregnancy, recovery from pregnancy, family care, a qualifying exigency, safety leave, or the applicant's serious health condition. The days need not be consecutive.

(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.

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.

(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 related to pregnancy shall be sufficient if the certification states the expected due date 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.

(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 a volunteer or employee of a victim's services organization, an attorney, a police officer, or an antiviolence counselor. 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.

(h) Certifications under paragraphs (a) to (e) 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 or reduced-schedule 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.

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;

(2) that the applicant has an outstanding misrepresentation overpayment balance under section 268B.185, subdivision 5, including any penalties and interest;

(3) that the applicant fails or refuses to provide information on an issue of ineligibility required under section 268B.07, subdivision 2; or

(4) for which the applicant worked for pay.

Subd. 5. **Vacation, sick leave, and supplemental benefit payments.** (a) An applicant is not eligible to receive benefits for any portion of a typical workweek the applicant is receiving, has received, or will receive vacation pay, sick pay, or personal time off pay, also known as "PTO."

(b) Paragraph (a) does not apply:

(1) upon a permanent separation from employment;

(2) to payments from a vacation fund administered by a union or a third party not under the control of the employer; or

(3) to supplemental benefit payments, as defined in section 268B.01, subdivision 37.

(c) Payments under this subdivision are applied to the period immediately following the later of the date of separation from employment or the date the applicant first becomes aware that the employer will be making a payment. The date the payment is actually made or received, or that an applicant must agree to a release of claims, does not affect the application of this subdivision.

Subd. 6. **Workers' compensation and disability insurance offset.** (a) An applicant is not eligible to receive benefits for any portion of a week in which the applicant is receiving or has received compensation for loss of wages equal to or in excess of the applicant's weekly family or medical leave benefit amount under:

(1) the workers' compensation law of this state;

(2) the workers' compensation law of any other state or similar federal law; or

(3) any insurance or trust fund paid in whole or in part by an employer.

(b) This subdivision does not apply to an applicant who has a claim pending for loss of wages under paragraph (a). If the applicant later receives compensation as a result of the pending claim, the applicant is subject to paragraph (a) and the family or medical leave benefits paid are overpaid benefits under section 268B.185.

(c) If the amount of compensation described under paragraph (a) for any week is less than the applicant's weekly family or medical leave benefit amount, benefits requested for that week are reduced by the amount of that compensation payment.

Subd. 7. **Separation, severance, or bonus payments.** (a) An applicant is not eligible to receive benefits for any week the applicant is receiving, has received, or will receive separation pay, severance pay, bonus pay, or any other payments paid by an employer because of, upon, or after separation from employment. This subdivision applies if the payment is:

(1) considered wages under section 268B.01, subdivision 43; or

(2) subject to the Federal Insurance Contributions Act (FICA) tax imposed to fund Social Security and Medicare.

(b) Payments under this subdivision are applied to the period immediately following the later of the date of separation from employment or the date the applicant first becomes aware that the employer will be making a payment. The date the payment is actually made or received, or that an applicant must agree to a release of claims, does not affect the application of this paragraph.

(c) This subdivision does not apply to vacation pay, sick pay, personal time off pay, or supplemental benefit payment under subdivision 4.

(d) This subdivision applies to all the weeks of payment.

(e) Under this subdivision, if the payment with respect to a week is equal to or more than the applicant's weekly benefit amount, the applicant is ineligible for benefits for that week. If the payment with respect to a week is less than the applicant's weekly benefit amount, benefits are reduced by the amount of the payment.

Subd. 8. **Social Security disability benefits.** (a) An applicant who is receiving, has received, or has filed for primary Social Security disability benefits for any week is ineligible for benefits for that week, unless:

(1) the Social Security Administration approved the collecting of primary Social Security disability benefits each month the applicant was employed during the base period; or

(2) the applicant provides a statement from an appropriate health care professional who is aware of the applicant's Social Security disability claim and the basis for that claim, certifying that the applicant is available for suitable employment.

(b) If an applicant meets the requirements of paragraph (a), clause (1), there is no deduction from the applicant's weekly benefit amount for any Social Security disability benefits.

(c) If an applicant meets the requirements of paragraph (a), clause (2), there must be deducted from the applicant's weekly benefit amount 50 percent of the weekly equivalent of the primary Social Security disability benefits the applicant is receiving, has received, or has filed for, with respect to that week.

If the Social Security Administration determines that the applicant is not entitled to receive primary Social Security disability benefits for any week the applicant has applied for those benefits, this paragraph does not apply to that week.

(d) Information from the Social Security Administration is conclusive, absent specific evidence showing that the information was erroneous.

Sec. 11. **[268B.07] DETERMINATION ON ISSUES OF ELIGIBILITY.**

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 of the applicant, 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.

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, by mail or electronic transmission, a document titled a determination of eligibility or a determination of ineligibility, as is appropriate, within two weeks.

(b) If an applicant obtained benefits through misrepresentation, the department is authorized to issue a determination of ineligibility within 48 months of the establishment of the benefit account.

(c) If the department has filed an intervention in a worker's 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.

(d) A determination of eligibility or determination of ineligibility is final unless an appeal is filed by the applicant within 20 calendar days after sending. 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) An issue of ineligibility required to be determined under this section includes any question regarding the denial or allowing of benefits under this chapter.

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 by mail or electronic transmission. Any amended determination is final unless an appeal is filed by the applicant within 30 calendar days after sending, or within 60 calendar days, if the applicant establishes good cause for not appealing within 30 days. For the purposes of this paragraph, "good cause" means a reason that would have prevented an applicant from acting with due diligence in appealing within 30 days and includes any illness, disability, or linguistic and literacy limitation of the applicant, along with other relevant factors. If an applicant claims good cause for a late appeal, the applicant must be granted a hearing on the issue of timeliness. This hearing can be held at the same time as a hearing on the merits of the appeal. Proceedings on the appeal are conducted in accordance with section 268B.08.

Subd. 4. **Benefit payment.** If a determination or amended determination allows benefits to an applicant, the family or medical leave benefits must be paid regardless of any appeal period or any appeal having been filed.

Subd. 5. **Overpayment.** A determination or amended determination that holds an applicant ineligible for benefits for periods an applicant has been paid benefits is an overpayment of those family or medical leave 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.

Sec. 12. **[268B.08] APPEAL PROCESS.**

Subdivision 1. **Hearing.** (a) The commissioner shall designate a chief benefit judge.

(b) Upon a timely appeal to a determination having been filed or upon a referral for direct hearing, the chief benefit judge 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.

(c) 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.

(d) The chief benefit judge has discretion regarding the method by which the hearing is conducted.

Subd. 2. **Decision.** (a) After the conclusion of the hearing, upon the evidence obtained, the benefit judge must serve by mail or electronic transmission to all parties the decision, reasons for the decision, and written findings of fact.

(b) Decisions of a benefit judge are not precedential.

Subd. 3. **Request for reconsideration.** Any party, or the commissioner, may, within 30 calendar days after service of the benefit judge's decision, file a request for reconsideration asking the judge to reconsider that decision.

Subd. 4. **Appeal to court of appeals.** Any final determination on a request for reconsideration may be appealed by any party directly to the Minnesota Court of Appeals.

Subd. 5. **Benefit judges.** (a) Only employees of the department who are attorneys licensed to practice law in Minnesota may serve as a chief benefit judge, senior benefit judges who are supervisors, or benefit judges.

(b) The chief benefit judge must assign a benefit judge to conduct a hearing and may transfer to another benefit judge any proceedings pending before another benefit judge.

Sec. 13. **[268B.085] LEAVE.**

Subdivision 1. **Right to leave.** Ninety calendar days from the date of hire, an employee has a right to leave from employment for any day, or portion of a day, for which the employee would be eligible for benefits under this chapter, regardless of whether the employee actually applied for benefits and regardless of whether the employee is covered under a private plan or the public program under this chapter.

Subd. 2. **Notice to employer.** (a) If the need for leave is foreseeable, an employee must provide the employer at least 30 days' advance notice before leave under this chapter is to begin. If 30 days' notice is not practicable because of a lack of knowledge of approximately when leave will be required to begin, a change in circumstances, or a medical emergency, notice must be given as soon as practicable. Whether leave is to be continuous or is to be taken intermittently or on a reduced-schedule basis, notice need only be given one time, but the employee must advise the employer as soon as practicable if dates of scheduled leave change or are extended, or were initially unknown. In those cases where the employee is required to provide at least 30 days' notice of foreseeable leave and does not do so, the employee must explain the reasons why notice was not practicable upon request from the employer.

(b) "As soon as practicable" means as soon as both possible and practical, taking into account all of the facts and circumstances in the individual case. When an employee becomes aware of a need for leave under this chapter less than 30 days in advance, it should be practicable for the employee to provide notice of the need for leave either the same day or the next day, unless the need for leave is based on a medical emergency. In all cases, however, the determination of when an employee could practicably provide notice must take into account the individual facts and circumstances.

(c) An employee shall provide at least oral, telephone, or text message notice sufficient to make the employer aware that the employee needs leave allowed under this chapter and the anticipated timing and duration of the leave. An employer may require an employee giving notice of leave to include a certification for the leave as described in section 268B.06, subdivision 3. Such certification, if required by an employer, is timely when the employee delivers it as soon as practicable given the circumstances requiring the need for leave, and the required contents of the certification.

(d) An employer may require an employee to comply with the employer's usual and customary notice and procedural requirements for requesting leave, absent unusual circumstances or other circumstances caused by the reason for the employee's need for leave. Leave under this chapter must not be delayed or denied where an employer's usual and customary notice or procedural requirements require notice to be given sooner than set forth in this subdivision.

(e) If an employer has failed to provide notice to the employee as required under section 268B.26, paragraph (a), (b), or (e), the employee is not required to comply with the notice requirements of this subdivision.

Subd. 3. **Bonding leave.** Bonding leave taken under this chapter begins at a time requested by the employee. Bonding leave must begin within 12 months of the birth, adoption, or placement of a foster child, except that, in the case where the child must remain in the hospital longer than the mother, the leave must begin within 12 months after the child leaves the hospital.

Subd. 4. **Intermittent or reduced-leave schedule.** (a) Leave under this chapter, based on a serious health condition, may be taken intermittently or on a reduced-leave schedule 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 or on a reduced-leave schedule. Intermittent leave is leave taken in separate blocks of time due to a single, seven-day qualifying event. A reduced-leave schedule is a leave schedule that reduces an employee's usual number of working hours per workweek or hours per workday.

(b) Leave taken intermittently or on a reduced-schedule basis counts toward the maximums described in section 268B.04, subdivision 5.

Sec. 14. **[268B.09] EMPLOYMENT PROTECTIONS.**

Subdivision 1. **Retaliation prohibited.** An employer must not retaliate against an employee for requesting or obtaining benefits, or for exercising any other right under this chapter.

Subd. 2. **Interference prohibited.** An employer must not obstruct or impede an application for leave or benefits or the exercise of any other right under this chapter.

Subd. 3. **Waiver of rights void.** Any agreement to waive, release, or commute rights to benefits or any other right under this chapter is void.

Subd. 4. **No assignment of benefits.** Any assignment, pledge, or encumbrance of benefits is void. Benefits are exempt from levy, execution, attachment, or any other remedy provided for the collection of debt. Any waiver of this subdivision is void.

Subd. 5. **Continued insurance.** During any leave for which an employee is entitled to benefits under this chapter, the employer must maintain coverage under any group insurance policy, group subscriber contract, or health care plan for the employee and any dependents as if the employee was not on leave, provided, however, that the employee must continue to pay any employee share of the cost of such benefits.

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. 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 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 employee is ordinarily entitled to such a position on return from leave under this chapter.

(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.

(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.

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 restore the employee if the employment term or project is over and the employer would not otherwise have continued to employ the employee.

Subd. 8. **Remedies.** (a) In addition to any other remedies available to an employee in law or equity, an employer who violates the provisions of this section is liable to any employee affected for:

(1) damages equal to the amount of:

(i) any wages, salary, employment benefits, or other compensation denied or lost to such employee by reason of the violation, or, in cases in which wages, salary, employment benefits, or other compensation have not been denied or lost to the employee, any actual monetary losses sustained by the employee as a direct result of the violation; and

(ii) reasonable interest on the amount described in item (i); and

(2) such equitable relief as may be appropriate, including employment, reinstatement, and promotion.

(b) An action to recover damages or equitable relief prescribed in paragraph (a) may be maintained against any employer in any federal or state court of competent jurisdiction by any one or more employees for and on behalf of:

(1) the employees; or

(2) the employees and other employees similarly situated.

(c) The court in an action under this section must, in addition to any judgment awarded to the plaintiff or plaintiffs, allow reasonable attorney fees, reasonable expert witness fees, and other costs of the action to be paid by the defendant.

(d) Nothing in this section shall be construed to allow an employee to recover damages from an employer for the denial of benefits under this chapter by the department, unless the employer unlawfully interfered with the application for benefits under subdivision 2.

Sec. 15. **[268B.10] SUBSTITUTION OF A PRIVATE PLAN.**

Subdivision 1. **Application for substitution.** 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. An employee covered by a private plan under this section retains all applicable rights and remedies under section 268B.09.

Subd. 2. **Private plan requirements; medical benefit program.** (a) The commissioner 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, taking into consideration any coverage with respect to concurrent employment by another employer;

(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 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.

(b) Notwithstanding paragraph (a), a private plan may provide shorter durations of leave and benefit eligibility if the total dollar value of wage replacement benefits under the private plan for an employee for any particular qualifying event meets or exceeds what the total dollar value would be under the public family and medical benefit program.

Subd. 3. **Private plan requirements; family benefit program.** (a) The commissioner 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, taking into consideration any coverage with respect to concurrent employment by another employer;

(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 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.

(b) Notwithstanding paragraph (a), a private plan may provide shorter durations of leave and benefit eligibility if the total dollar value of wage replacement benefits under the private plan for an employee for any particular qualifying event meets or exceeds what the total dollar value would be under the public family and medical benefit program.

Subd. 4. **Use of private insurance products.** Nothing in this section prohibits an employer from meeting the requirements of a private plan through a private insurance product. If the employer plan involves a private insurance product, that insurance product must conform to any applicable law or rule.

Subd. 5. **Private plan approval and oversight fee.** An employer with an approved private plan is not required to pay premiums established under section 268B.14. An employer with an approved private plan is responsible for a private plan approval and oversight fee equal to $250 for employers with fewer than 50 employees, $500 for employers with 50 to 499 employees, and $1,000 for employers with 500 or more employees. The employer must pay this fee (1) upon initial application for private plan approval, and (2) any time the employer applies to amend the private plan. The commissioner must review and report on the adequacy of this fee to cover private plan administrative costs annually beginning December 1, 2024, as part of the annual report established in section 268B.24.

Subd. 6. **Plan duration.** A private plan under this section must be in effect for a period of at least one year and, thereafter, continuously unless the commissioner finds that the employer has given notice of withdrawal from the plan in a manner specified by the commissioner in this section or rule. The plan may be withdrawn by the employer within 30 days of the effective date of any law increasing the benefit amounts or within 30 days of the date of any change in the rate of premiums. If the plan is not withdrawn, it must be amended to conform to provide the increased benefit amount or change in the rate of the employee's premium on the date of the increase or change.

Subd. 7. **Appeals.** An employer may appeal any adverse action regarding that employer's private plan to the commissioner, in a manner specified by the commissioner.

Subd. 8. **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.

Subd. 9. **Posting of notice regarding private plan.** An employer with a private plan must provide a notice prepared by or approved by the commissioner regarding the private plan consistent with section 268B.26.

Subd. 10. **Amendment.** (a) The commissioner must approve any amendment to a private plan adjusting the provisions thereof, if the commissioner determines:

(1) that the plan, as amended, will conform to the standards set forth in this chapter; and

(2) that notice of the amendment has been delivered to all affected employees at least ten days before the submission of the amendment.

(b) Any amendments approved under this subdivision are effective on the date of the commissioner's approval, unless the commissioner and the employer agree on a later date.

Subd. 11. **Successor employer.** A private plan in effect at the time a successor acquires the employer organization, trade, or business, or substantially all the assets thereof, or a distinct and severable portion of the organization, trade, or business, and continues its operation without substantial reduction of personnel resulting from the acquisition, must continue the approved private plan and must not withdraw the plan without a specific request for withdrawal in a manner and at a time specified by the commissioner. A successor may terminate a private plan with notice to the commissioner and within 90 days from the date of the acquisition.

Subd. 12. **Revocation of approval by commissioner.** (a) The commissioner may terminate any private plan if the commissioner determines 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 7.

(d) The payment of benefits must not be delayed during an employer's appeal of the revocation of approval of a private plan.

(e) 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.

Subd. 13. **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 7.

Subd. 14. **Reports, information, and records.** Employers with an approved private plan must maintain all reports, information, and records as relating to the private plan and claims for a period of six years from creation and provide to the commissioner upon request.

Subd. 15. **Audit and investigation.** The commissioner may investigate and audit plans approved under this section both before and after the plans are approved.

Sec. 16. **[268B.11] SELF-EMPLOYED AND INDEPENDENT CONTRACTOR ELECTION OF COVERAGE.**

Subdivision 1. **Election of coverage.** (a) A self-employed individual or independent contractor may file with the commissioner by electronic transmission in a format prescribed by the commissioner an application to be entitled to benefits under this chapter for a period not less than 104 consecutive calendar weeks. Upon the approval of the commissioner, sent by United States mail or electronic transmission, the individual is entitled to benefits under this chapter beginning the calendar quarter after the date of approval or beginning in a later calendar quarter if requested by the self-employed individual or independent contractor. The individual ceases to be entitled to benefits as of the first day of January of any calendar year only if, at least 30 calendar days before the first day of January, the individual has filed with the commissioner by electronic transmission in a format prescribed by the commissioner a notice to that effect.

(b) The commissioner may terminate any application approved under this section with 30 calendar days' notice sent by United States mail or electronic transmission if the self-employed individual is delinquent on any premiums due under this chapter. If an approved application is terminated in this manner during the first 104 consecutive calendar weeks of election, the self-employed individual remains obligated to pay the premium under subdivision 3 for the remainder of that 104-week period.

Subd. 2. **Application.** A self-employed individual who applies for coverage under this section must provide the commissioner with (1) the amount of the individual's net earnings from self-employment, if any, from the two most recent taxable years and all tax documents necessary to prove the accuracy of the amounts reported, and (2) any other documentation the commissioner requires. A self-employed individual who is covered under this chapter must annually provide the commissioner with the amount of the individual's net earnings from self-employment within 30 days of filing a federal income tax return.

Subd. 3. **Premium.** A self-employed individual who elects to receive coverage under this chapter must annually pay a premium equal to one-half the percentage in section 268B.14, subdivision 5, clause (1), times the lesser of:

(1) the individual's self-employment premium base; or

(2) the maximum earnings subject to the FICA Old-Age, Survivors, and Disability Insurance tax.

Subd. 4. **Benefits.** Notwithstanding anything to the contrary, a self-employed individual who has applied to and been approved for coverage by the commissioner under this section is entitled to benefits on the same basis as an employee under this chapter, except that a self-employed individual's weekly benefit amount under section 268B.04, subdivision 1, must be calculated as a percentage of the self-employed individual's self-employment premium base, rather than wages.

Sec. 17. **[268B.12] WAGE REPORTING.**

Subdivision 1. **Wage detail report.** (a) Each employer must submit, under the employer premium account described in section 268B.13, a quarterly wage detail report by electronic transmission, in a format prescribed by the commissioner. The report must include for each employee in covered employment during the calendar quarter, the employee's name, Social Security number, the total wages paid to the employee, and total number of paid hours worked. For employees exempt from the definition of employee in section 177.23, subdivision 7, clause (6), the employer must report 40 hours worked for each week any duties were performed by a full-time employee and must report a reasonable estimate of the hours worked for each week duties were performed by a part-time employee. In addition, the wage detail report must include the number of employees employed during the payroll period that includes the 12th day of each calendar month and, if required by the commissioner, the report must be broken down by business location and separate business unit. The report is due and must be received by the commissioner on or before the last day of the month following the end of the calendar quarter. The commissioner may delay the due date on a specific calendar quarter in the event the department is unable to accept wage detail reports electronically.

(b) The employer may report the wages paid to the next lower whole dollar amount.

(c) An employer need not include the name of the employee or other required information on the wage detail report if disclosure is specifically exempted from being reported by federal law.

(d) A wage detail report must be submitted for each calendar quarter even though no wages were paid, unless the business has been terminated.

Subd. 2. **Electronic transmission of report required.** Each employer must submit the quarterly wage detail report by electronic transmission in a format prescribed by the commissioner. The commissioner has the discretion to accept wage detail reports that are submitted by any other means or the commissioner may return the report submitted by other than electronic transmission to the employer, and reports returned are considered as not submitted and the late fees under subdivision 3 may be imposed.

Subd. 3. **Failure to timely file report; late fees.** (a) Any employer that fails to submit the quarterly wage detail report when due must pay a late fee of $10 per employee, computed based upon the highest of:

(1) the number of employees reported on the last wage detail report submitted;

(2) the number of employees reported in the corresponding quarter of the prior calendar year; or

(3) if no wage detail report has ever been submitted, the number of employees listed at the time of employer registration.

The late fee is canceled if the wage detail report is received within 30 calendar days after a demand for the report is sent to the employer by mail or electronic transmission. A late fee assessed an employer may not be canceled more than twice each 12 months. The amount of the late fee assessed may not be less than $250.

(b) If the wage detail report is not received in a manner and format prescribed by the commissioner within 30 calendar days after demand is sent under paragraph (a), the late fee assessed under paragraph (a) doubles and a renewed demand notice and notice of the increased late fee will be sent to the employer by mail or electronic transmission.

(c) Late fees due under this subdivision may be canceled, in whole or in part, under section 268B.16.

Subd. 4. **Missing or erroneous information.** (a) Any employer that submits the wage detail report, but fails to include all required employee information or enters erroneous information, is subject to an administrative service fee of $25 for each employee for whom the information is partially missing or erroneous.

(b) Any employer that submits the wage detail report, but fails to include an employee, is subject to an administrative service fee equal to two percent of the total wages for each employee for whom the information is completely missing.

Subd. 5. **Fees.** The fees provided for in subdivisions 3 and 4 are in addition to interest and other penalties imposed by this chapter and are collected in the same manner as delinquent taxes and credited to the family and medical benefit insurance account.

Sec. 18. **[268B.13] EMPLOYER PREMIUM ACCOUNTS.**

The commissioner must maintain a premium account for each employer. The commissioner must assess the premium account for all the premiums due under section 268B.14, and credit the family and medical benefit insurance account with all premiums paid.

Sec. 19. **[268B.14] PREMIUMS.**

Subdivision 1. **Payments.** (a) Family and medical leave premiums accrue and become payable by each employer for each calendar year on the taxable wages that the employer paid to employees in covered employment.

Each employer must pay premiums quarterly, at the premium rate defined under this section, on the taxable wages paid to each employee. The commissioner must compute the premium due from the wage detail report required under section 268B.12 and notify the employer of the premium due. The premiums must be paid to the family and medical benefit insurance account and must be received by the department on or before the last day of the month following the end of the calendar quarter.

(b) If for any reason the wages on the wage detail report under section 268B.12 are adjusted for any quarter, the commissioner must recompute the premiums due for that quarter and assess the employer for any amount due or credit the employer as appropriate.

Subd. 2. **Payments by electronic payment required.** (a) Every employer must make any payments due under this chapter by electronic payment.

(b) All third-party processors, paying on behalf of a client company, must make any payments due under this chapter by electronic payment.

(c) Regardless of paragraph (a) or (b), the commissioner has the discretion to accept payment by other means.

Subd. 3. **Employee charge back.** Notwithstanding section 177.24, subdivision 4, or 181.06, subdivision 1, employers and covered business entities may deduct up to 50 percent of annual premiums paid under this section from employee wages. Such deductions for any given employee must be in equal proportion to the premiums paid based on the wages of that employee, and all employees of an employer must be subject to the same percentage deduction. 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 by law, including any applicable statute, regulation, rule, ordinance, government resolution or policy, contract, or other legal authority, whichever rate of pay is greater.

Subd. 4. **Wages and payments subject to premium.** The maximum wages subject to premium in a calendar year is equal to the maximum earnings in that year subject to the FICA Old-Age, Survivors, and Disability Insurance tax.

Subd. 5. **Annual premium rates.** The employer premium rates for the calendar year beginning January 1, 2024, shall be as follows:

(1) for employers participating in both family and medical benefit programs, 0.6 percent;

(2) for an employer participating in only the medical benefit program and with an approved private plan for the family benefit program, 0.486 percent; and

(3) for an employer participating in only the family benefit program and with an approved private plan for the medical benefit program, 0.114 percent.

Subd. 6. **Premium rate adjustments.** (a) Beginning January 1, 2026, and each calendar year thereafter, the commissioner must adjust the annual premium rates using the formula in paragraph (b).

(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 twice 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.

Subd. 7. **Deposit of premiums.** All premiums collected under this section must be deposited into the family and medical benefit insurance account.

Subd. 8. **Nonpayment of premiums by employer.** The failure of an employer to pay premiums does not impact the right of an employee to benefits, or any other right, under this chapter.

Sec. 20. **[268B.145] INCOME TAX WITHHOLDING.**

If the Internal Revenue Service determines that benefits are subject to federal income tax, and an applicant elects to have federal income tax deducted and withheld from the applicant's benefits, the commissioner must deduct and withhold the amount specified in the Internal Revenue Code in a manner consistent with state law.

Sec. 21. **[268B.15] COLLECTION OF PREMIUMS.**

Subdivision 1. **Amount computed presumed correct.** Any amount due from an employer, as computed by the commissioner, is presumed to be correctly determined and assessed, and the burden is upon the employer to show its incorrectness. A statement by the commissioner of the amount due is admissible in evidence in any court or administrative proceeding and is prima facie evidence of the facts in the statement.

Subd. 2. **Priority of payments.** (a) Any payment received from an employer must be applied in the following order:

(1) family and medical leave premiums under this chapter; then

(2) interest on past due premiums; then

(3) penalties, late fees, administrative service fees, and costs.

(b) Paragraph (a) is the priority used for all payments received from an employer, regardless of how the employer may designate the payment to be applied, except when:

(1) there is an outstanding lien and the employer designates that the payment made should be applied to satisfy the lien;

(2) the payment is specifically designated by the employer to be applied to an outstanding overpayment of benefits of an applicant;

(3) a court or administrative order directs that the payment be applied to a specific obligation;

(4) a preexisting payment plan provides for the application of payment; or

(5) the commissioner, under the compromise authority of section 268B.16, agrees to apply the payment to a different priority.

Subd. 3. **Estimating the premium due.** Only if an employer fails to make all necessary records available for an audit under section 268B.21 and the commissioner has reason to believe the employer has not reported all the required wages on the quarterly wage detail reports, may the commissioner then estimate the amount of premium due and assess the employer the estimated amount due.

Subd. 4. **Costs.** (a) Any employer and any applicant subject to section 268B.185, subdivision 2, that fails to pay any amount when due under this chapter is liable for any filing fees, recording fees, sheriff fees, costs incurred by referral to any public or private collection agency, or litigation costs, including attorney fees, incurred in the collection of the amounts due.

(b) If any tendered payment of any amount due is not honored when presented to a financial institution for payment, any costs assessed the department by the financial institution and a fee of $25 must be assessed to the person.

(c) Costs and fees collected under this subdivision are credited to the enforcement account under section 268B.185, subdivision 3.

Subd. 5. **Interest on amounts past due.** If any amounts due from an employer under this chapter are not received on the date due, the commissioner must assess interest on any amount that remains unpaid. Interest is assessed at the rate of one percent per month or any part of a month. Interest is not assessed on unpaid interest. Interest collected under this subdivision is credited to the account.

Subd. 6. **Interest on judgments.** Regardless of section 549.09, if a judgment is entered upon any past due amounts from an employer under this chapter, the unpaid judgment bears interest at the rate specified in subdivision 5 until the date of payment.

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.

Subd. 8. **Priorities under legal dissolutions or distributions.** In the event of any distribution of an employer's assets according to an order of any court, including any receivership, assignment for benefit of creditors, adjudicated insolvency, or similar proceeding, premiums then or thereafter due must be paid in full before all other claims except claims for wages of not more than $1,000 per former employee, earned within six months of the commencement of the proceedings. In the event of an employer's adjudication in bankruptcy under federal law, premiums then or thereafter due are entitled to the priority provided in that law for taxes due in any state.

Sec. 22. **[268B.155] CHILD SUPPORT DEDUCTION FROM BENEFITS.**

Subdivision 1. **Definitions.** As used in this section:

(1) "child support agency" means the public agency responsible for child support enforcement, including federally approved comprehensive Tribal IV-D programs; and

(2) "child support obligations" means obligations that are being enforced by a child support agency in accordance with a plan described in United States Code, title 42, sections 454 and 455 of the Social Security Act that has been approved by the secretary of health and human services under part D of title IV of the Social Security Act. This does not include any type of spousal maintenance or foster care payments.

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, notify the child support agency.

Subd. 3. **Withholding of benefit.** The commissioner must deduct and withhold from any family or medical leave benefits payable to an applicant who owes child support obligations:

(1) the amount required under a proper order of a court or administrative agency; or

(2) if clause (1) is not applicable, the amount determined under an agreement under United States Code, title 42, section 454(20)(B)(i), of the Social Security Act; or

(3) if clause (1) or (2) is not applicable, the amount specified by the applicant.

Subd. 4. **Payment.** Any amount deducted and withheld must be paid to the child support agency, must for all purposes be treated as if it were paid to the applicant as family or medical leave benefits and paid by the applicant to the child support agency in satisfaction of the applicant's child support obligations.

Subd. 5. **Payment of costs.** The child support agency must pay the costs incurred by the commissioner in the implementation and administration of this section and sections 518A.50 and 518A.53.

Sec. 23. **[268B.16] COMPROMISE.**

(a) The commissioner may compromise in whole or in part any action, determination, or decision that affects only an employer and not an applicant. This paragraph applies if it is determined by a court of law, or a confession of judgment, that an applicant, while employed, wrongfully took from the employer $500 or more in money or property.

(b) The commissioner may at any time compromise any premium or reimbursement due from an employer under this chapter.

(c) Any compromise involving an amount over $10,000 must be authorized by an attorney licensed to practice law in Minnesota who is an employee of the department designated by the commissioner for that purpose.

(d) Any compromise must be in the best interest of the state of Minnesota.

Sec. 24. **[268B.17] ADMINISTRATIVE COSTS.**

From January 1, 2024, through December 31, 2024, the commissioner may spend up to seven percent of premiums collected under section 268B.15 for administration of this chapter. Beginning January 1, 2025, and each calendar year thereafter, the commissioner may spend up to seven percent of projected benefit payments for that calendar year for the administration of this chapter. The department may enter into interagency agreements with the Department of Labor and Industry, including agreements to transfer funds, subject to the limit in this section, for the Department of Labor and Industry to fulfill its enforcement authority of this chapter.

Sec. 25. **[268B.18] PUBLIC OUTREACH.**

Beginning January 1, 2024, the commissioner must use at least 0.5 percent of revenue collected under this chapter for the purpose of outreach, education, and technical assistance for employees, employers, and self-employed individuals eligible to elect coverage under section 268B.11. The department may enter into interagency agreements with the Department of Labor and Industry, including agreements to transfer funds, subject to the limit in section 268B.17, to accomplish the requirements of this section. At least one-half of the amount spent under this section must be used for grants to community-based groups.

Sec. 26. **[268B.185] BENEFIT OVERPAYMENTS.**

Subdivision 1. **Repaying an overpayment.** (a) Any applicant who (1) because of a determination or amended determination issued under this chapter, or (2) because of a benefit law judge's decision under section 268B.08, has received any family or medical leave benefits that the applicant was held not entitled to, is overpaid the benefits and must promptly repay the benefits to the family and medical benefit insurance account.

(b) If the applicant fails to repay the benefits overpaid, including any penalty and interest assessed under subdivisions 2 and 4, the total due may be collected by the methods allowed under state and federal law.

Subd. 2. **Overpayment because of misrepresentation.** (a) An applicant has committed misrepresentation if the applicant is overpaid benefits by making a false statement or representation without a good faith belief as to the 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 20 percent of the amount overpaid. This penalty is in addition to penalties under section 268B.19.

(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, or within 60 calendar days, if the applicant establishes good cause for not appealing within 30 days, the determination is final. For the purposes of this paragraph, "good cause" means a reason that would have prevented an applicant from acting with due diligence in appealing within 30 days and includes any illness, disability, or linguistic and literacy limitation of the applicant, along with other relevant factors. If an applicant claims good cause for a late appeal, the applicant must be granted a hearing on the issue of timeliness. This hearing can be held at the same time as a hearing on the merits of the appeal. Proceedings on the appeal are conducted in accordance with section 268B.08.

(d) 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) The department is authorized to issue a determination of overpayment penalty under this subdivision within 48 months of the establishment of the benefit account upon which the benefits were obtained through misrepresentation.

Subd. 3. **Family and medical benefit insurance enforcement account created.** The family and medical benefit insurance enforcement account is created in the state treasury. Any penalties and interest collected under this section shall be deposited into the account under this subdivision and shall be used only for the purposes of administering and enforcing this chapter. Only the commissioner may authorize expenditures from the account under this subdivision.

Subd. 4. **Interest.** For any family and medical leave benefits obtained by misrepresentation, and any penalty amounts assessed under subdivision 2, the commissioner must assess interest on any amount that remains unpaid beginning 30 calendar days after the date of a determination of overpayment penalty. Interest is assessed at the rate of one percent per month or any part of a month. A determination of overpayment penalty must state that interest will be assessed. Interest is not assessed on unpaid interest. Interest collected under this subdivision is credited to the family and medical benefit insurance enforcement account.

Subd. 5. **Offset of benefits.** The commissioner may offset from any future family and medical leave benefits otherwise payable the amount of a nonmisrepresentation overpayment. Except when the nonmisrepresentation overpayment resulted because the applicant failed to report deductible earnings or deductible or benefit delaying payments, no single offset may exceed 50 percent of the amount of the payment from which the offset is made.

Subd. 6. **Cancellation of overpayments.** (a) If family and medical leave benefits overpaid for reasons other than misrepresentation are not repaid or offset from subsequent benefits within six years after the date of the determination or decision holding the applicant overpaid, the commissioner must cancel the overpayment balance, and no administrative or legal proceedings may be used to enforce collection of those amounts.

(b) If family and medical leave benefits overpaid because of misrepresentation including penalties and interest are not repaid within ten years after the date of the determination of overpayment penalty, the commissioner must cancel the overpayment balance and any penalties and interest due, and no administrative or legal proceeding may be used to enforce collection of those amounts.

(c) The commissioner may cancel at any time any overpayment, including penalties and interest that the commissioner determines is uncollectible because of death or bankruptcy.

Subd. 7. **Court fees; collection fees.** (a) If the department is required to pay any court fees in an attempt to enforce collection of overpaid family and medical leave benefits, penalties, or interest, the amount of the court fees may be added to the total amount due.

(b) If an applicant who has been overpaid family and medical leave benefits because of misrepresentation seeks to have any portion of the debt discharged under the federal bankruptcy code, and the department files an objection in bankruptcy court to the discharge, the cost of any court fees may be added to the debt if the bankruptcy court does not discharge the debt.

(c) If the Internal Revenue Service assesses the department a fee for offsetting from a federal tax refund the amount of any overpayment, including penalties and interest, the amount of the fee may be added to the total amount due. The offset amount must be put in the family and medical benefit insurance enforcement account and that amount credited to the total amount due from the applicant.

Subd. 8. **Collection of overpayments.** (a) The commissioner has discretion regarding the recovery of any overpayment for reasons other than misrepresentation. Regardless of any law to the contrary, the commissioner is not required to refer any overpayment for reasons other than misrepresentation to a public or private collection agency, including agencies of this state.

(b) Amounts overpaid for reasons other than misrepresentation are not considered a "debt" to the state of Minnesota for purposes of any reporting requirements to the commissioner of management and budget.

(c) A pending appeal under section 268B.08 does not suspend the assessment of interest, penalties, or collection of an overpayment.

(d) Section 16A.626 applies to the repayment by an applicant of any overpayment, penalty, or interest.

Sec. 27. **[268B.19] APPLICANT ADMINISTRATIVE PENALTIES.**

(a) Any applicant who makes a false statement or representation without a good faith belief as to the correctness of the statement or representation in order to obtain or in an attempt to obtain benefits may be assessed, in addition to any other penalties, an administrative penalty of being ineligible for benefits for 13 to 104 weeks.

(b) A determination of ineligibility setting out the weeks the applicant is ineligible must be sent to the applicant by mail or electronic transmission. The department is authorized to issue a determination of ineligibility under this subdivision within 48 months of the establishment of the benefit account upon which the benefits were obtained, or attempted to be obtained. Unless an appeal is filed within 20 calendar days of sending, the determination is final. Proceedings on the appeal are conducted in accordance with section 268B.08.

Sec. 28. **[268B.20] 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.

(e) 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.

Sec. 29. **[268B.21] RECORDS; AUDITS.**

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

(b) For the purpose of administering this chapter, the commissioner has the power to audit, examine, or cause to be supplied or copied, any books, correspondence, papers, records, or memoranda that are the property of, or in the possession of, an employer or any other person at any reasonable time and as often as may be necessary. Subpoenas may be issued under section 268B.22 as necessary, for an audit.

(c) An employer or other person that refuses to allow an audit of its records by the department or that fails to make all necessary records available for audit in the state upon request of the commissioner may be assessed an administrative penalty of $500. The penalty collected is credited to the family and medical benefit insurance account.

(d) An employer, or other person, that fails to provide a weekly breakdown of money earned by an applicant upon request of the commissioner, information necessary for the detection of applicant misrepresentation under section 268B.185, subdivision 2, may be assessed an administrative penalty of $100. Any notice requesting a weekly breakdown must clearly state that a $100 penalty may be assessed for failure to provide the information. The penalty collected is credited to the family and medical benefit insurance account.

Subd. 2. **Department records; destruction.** (a) The commissioner may make summaries, compilations, duplications, or reproductions of any records pertaining to this chapter that the commissioner considers advisable for the preservation of the information.

(b) Regardless of any law to the contrary, the commissioner may destroy any records that are no longer necessary for the administration of this chapter. In addition, the commissioner may destroy any record from which the information has been electronically captured and stored.

Sec. 30. **[268B.22] SUBPOENAS; OATHS.**

(a) The commissioner or benefit judge has authority to administer oaths and affirmations, take depositions, certify to official acts, and issue subpoenas to compel the attendance of individuals and the production of documents and other personal property necessary in connection with the administration of this chapter.

(b) Individuals subpoenaed, other than applicants or officers and employees of an employer that is the subject of the inquiry, are paid witness fees the same as witness fees in civil actions in district court. The fees need not be paid in advance.

(c) The subpoena is enforceable through the district court in Ramsey County.

Sec. 31. **[268B.23] LIEN; LEVY; SETOFF; AND CIVIL ACTION.**

Subdivision 1. **Lien.** (a) Any amount due under this chapter, from an applicant or an employer, becomes a lien upon all the property, within this state, both real and personal, of the person liable, from the date of assessment. For the purposes of this section, "date of assessment" means the date the obligation was due.

(b) The lien is not enforceable against any purchaser, mortgagee, pledgee, holder of a Uniform Commercial Code security interest, mechanic's lien, or judgment lien creditor, until a notice of lien has been filed with the county recorder of the county where the property is situated, or in the case of personal property belonging to a nonresident person in the Office of the Secretary of State. When the notice of lien is filed with the county recorder, the fee for filing and indexing is as provided in sections 272.483 and 272.484.

(c) Notices of liens, lien renewals, and lien releases, in a form prescribed by the commissioner, may be filed with the county recorder or the secretary of state by mail, personal delivery, or electronic transmission into the computerized filing system of the secretary of state. The secretary of state must, on any notice filed with that office, transmit the notice electronically to the appropriate county recorder. The filing officer, whether the county recorder or the secretary of state, must endorse and index a printout of the notice as if the notice had been mailed or delivered.

(d) County recorders and the secretary of state must enter information on lien notices, renewals, and releases into the central database of the secretary of state. For notices filed electronically with the county recorders, the date and time of receipt of the notice and county recorder's file number, and for notices filed electronically with the secretary of state, the secretary of state's recording information, must be entered into the central database before the close of the working day following the day of the original data entry by the commissioner.

(e) The lien imposed on personal property, even though properly filed, is not enforceable against a purchaser of tangible personal property purchased at retail or personal property listed as exempt in sections 550.37, 550.38, and 550.39.

(f) A notice of lien filed has priority over any security interest arising under chapter 336, article 9, that is perfected prior in time to the lien imposed by this subdivision, but only if:

(1) the perfected security interest secures property not in existence at the time the notice of lien is filed; and

(2) the property comes into existence after the 45th calendar day following the day the notice of lien is filed, or after the secured party has actual notice or knowledge of the lien filing, whichever is earlier.

(g) The lien is enforceable from the time the lien arises and for ten years from the date of filing the notice of lien. A notice of lien may be renewed before expiration for an additional ten years.

(h) The lien is enforceable by levy under subdivision 2 or by judgment lien foreclosure under chapter 550.

(i) The lien may be imposed upon property defined as homestead property in chapter 510 but may be enforced only upon the sale, transfer, or conveyance of the homestead property.

(j) The commissioner may sell and assign to a third party the commissioner's right of redemption in specific real property for liens filed under this subdivision. The assignee is limited to the same rights of redemption as the commissioner, except that in a bankruptcy proceeding, the assignee does not obtain the commissioner's priority. Any proceeds from the sale of the right of redemption are credited to the family and medical benefit insurance account.

Subd. 2. **Levy.** (a) If any amount due under this chapter, from an applicant or an employer, is not paid when due, the amount may be collected by the commissioner by direct levy upon all property and rights of property of the person liable for the amount due except property exempt from execution under section 550.37. For the purposes of this section, "levy" includes the power of distraint and seizure by any means.

(b) In addition to a direct levy, the commissioner may issue a warrant to the sheriff of any county who must proceed within 60 calendar days to levy upon the property or rights to property of the delinquent person within the county, except property exempt under section 550.37. The sheriff must sell that property necessary to satisfy the total amount due, together with the commissioner's and sheriff's costs. The sales are governed by the law applicable to sales of like property on execution of a judgment.

(c) Notice and demand for payment of the total amount due must be mailed to the delinquent person at least ten calendar days before action being taken under paragraphs (a) and (b).

(d) If the commissioner has reason to believe that collection of the amount due is in jeopardy, notice and demand for immediate payment may be made. If the total amount due is not paid, the commissioner may proceed to collect by direct levy or issue a warrant without regard to the ten calendar day period.

(e) In executing the levy, the commissioner must have all of the powers provided in chapter 550 or any other law that provides for execution against property in this state. The sale of property levied upon and the time and manner of redemption is as provided in chapter 550. The seal of the court is not required. The levy may be made whether or not the commissioner has commenced a legal action for collection.

(f) Where any assessment has been made by the commissioner, the property seized for collection of the total amount due must not be sold until any determination of liability has become final. No sale may be made unless a portion of the amount due remains unpaid for a period of more than 30 calendar days after the determination of liability becomes final. Seized property may be sold at any time if:

(1) the delinquent person consents in writing to the sale; or

(2) the commissioner determines that the property is perishable or may become greatly reduced in price or value by keeping, or that the property cannot be kept without great expense.

(g) Where a levy has been made to collect the amount due and the property seized is properly included in a formal proceeding commenced under sections 524.3-401 to 524.3-505 and maintained under full supervision of the court, the property may not be sold until the probate proceedings are completed or until the court orders.

(h) The property seized must be returned if the owner:

(1) gives a surety bond equal to the appraised value of the owner's interest in the property, as determined by the commissioner; or

(2) deposits with the commissioner security in a form and amount the commissioner considers necessary to insure payment of the liability.

(i) If a levy or sale would irreparably injure rights in property that the court determines superior to rights of the state, the court may grant an injunction to prohibit the enforcement of the levy or to prohibit the sale.

(j) Any person who fails or refuses to surrender without reasonable cause any property or rights to property subject to levy is personally liable in an amount equal to the value of the property or rights not so surrendered, but not exceeding the amount due.

(k) If the commissioner has seized the property of any individual, that individual may, upon giving 48 hours notice to the commissioner and to the court, bring a claim for equitable relief before the district court for the release of the property upon terms and conditions the court considers equitable.

(l) Any person in control or possession of property or rights to property upon which a levy has been made who surrenders the property or rights to property, or who pays the amount due is discharged from any obligation or liability to the person liable for the amount due with respect to the property or rights to property.

(m) The notice of any levy may be served personally or by mail.

(n) The commissioner may release the levy upon all or part of the property or rights to property levied upon if the commissioner determines that the release will facilitate the collection of the liability, but the release does not prevent any subsequent levy. If the commissioner determines that property has been wrongfully levied upon, the commissioner must return:

(1) the specific property levied upon, at any time; or

(2) an amount of money equal to the amount of money levied upon, at any time before the expiration of nine months from the date of levy.

(o) Regardless of section 52.12, a levy upon a person's funds on deposit in a financial institution located in this state, has priority over any unexercised right of setoff of the financial institution to apply the levied funds toward the balance of an outstanding loan or loans owed by the person to the financial institution. A claim by the financial institution that it exercised its right to setoff before the levy must be substantiated by evidence of the date of the setoff, and verified by an affidavit from a corporate officer of the financial institution. For purposes of determining the priority of any levy under this subdivision, the levy is treated as if it were an execution under chapter 550.

Subd. 3. **Right of setoff.** (a) Upon certification by the commissioner to the commissioner of management and budget, or to any state agency that disburses its own funds, that a person, applicant, or employer has a liability under this chapter, and that the state has purchased personal services, supplies, contract services, or property from that person, the commissioner of management and budget or the state agency must set off and pay to the commissioner an amount sufficient to satisfy the unpaid liability from funds appropriated for payment of the obligation of the state otherwise due the person. No amount may be set off from any funds exempt under section 550.37 or funds due an individual who receives assistance under chapter 256.

(b) All funds, whether general or dedicated, are subject to setoff.

(c) Regardless of any law to the contrary, the commissioner has first priority to setoff from any funds otherwise due from the department to a delinquent person.

Subd. 4. **Collection by civil action.** (a) Any amount due under this chapter, from an applicant or employer, may be collected by civil action in the name of the state of Minnesota. Civil actions brought under this subdivision must be heard as provided under section 16D.14. In any action, judgment must be entered in default for the relief demanded in the complaint without proof, together with costs and disbursements, upon the filing of an affidavit of default.

(b) Any person that is not a resident of this state and any resident person removed from this state, is considered to appoint the secretary of state as its agent for the acceptance of process in any civil action. The commissioner must file process with the secretary of state, together with a payment of a fee of $15 and that service is considered sufficient service and has the same force and validity as if served personally within this state. Notice of the service of process, together with a copy of the process, must be sent by certified mail to the person's last known address. An affidavit of compliance with this subdivision, and a copy of the notice of service must be appended to the original of the process and filed in the court.

(c) No court filing fees, docketing fees, or release of judgment fees may be assessed against the state for actions under this subdivision.

Subd. 5. **Injunction forbidden.** No injunction or other legal action to prevent the determination, assessment, or collection of any amounts due under this chapter, from an applicant or employer, are allowed.

Sec. 32. **[268B.24] CONCILIATION SERVICES.**

The Department of Labor and Industry may offer conciliation services to employers and employees to resolve disputes concerning alleged violations of employment protections identified in section 268B.09.

Sec. 33. **[268B.25] ANNUAL REPORTS.**

(a) Beginning on or before December 1, 2024, the commissioner must annually report to the Department of Management and Budget and the house of representatives and senate committee chairs with jurisdiction over this chapter on program administrative expenditures and revenue collection for the prior fiscal year, including but not limited to:

(1) total revenue raised through premium collection;

(2) the number of self-employed individuals or independent contractors electing coverage under section 268B.11 and amount of associated revenue;

(3) the number of covered business entities paying premiums under this chapter and associated revenue;

(4) administrative expenditures including transfers to other state agencies expended in the administration of the chapter;

(5) summary of contracted services expended in the administration of this chapter;

(6) grant amounts and recipients under sections 268B.29 and 268B.18;

(7) an accounting of required outreach expenditures;

(8) summary of private plan approvals including the number of employers and employees covered under private plans; and

(9) adequacy and use of the private plan approval and oversight fee.

(b) Beginning on or before December 1, 2025, the commissioner must annually publish a publicly available report providing the following information for the previous fiscal year:

(1) total eligible claims;

(2) the number and percentage of claims attributable to each category of benefit;

(3) claimant demographics by age, gender, average weekly wage, occupation, and the type of leave taken;

(4) the percentage of claims denied and the reasons therefor, including but not limited to insufficient information and ineligibility and the reason therefor;

(5) average weekly benefit amount paid for all claims and by category of benefit;

(6) changes in the benefits paid compared to previous fiscal years;

(7) processing times for initial claims processing, initial determinations, and final decisions;

(8) average duration for cases completed; and

(9) the number of cases remaining open at the close of such year.

Sec. 34. **[268B.26] NOTICE REQUIREMENTS.**

(a) Each employer must post in a conspicuous place on each of its premises a workplace notice prepared or approved 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 or approved 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, e-mail address, and telephone number of the department; and

(8) any other information required by the department.

Delivery is made when an employee provides written acknowledgment of receipt of the information, or signs a statement indicating the employee's refusal to sign such acknowledgment.

(c) Each employer shall provide to each independent contractor with whom it contracts, at the time such contract is made or, for existing contracts, within 30 days of the effective date of this section, the following written information provided or approved by the department in the self-employed individual's primary language:

(1) the address and telephone number of the department; and

(2) any other information required by the department.

(d) An employer that fails to comply with this subdivision may be issued, for a first violation, a civil penalty of $50 per employee and per independent contractor with whom it has contracted, and for each subsequent violation, a civil penalty of $300 per employee or self-employed individual with whom it has contracted. The employer shall have the burden of demonstrating compliance with this section.

(e) 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.

Sec. 35. **[268B.27] RELATIONSHIP TO OTHER LEAVE; CONSTRUCTION.**

Subdivision 1. **Concurrent leave.** An employer may require leave taken under this chapter to run concurrently with leave taken for the same purpose under section 181.941 or the Family and Medical Leave Act, United States Code, title 29, sections 2601 to 2654, as amended.

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) except as provided under section 268B.01, subdivision 37, prohibit an employer from providing additional benefits, including but not limited to covering the portion of earnings not provided under this chapter during periods of leave covered under this chapter; or

(3) limit the parties to a collective bargaining agreement from bargaining and agreeing with respect to leave benefits and related procedures and employee protections that meet or exceed, and do not otherwise conflict with, the minimum standards and requirements in this chapter.

Sec. 36. **[268B.28] SEVERABLE.**

If the United States Department of Labor or a court of competent jurisdiction determines that any provision of the family and medical benefit insurance program under this chapter is not in conformity with, or is inconsistent with, the requirements of federal law, the provision has no force or effect. If only a portion of the provision, or the application to any person or circumstances, is determined not in conformity, or determined inconsistent, the remainder of the provision and the application of the provision to other persons or circumstances are not affected.

Sec. 37. **[268B.29] SMALL BUSINESS ASSISTANCE GRANTS.**

(a) Employers with 50 or fewer employees 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 to replace an employee on family or medical leave for a period of seven days or more.

(c) For an employee's family or medical leave, the commissioner may approve a grant of up to $1,000 as reimbursement for significant additional wage-related costs due to the employee's leave.

(d) To be eligible for consideration for a grant under this section, the employer must provide the department written documentation showing the temporary worker hired or significant wage-related costs incurred are due to an employee's use of leave under this chapter.

(e) The grants under this section may be funded from the family and medical benefit insurance account.

(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 to determine the size of the employer.

(g) An employer who has an approved private plan is not eligible to receive a grant under this section.

(h) The commissioner may award grants under this section only up to a maximum of $5,000,000 per calendar year.

Sec. 38. **EFFECTIVE DATES.**

(a) Sections 1, 4, 5, 6, and 36 are effective July 1, 2022.

(b) Section 15 is effective July 1, 2023.

(c) Section 34 is effective December 1, 2023.

(d) Sections 2, 3, 16 to 19, 21, 23 to 25, 28 to 31, and 33 are effective January 1, 2024.

(e) Sections 7 to 14, 20, 22, 26 to 27, 32, 35, and 37 are effective January 1, 2025.

ARTICLE 4
FAMILY AND MEDICAL LEAVE BENEFIT AS EARNINGS

Section 1. Minnesota Statutes 2020, section 256J.561, is amended by adding a subdivision to read:

Subd. 4. **Parents receiving family and medical leave benefits.** A parent who meets the criteria under subdivision 2 and who receives benefits under chapter 268B is not required to participate in employment services.

Sec. 2. Minnesota Statutes 2020, section 256J.95, subdivision 3, is amended to read:

Subd. 3. **Eligibility for diversionary work program.** (a) Except for the categories of family units listed in clauses (1) to (8), all family units who apply for cash benefits and who meet MFIP eligibility as required in sections 256J.11 to 256J.15 are eligible and must participate in the diversionary work program. Family units or individuals that are not eligible for the diversionary work program include:

(1) child only cases;

(2) single-parent family units that include a child under 12 months of age. A parent is eligible for this exception once in a parent's lifetime;

(3) family units with a minor parent without a high school diploma or its equivalent;

(4) family units with an 18- or 19-year-old caregiver without a high school diploma or its equivalent who chooses to have an employment plan with an education option;

(5) family units with a caregiver who received DWP benefits within the 12 months prior to the month the family applied for DWP, except as provided in paragraph (c);

(6) family units with a caregiver who received MFIP within the 12 months prior to the month the family applied for DWP;

(7) family units with a caregiver who received 60 or more months of TANF assistance; ~~and~~

(8) family units with a caregiver who is disqualified from the work participation cash benefit program, DWP, or MFIP due to fraud~~.~~; and

(9) single-parent family units where a parent is receiving family and medical leave benefits under chapter 268B.

(b) A two-parent family must participate in DWP unless both caregivers meet the criteria for an exception under paragraph (a), clauses (1) through (5), or the family unit includes a parent who meets the criteria in paragraph (a), clause (6), (7), or (8).

(c) Once DWP eligibility is determined, the four months run consecutively. If a participant leaves the program for any reason and reapplies during the four-month period, the county must redetermine eligibility for DWP.

Sec. 3. Minnesota Statutes 2020, section 256J.95, subdivision 11, is amended to read:

Subd. 11. **Universal participation required.** (a) All DWP caregivers, except caregivers who meet the criteria in paragraph (d), are required to participate in DWP employment services. Except as specified in paragraphs (b) and (c), employment plans under DWP must, at a minimum, meet the requirements in section 256J.55, subdivision 1.

(b) A caregiver who is a member of a two-parent family that is required to participate in DWP who would otherwise be ineligible for DWP under subdivision 3 may be allowed to develop an employment plan under section 256J.521, subdivision 2, that may contain alternate activities and reduced hours.

(c) A participant who is a victim of family violence shall be allowed to develop an employment plan under section 256J.521, subdivision 3. A claim of family violence must be documented by the applicant or participant by providing a sworn statement which is supported by collateral documentation in section 256J.545, paragraph (b).

(d) One parent in a two-parent family unit ~~that has a natural born child under 12 months of age~~ is not required to have an employment plan ~~until the child reaches 12 months of age unless the family unit has already used the exclusion under section 256J.561, subdivision 3, or the previously allowed child under age one exemption under section 256J.56, paragraph (a), clause (5).~~ if that parent:

(1) receives family and medical leave benefits under chapter 268B; or

(2) has a natural born child under 12 months of age until the child reaches 12 months of age unless the family unit has already used the exclusion under section 256J.561, subdivision 3, or the previously allowed child under age one exemption under section 256J.56, paragraph (a), clause (5).

(e) The provision in paragraph (d) ends the first full month after the child reaches 12 months of age. This provision is allowable only once in a caregiver's lifetime. In a two-parent household, only one parent shall be allowed to use this category.

(f) The participant and job counselor must meet in the month after the month the child reaches 12 months of age to revise the participant's employment plan. The employment plan for a family unit that has a child under 12 months of age that has already used the exclusion in section 256J.561 must be tailored to recognize the caregiving needs of the parent.

Sec. 4. Minnesota Statutes 2021 Supplement, section 256P.01, subdivision 3, is amended to read:

Subd. 3. **Earned income.** "Earned income" means income earned through the receipt of wages, salary, commissions, bonuses, tips, gratuities, profit from employment activities, net profit from self-employment activities, payments made by an employer for regularly accrued vacation or sick leave, severance pay based on accrued leave time, benefits paid under chapter 268B, royalties, honoraria, or other profit from activity that results from the client's work, effort, or labor for purposes other than student financial assistance, rehabilitation programs, student training programs, or service programs such as AmeriCorps. The income must be in return for, or as a result of, legal activity.

Sec. 5. **EFFECTIVE DATES.**

Sections 1 to 4 are effective January 1, 2025.

ARTICLE 5
LABOR AND INDUSTRY APPROPRIATIONS

Section 1. **APPROPRIATIONS.**

The sums shown in the columns under "Appropriations" are added to the appropriations in Laws 2021, First Special Session chapter 10, or other law to the specified agencies. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2022" and "2023" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2022, or June 30, 2023, respectively. Appropriations for the fiscal year ending June 30, 2022, are effective the day following final enactment.

	APPROPRIATIONS Available for the Year Ending June 30	
	2022	**2023**
Sec. 2. **DEPARTMENT OF LABOR AND INDUSTRY**		
Subdivision 1. **Total Appropriation**	**$-0-**	**$10,332,000**

Appropriations by Fund

	2022	2023
General	-0-	7,117,000
Workers' Compensation	-0-	82,000
Workforce Development	-0-	3,133,000

Subd. 2. **Labor Standards and Apprenticeship** -0- 5,996,000

Appropriations by Fund

	2022	2023
General Fund	-0-	2,863,000
Workforce Development	-0-	3,133,000

(a) $1,059,000 in fiscal year 2023 is from the workforce development fund for labor education and advancement program grants under Minnesota Statutes, section 178.11, to expand and promote registered apprenticeship training for people of color, Indigenous people, and women. Of this amount:

(1) $159,000 is available for program administration; and

(2) at least $500,000 must be awarded to community-based organizations.

(b) $316,000 is from the workforce development fund for administration of the apprenticeship program under Minnesota Statutes, chapter 178.

(c) $1,758,000 in fiscal year 2023 is from the workforce development fund for prevailing wage education and compliance.

(d) $196,000 in fiscal year 2023 is to expand and strengthen fair labor standards for agricultural and food processing workers. In fiscal year 2024 and beyond, the base is $146,000.

(e) $500,000 in fiscal year 2023 is for the loggers safety grant program under Laws 2021, First Special Session chapter 10, article 3, section 21. This is a onetime appropriation.

(f) $200,000 in fiscal year 2023 is to establish a Veterans Liaison Coordinator position in the Registered Apprenticeship Division. The position is responsible for collaborating with Minnesota stakeholders and state and federal agencies to: promote and increase veterans in the trades; support initiatives for veterans seeking a living wage and sustainable employment; and increase awareness of registered apprenticeship opportunities in Minnesota. Of this amount, up to $150,000 is for salary and benefits for the position, and $50,000 is for administrative support services, marketing, and paid communications. The base for this appropriation is $180,000 in fiscal year 2024 and $160,000 in fiscal year 2025.

(g) $1,367,000 in fiscal year 2023 is for enforcement and other duties regarding earned sick and safe time under Minnesota Statutes, sections 181.9445 to 181.9448, and chapter 177. In fiscal year 2024, the base for this appropriation is $2,018,000. In fiscal year 2025, the base for this appropriation is $1,708,000.

(h) $300,000 in fiscal year 2023 is for earned sick and safe time grants to community organizations under Minnesota Statutes, section 177.50, subdivision 4. In fiscal year 2024, the base for this appropriation is $300,000. In fiscal year 2025, the base for this appropriation is $0.

(i) $300,000 in fiscal year 2023 is for a grant to Building Strong Communities, Inc., for a statewide apprenticeship readiness program to prepare women, BIPOC community members, and veterans to enter the building and construction trades. This is a onetime appropriation.

Subd. 3. **Workforce Development Initiatives** -0- 747,000

(a) $500,000 in fiscal year 2023 is for youth skills training grants under Minnesota Statutes, section 175.46.

(b) $247,000 in fiscal year 2023 is for administration of the youth skills training grants under Minnesota Statutes, section 175.46. In fiscal year 2024, the base for this appropriation is $258,000. In fiscal year 2025, the base for this appropriation is $270,000.

Subd. 4. **Combative Sports** -0- 150,000

Subd. 5. **Transfer to Construction Code Fund** -0- 2,850,000

$2,850,000 in fiscal year 2023 is for transfer to the construction code fund under Minnesota Statutes, section 326B.04, subdivision 1. In fiscal year 2024, the base for this appropriation is $4,477,000. In fiscal year 2025, the base for this appropriation is $0.

Subd. 6. **Agricultural Worker Wellness** -0- 507,000

(a) $255,000 in fiscal year 2023 is for the ombudsperson for the safety, health, and well-being of agricultural and food processing workers under Minnesota Statutes, section 179.911.

(b) $252,000 in fiscal year 2023 is for the agricultural worker wellness committee under Minnesota Statutes, section 179.912.

Subd. 7. **Warehouse Distribution Worker Safety** -0- 82,000

$82,000 in fiscal year 2023 is from the workers' compensation fund for enforcement and other duties regarding warehouse distribution workers safety under Minnesota Statutes, section 182.6526. In fiscal year 2024 and beyond, the base is $56,000 each year.

Sec. 3. **WORKERS' COMPENSATION COURT OF APPEALS** **$-0-** **$300,000**

(a) This appropriation is from the workers' compensation fund. Of this amount, $100,000 is for rulemaking. This appropriation is onetime.

(b) In fiscal years 2024 and 2025, $200,000 is added to the agency's base.

Sec. 4. **BUREAU OF MEDIATION SERVICES** **$-0-** **$400,000**

This appropriation is for purposes of the Public Employment Relations Board under Minnesota Statutes, section 179A.041. In fiscal years 2024 and 2025, the base is $525,000.

Sec. 5. **MINNESOTA MANAGEMENT AND BUDGET** **$-0-** **$54,000**

(a) $3,000 in fiscal year 2023 is for printing costs associated with earned sick and safe time. This is a onetime appropriation.

(b) $51,000 in fiscal year 2023 is to allocate money to executive branch state agencies, boards, and commissions to offset the cost of earned sick and safe time leave required under Minnesota Statutes, sections 181.9445 to 181.9448. The commissioner of management and budget must determine an allocation of the amount appropriated for each executive branch state agency, board, and commission. In fiscal year 2024 and beyond, the base for this appropriation is $102,000.

Sec. 6. **HOUSE OF REPRESENTATIVES** **$-0-** **$18,000**

$18,000 in fiscal year 2023 is for modifying the timecard and human resources systems as necessary to comply with earned sick and safe time requirements under Minnesota Statutes, sections 181.9445 to 181.9448. This is a onetime appropriation.

Sec. 7. **SUPREME COURT** **$-0-** **$1,000**

$1,000 in fiscal year 2023 is for purposes of earned sick and safe time under Minnesota Statutes, sections 181.9445 to 181.9448. In fiscal year 2024, the base for this appropriation is $492,000. In fiscal year 2025, the base for this appropriation is $459,000.

Sec. 8. Laws 2021, First Special Session chapter 10, article 1, section 5, is amended to read:

Sec. 5. **BUREAU OF MEDIATION SERVICES** **$2,370,000** **$2,415,000**

(a) $125,000 each year is for purposes of the Public Employment Relations Board under Minnesota Statutes, section 179A.041. This is a onetime appropriation.

~~(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)~~ (b) $47,000 each year is for rulemaking, staffing, and other costs associated with peace officer grievance procedures.

Sec. 9. **DUPLICATE APPROPRIATIONS GIVEN EFFECT ONCE.**

If an appropriation in this act is enacted more than once during the 2022 regular session, the appropriation is to be given effect only once.

ARTICLE 6
LABOR AND INDUSTRY POLICY AND TECHNICAL

Section 1. Minnesota Statutes 2020, section 175.16, subdivision 1, is amended to read:

Subdivision 1. **Established.** The Department of Labor and Industry shall consist of the following divisions: Division of Workers' Compensation, Division of Construction Codes and Licensing, Division of Occupational Safety and Health, Division of Statistics, Division of Labor Standards, and Division of Apprenticeship, and such other divisions as the commissioner of the Department of Labor and Industry may deem necessary and establish. Each division of the department and persons in charge thereof shall be subject to the supervision of the commissioner of the Department of Labor and Industry and, in addition to such duties as are or may be imposed on them by statute, shall perform such other duties as may be assigned to them by the commissioner. Notwithstanding any other law to the contrary, the commissioner is the administrator and supervisor of all of the department's dispute resolution functions and personnel and may delegate authority to compensation judges and others to make determinations under sections 176.106, 176.238, and 176.239 and to approve settlement of claims under section 176.521.

Sec. 2. Minnesota Statutes 2020, section 177.26, is amended to read:

177.26 DIVISION OF LABOR STANDARDS.

Subdivision 1. **Creation.** The Division of Labor Standards ~~and Apprenticeship~~ in the Department of Labor and Industry is supervised and controlled by the commissioner of labor and industry.

Subd. 2. **Powers and duties.** The Division of Labor Standards ~~and Apprenticeship~~ shall administer this chapter and chapters ~~178,~~ 181, 181A, and 184.

~~Subd. 3. **Employees; transfer from Division of Women and Children.** All persons employed by the department in the Division of Women and Children are transferred to the Division of Labor Standards. A transferred person does not lose rights acquired by reason of employment at the time of transfer.~~

Sec. 3. Minnesota Statutes 2020, 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, 181.02, 181.03, 181.031, 181.032, 181.101, 181.11, 181.13, 181.14, 181.145, 181.15, 181.172, paragraph (a) or (d), 181.275, subdivision 2a, 181.722, 181.79, ~~and~~ 181.939 to 181.943, ~~or~~ 181.991, and with any rule promulgated under section 177.28. The commissioner shall issue an order requiring an employer to comply with sections 177.41 to 177.435 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 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. 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.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to franchise agreements entered into or amended on or after that date.

Sec. 4. Minnesota Statutes 2020, section 178.01, is amended to read:

178.01 PURPOSES.

The purposes of this chapter are: to open to all people regardless of race, sex, creed, color or national origin, the opportunity to obtain training and on-the-job learning that will equip them for profitable employment and citizenship; to establish as a means to this end, a program of voluntary apprenticeship under approved apprenticeship agreements providing facilities for their training and guidance in the arts, skills, and crafts of industry and trade or occupation, with concurrent, supplementary instruction in related subjects; to promote apprenticeship opportunities under conditions providing adequate training and on-the-job learning and reasonable earnings; to relate the supply of skilled workers to employment demands; to establish standards for apprentice training; to establish an Apprenticeship Board and apprenticeship committees to assist in effectuating the purposes of this chapter; to provide for a Division of ~~Labor Standards and~~ Apprenticeship within the Department of Labor and Industry; to provide for reports to the legislature regarding the status of apprentice training in the state; to establish a procedure for the determination of apprenticeship agreement controversies; and to accomplish related ends.

Sec. 5. Minnesota Statutes 2020, section 178.011, subdivision 7, is amended to read:

Subd. 7. **Division.** "Division" means the department's ~~Labor Standards and~~ Apprenticeship Division, established under sections 175.16 and 178.03, and the State Apprenticeship Agency as defined in Code of Federal Regulations, title 29, part 29, section 29.2.

Sec. 6. Minnesota Statutes 2020, section 178.03, subdivision 1, is amended to read:

Subdivision 1. **Establishment of division.** There is established a Division of ~~Labor Standards and~~ Apprenticeship in the Department of Labor and Industry. This division shall be administered by a director, and be under the supervision of the commissioner.

Sec. 7. Minnesota Statutes 2020, section 178.11, is amended to read:

178.11 LABOR EDUCATION ADVANCEMENT GRANT PROGRAM.

The commissioner shall establish the labor education advancement grant program for the purpose of facilitating the participation or retention of ~~minorities~~ people of color, Indigenous people, and women in ~~apprenticeable trades and occupations~~ registered apprenticeship programs. The commissioner shall award grants to community-based and nonprofit organizations and Minnesota Tribal governments as defined in section 10.65, serving the targeted populations on a competitive request-for-proposal basis. Interested organizations shall apply for the grants in a form prescribed by the commissioner. As part of the application process, applicants must provide a statement of need for the grant, a description of the targeted population and apprenticeship opportunities, a description of activities to be funded by the grant, evidence supporting the ability to deliver services, information related to coordinating grant activities with other employment and learning programs, identification of matching funds, a budget, and performance objectives. Each submitted application shall be evaluated for completeness and effectiveness of the proposed grant activity.

Sec. 8. Minnesota Statutes 2020, section 181.9435, subdivision 1, is amended to read:

Subdivision 1. **Investigation.** The Division of Labor Standards ~~and Apprenticeship~~ shall receive complaints of employees against employers relating to sections 181.172, paragraph (a) or (d), and 181.939 to 181.9436 and investigate informally whether an employer may be in violation of sections 181.172, paragraph (a) or (d), and 181.939 to 181.9436. The division shall attempt to resolve employee complaints by informing employees and employers of the provisions of the law and directing employers to comply with the law. For complaints related to section 181.939, the division must contact the employer within two business days and investigate the complaint within ten days of receipt of the complaint.

Sec. 9. Minnesota Statutes 2020, section 181.9436, is amended to read:

181.9436 POSTING OF LAW.

The Division of Labor Standards ~~and Apprenticeship~~ shall develop, with the assistance of interested business and community organizations, an educational poster stating employees' rights under sections 181.940 to 181.9436. The department shall make the poster available, upon request, to employers for posting on the employer's premises.

Sec. 10. **[181.988] COVENANTS NOT TO COMPETE VOID IN EMPLOYMENT AGREEMENTS; SUBSTANTIVE PROTECTIONS OF MINNESOTA LAW APPLY.**

Subdivision 1. **Definitions.** (a) "Covenant not to compete" means an agreement between an employee and employer that restricts the employee, after termination of the employment, from performing:

(1) work for another employer for a specified period of time;

(2) work in a specified geographical area; or

(3) work for another employer in a capacity that is similar to the employee's work for the employer that is party to the agreement.

(b) "Employer" means any individual, partnership, association, corporation, business trust, or any person or group of persons acting directly or indirectly in the interest of an employer in relation to an employee.

Subd. 2. **Covenants not to compete void and unenforceable.** (a) Subject to the exception in paragraph (b), any covenant not to compete contained in a contract or agreement is void and unenforceable.

(b) Notwithstanding paragraph (a), a covenant not to compete between an employer and employee is valid and enforceable if:

(1) the employee earned an annual salary from the employer at least equal to the median family income for a four-person family in Minnesota, as determined by the United States Census Bureau, for the most recent year available at the time of the employee's termination; and

(2) the employer agrees to pay the employee on a pro rata basis during the entirety of the restricted period of the covenant not to compete at least 50 percent of the employee's highest annualized base salary paid by the employer within the two years preceding the employee's separation from employment.

(c) Nothing in this subdivision shall be construed to render void or unenforceable any other provisions in a contract or agreement containing a void or unenforceable covenant not to compete.

(d) In addition to injunctive relief and any other remedies available, a court may award an employee who is enforcing rights under this section reasonable attorney fees.

Subd. 3. **Choice of law; venue.** (a) An employer must not require an employee who primarily resides and works in Minnesota, as a condition of employment, to agree to a provision in an agreement or contract that would do either of the following:

(1) require the employee to adjudicate outside of Minnesota a claim arising in Minnesota; or

(2) deprive the employee of the substantive protection of Minnesota law with respect to a controversy arising in Minnesota.

(b) Any provision of a contract or agreement that violates paragraph (a) is voidable at any time by the employee and if a provision is rendered void at the request of the employee, the matter shall be adjudicated in Minnesota and Minnesota law shall govern the dispute.

(c) In addition to injunctive relief and any other remedies available, a court may award an employee who is enforcing rights under this section reasonable attorney fees.

(d) For purposes of this section, adjudication includes litigation and arbitration.

(e) This subdivision shall not apply to a contract with an employee who is in fact individually represented by legal counsel in negotiating the terms of an agreement to designate either the venue or forum in which a controversy arising from the employment contract may be adjudicated or the choice of law to be applied.

Subd. 4. **Severability.** If any provision of this section is found to be unconstitutional and void, the remaining provisions of this section are valid.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to contracts and agreements entered into on or after that date.

Sec. 11. **[181.991] RESTRICTIVE FRANCHISE AGREEMENTS PROHIBITED.**

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

(b) "Employee" means an individual employed by an employer and includes independent contractors.

(c) "Employer" has the meaning given in section 177.23, subdivision 6.

(d) "Franchise," "franchisee," and "franchisor" have the meanings given in section 80C.01, subdivisions 4 to 6.

Subd. 2. **Prohibition on restrictive franchise agreements.** (a) No franchisor may restrict, restrain, or prohibit in any way a franchisee from soliciting or hiring an employee of a franchisee of the same franchisor.

(b) No franchisor may restrict, restrain, or prohibit in any way a franchisee from soliciting or hiring an employee of the franchisor.

Subd. 3. **Franchise agreement amendment.** Notwithstanding any law to the contrary, no later than one year from the effective date of this section, franchisors shall amend existing franchise agreements to remove any restrictive employment provision that violates subdivision 2.

Subd. 4. **Civil action; penalties.** (a) An employee alleging a violation of this section may bring a civil action for damages and injunctive relief against the employer.

(b) If the court finds that a franchisor has violated this section, the court shall enter judgment, grant injunctive relief as deemed appropriate, and award the employee plaintiff the greater of:

(1) the actual damages incurred by the plaintiff, plus any injunctive relief, costs, and reasonable attorney fees; or

(2) a $5,000 penalty.

(c) If no civil action is commenced, the commissioner of labor and industry shall assess a $5,000 per employee penalty for violations of this section. This assessment is in addition to the commissioner's authority under section 177.27, subdivisions 4 and 7. Any penalty assessed under this subdivision shall be awarded to the employee plaintiff and not to the commissioner or the department.

Subd. 5. **Severability.** If any provision of this section is found to be unconstitutional and void, the remaining provisions of this section are valid.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to franchise agreements entered into or amended on or after that date.

Sec. 12. Minnesota Statutes 2021 Supplement, section 326B.092, subdivision 7, is amended to read:

Subd. 7. **License fees and license renewal fees.** (a) The license fee for each license is the base license fee plus any applicable board fee, continuing education fee, and contractor recovery fund fee and additional assessment, as set forth in this subdivision.

(b) For purposes of this section, "license duration" means the number of years for which the license is issued except that if the initial license is not issued for a whole number of years, the license duration shall be rounded up to the next whole number.

(c) If there is a continuing education requirement for renewal of the license, then a continuing education fee must be included in the renewal license fee. The continuing education fee for all license classifications is $5.

(d) The base license fee shall depend on whether the license is classified as an entry level, master, journeyworker, or business license, and on the license duration. The base license fee shall be:

License Classification	License Duration	
	1 year	2 years
Entry level	$10	$20
Journeyworker	$20	$40
Master	$40	$80
Business		$180

(e) If the license is issued under sections 326B.31 to 326B.59 or 326B.90 to 326B.925, then a board fee must be included in the license fee and the renewal license fee. The board fee for all license classifications shall be: $4 if the license duration is one year; and $8 if the license duration is two years.

(f) If the application is for the renewal of a license issued under sections 326B.802 to 326B.885, then the contractor recovery fund fee required under section 326B.89, subdivision 3, and any additional assessment required under section 326B.89, subdivision 16, must be included in the license renewal fee.

(g) Notwithstanding the fee amounts described in paragraphs (d) to (f), for the period October 1, 2021, through ~~September~~ June 30, ~~2023~~ 2022, the following fees apply:

License Classification	License Duration	
	1 year	2 years
Entry level	$10	$20
Journeyworker	$15	$30
Master	$30	$60
Business		$120

(h) For the period of July 1, 2022, through June 30, 2024, no fees described in paragraphs (c) to (e) shall apply, except as described in paragraph (i).

(i) Notwithstanding the fee amounts described in paragraphs (d) to (f), for the period of October 1, 2021, through September 30, 2023, the base license fee for business licenses shall be $120.

Sec. 13. Minnesota Statutes 2020, section 326B.103, subdivision 13, is amended to read:

Subd. 13. **State licensed facility.** "State licensed facility" means a building and its grounds that are licensed by the state as a hospital, nursing home, supervised living facility, free-standing outpatient surgical center, correctional facility, boarding care home, ~~or~~ residential hospice, or assisted living facility, including assisted living facility with dementia care.

Sec. 14. Minnesota Statutes 2020, 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 shall act on the new model commercial energy code by adopting each new published edition and amending it as necessary to achieve a minimum of eight percent energy efficiency. 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.

Sec. 15. Minnesota Statutes 2020, section 326B.106, subdivision 4, is amended to read:

Subd. 4. **Special requirements.** (a) **Space for commuter vans.** The code must require that any parking ramp or other parking facility constructed in accordance with the code include an appropriate number of spaces suitable for the parking of motor vehicles having a capacity of seven to 16 persons and which are principally used to provide prearranged commuter transportation of employees to or from their place of employment or to or from a transit stop authorized by a local transit authority.

(b) **Smoke detection devices.** The code must require that all dwellings, lodging houses, apartment houses, and hotels as defined in section 299F.362 comply with the provisions of section 299F.362.

(c) **Doors in nursing homes and hospitals.** The State Building Code may not require that each door entering a sleeping or patient's room from a corridor in a nursing home or hospital with an approved complete standard automatic fire extinguishing system be constructed or maintained as self-closing or automatically closing.

(d) **Child care facilities in churches; ground level exit.** A licensed day care center serving fewer than 30 preschool age persons and which is located in a belowground space in a church building is exempt from the State Building Code requirement for a ground level exit when the center has more than two stairways to the ground level and its exit.

(e) **Family and group family day care.** Until the legislature enacts legislation specifying appropriate standards, the definition of dwellings constructed in accordance with the International Residential Code as adopted as part of the State Building Code applies to family and group family day care homes licensed by the Department of Human Services under Minnesota Rules, chapter 9502.

(f) **Enclosed stairways.** No provision of the code or any appendix chapter of the code may require stairways of existing multiple dwelling buildings of two stories or less to be enclosed.

(g) **Double cylinder dead bolt locks.** No provision of the code or appendix chapter of the code may prohibit double cylinder dead bolt locks in existing single-family homes, townhouses, and first floor duplexes used exclusively as a residential dwelling. Any recommendation or promotion of double cylinder dead bolt locks must include a warning about their potential fire danger and procedures to minimize the danger.

(h) **Relocated residential buildings.** A residential building relocated within or into a political subdivision of the state need not comply with the State Energy Code or section 326B.439 provided that, where available, an energy audit is conducted on the relocated building.

(i) **Automatic garage door opening systems.** The code must require all residential buildings as defined in section 325F.82 to comply with the provisions of sections 325F.82 and 325F.83.

(j) **Exterior wood decks, patios, and balconies.** The code must permit the decking surface and upper portions of exterior wood decks, patios, and balconies to be constructed of (1) heartwood from species of wood having natural resistance to decay or termites, including redwood and cedars, (2) grades of lumber which contain sapwood from species of wood having natural resistance to decay or termites, including redwood and cedars, or (3) treated wood. The species and grades of wood products used to construct the decking surface and upper portions of exterior decks, patios, and balconies must be made available to the building official on request before final construction approval.

(k) **Bioprocess piping and equipment.** No permit fee for bioprocess piping may be imposed by municipalities under the State Building Code, except as required under section 326B.92 subdivision 1. Permits for bioprocess piping shall be according to section 326B.92 administered by the Department of Labor and Industry. All data regarding the material production processes, including the bioprocess system's structural design and layout, are nonpublic data as provided by section 13.7911.

(l) **Use of ungraded lumber.** The code must allow the use of ungraded lumber in geographic areas of the state where the code did not generally apply as of April 1, 2008, to the same extent that ungraded lumber could be used in that area before April 1, 2008.

(m) **Window cleaning safety.** ~~The code must require the installation of dedicated anchorages for the purpose of suspended window cleaning on (1) new buildings four stories or greater; and (2) buildings four stories or greater, only on those areas undergoing reconstruction, alteration, or repair that includes the exposure of primary structural components of the roof.~~ The commissioner shall adopt rules, using the expedited rulemaking process in section 14.389 requiring window cleaning safety features that comply with a nationally recognized standard as part of the State Building Code. Window cleaning safety features shall be provided for all windows on:

(1) new buildings where determined by the code; and

(2) existing buildings undergoing alterations where both of the following conditions are met:

(i) the windows do not currently have safe window cleaning features; and

(ii) the proposed work area being altered can include provisions for safe window cleaning.

~~The commissioner may waive all or a portion of the requirements of this paragraph related to reconstruction, alteration, or repair, if the installation of dedicated anchorages would not result in significant safety improvements due to limits on the size of the project, or other factors as determined by the commissioner.~~

Sec. 16. Minnesota Statutes 2020, section 326B.145, is amended to read:

326B.145 ANNUAL REPORT.

(a) Each municipality shall annually report by June 30 to the department, in a format prescribed by the department, all construction and development-related fees collected by the municipality from developers, builders, and subcontractors if the cumulative fees collected exceeded ~~$5,000~~ $7,000 in the reporting year, except that, for reports due June 30, 2009, to June 30, 2013, the reporting threshold is $10,000.

(b) The report must include:

(1) the number and valuation of units for which fees were paid;

(2) the amount of building permit fees, plan review fees, administrative fees, engineering fees, infrastructure fees, and other construction and development-related fees; and

(3) the expenses associated with the municipal activities for which fees were collected.

(c) A municipality that fails to report to the department in accordance with this section is subject to the remedies provided by section 326B.082.

Sec. 17. Minnesota Statutes 2021 Supplement, section 326B.153, subdivision 1, is amended to read:

Subdivision 1. **Building permits.** (a) Fees for building permits submitted as required in section 326B.107 include:

(1) the fee as set forth in the fee schedule in paragraph (b) or as adopted by a municipality; and

(2) the surcharge required by section 326B.148.

(b) The total valuation and fee schedule is:

(1) $1 to $500, ~~$29.50~~ $21;

(2) $501 to $2,000, ~~$28~~ $21 for the first $500 plus ~~$3.70~~ $2.75 for each additional $100 or fraction thereof, to and including $2,000;

(3) $2,001 to $25,000, ~~$83.50~~ $62.25 for the first $2,000 plus ~~$16.55~~ $12.50 for each additional $1,000 or fraction thereof, to and including $25,000;

(4) $25,001 to $50,000, ~~$464.15~~ $349.75 for the first $25,000 plus ~~$12~~ $9 for each additional $1,000 or fraction thereof, to and including $50,000;

(5) $50,001 to $100,000, ~~$764.15~~ $574.75 for the first $50,000 plus ~~$8.45~~ $6.25 for each additional $1,000 or fraction thereof, to and including $100,000;

(6) $100,001 to $500,000, ~~$1,186.65~~ $887.25 for the first $100,000 plus ~~$6.75~~ $5 for each additional $1,000 or fraction thereof, to and including $500,000;

(7) $500,001 to $1,000,000, ~~$3,886.65~~ $2,887.25 for the first $500,000 plus ~~$5.50~~ $4.25 for each additional $1,000 or fraction thereof, to and including $1,000,000; and

(8) $1,000,001 and up, ~~$6,636.65~~ $5,012.25 for the first $1,000,000 plus ~~$4.50~~ $2.75 for each additional $1,000 or fraction thereof.

(c) Other inspections and fees are:

(1) inspections outside of normal business hours (minimum charge two hours), $63.25 per hour;

(2) reinspection fees, $63.25 per hour;

(3) inspections for which no fee is specifically indicated (minimum charge one-half hour), $63.25 per hour; and

(4) additional plan review required by changes, additions, or revisions to approved plans (minimum charge one-half hour), $63.25 per hour.

(d) If the actual hourly cost to the jurisdiction under paragraph (c) is greater than $63.25, then the greater rate shall be paid. Hourly cost includes supervision, overhead, equipment, hourly wages, and fringe benefits of the employees involved.

EFFECTIVE DATE. This section is effective retroactively from October 1, 2021, and the amendments to it expire October 1, 2023.

Sec. 18. Minnesota Statutes 2020, section 326B.153, is amended by adding a subdivision to read:

Subd. 5. **Valuation.** The commissioner shall establish a cost per square foot valuation of new one-family and two-family, townhouse, and accessory utility buildings for the purpose of setting building permit fees by municipalities.

Sec. 19. Minnesota Statutes 2020, section 326B.163, subdivision 5, is amended to read:

Subd. 5. **Elevator.** As used in this chapter, "elevator" means moving walks and vertical transportation devices such as escalators, passenger elevators, freight elevators, dumbwaiters, hand-powered elevators, endless belt lifts, and ~~wheelchair~~ platform lifts. Elevator does not include external temporary material lifts or temporary construction personnel elevators at sites of construction of new or remodeled buildings.

Sec. 20. Minnesota Statutes 2020, section 326B.163, is amended by adding a subdivision to read:

Subd. 5a. **Platform lift.** As used in this chapter, "platform lift" means a powered hoisting and lowering device designed to transport mobility-impaired persons on a guided platform.

Sec. 21. Minnesota Statutes 2020, section 326B.164, subdivision 13, is amended to read:

Subd. 13. **Exemption from licensing.** (a) Employees of a licensed elevator contractor or licensed limited elevator contractor are not required to hold or obtain a license under this section or be provided with direct supervision by a licensed master elevator constructor, licensed limited master elevator constructor, licensed elevator constructor, or licensed limited elevator constructor to install, maintain, or repair platform lifts and stairway chairlifts. Unlicensed employees performing elevator work under this exemption must comply with subdivision 5. This exemption does not include the installation, maintenance, repair, or replacement of electrical wiring for elevator equipment.

(b) Contractors and individuals shall not be required to hold or obtain a license under this section when performing work on:

(1) conveyors, including vertical reciprocating conveyors;

(2) platform lifts not covered under section 326B.163, subdivision 5a; or

(3) dock levelers.

Sec. 22. Minnesota Statutes 2020, section 326B.36, subdivision 7, is amended to read:

Subd. 7. **Exemptions from inspections.** Installations, materials, or equipment shall not be subject to inspection under sections 326B.31 to 326B.399:

(1) when owned or leased, operated and maintained by any employer whose maintenance electricians are exempt from licensing under sections 326B.31 to 326B.399, while performing electrical maintenance work only as defined by rule;

(2) when owned or leased, and operated and maintained by any electrical, communications, or railway utility, cable communications company as defined in section 238.02, or telephone company as defined under section 237.01, in the exercise of its utility, antenna, or telephone function; and

(i) are used exclusively for the generations, transformation, distribution, transmission, load control, or metering of electric current, or the operation of railway signals, or the transmission of intelligence, and do not have as a principal function the consumption or use of electric current by or for the benefit of any person other than such utility, cable communications company, or telephone company; and

(ii) are generally accessible only to employees of such utility, cable communications company, or telephone company or persons acting under its control or direction; and

(iii) are not on the load side of the service point or point of entrance for communication systems, except for replacement or repair of load management equipment located on the exterior of a building for an electric utility other than a public utility as defined in section 216B.02, subdivision 4, before December 31, 2027, by a Class A electrical contractor licensed under section 326B.33;

(3) when used in the street lighting operations of an electrical utility;

(4) when used as outdoor area lights which are owned and operated by an electrical utility and which are connected directly to its distribution system and located upon the utility's distribution poles, and which are generally accessible only to employees of such utility or persons acting under its control or direction;

(5) when the installation, material, and equipment are in facilities subject to the jurisdiction of the federal Mine Safety and Health Act; or

(6) when the installation, material, and equipment is part of an elevator installation for which the elevator contractor, licensed under section 326B.164, is required to obtain a permit from the authority having jurisdiction as provided by section 326B.184, and the inspection has been or will be performed by an elevator inspector certified and licensed by the department. This exemption shall apply only to installations, material, and equipment permitted or required to be connected on the load side of the disconnecting means required for elevator equipment under National Electrical Code Article 620, and elevator communications and alarm systems within the machine room, car, hoistway, or elevator lobby.

Sec. 23. **LAWS CHAPTER 32 EFFECTIVE DATE.**

Notwithstanding any other law to the contrary, Laws 2022, chapter 32, articles 1 and 2, sections 1 to 12, are effective the day following final enactment, and Laws 2022, chapter 32, article 1, section 1, applies to appointments made on or after that date.

ARTICLE 7
OSHA PENALTY CONFORMANCE

Section 1. Minnesota Statutes 2020, section 182.666, subdivision 1, is amended to read:

Subdivision 1. **Willful or repeated violations.** Any employer who willfully or repeatedly violates the requirements of section 182.653, or any standard, rule, or order adopted under the authority of the commissioner as provided in this chapter, may be assessed a fine not to exceed ~~$70,000~~ $145,027 for each violation. The minimum fine for a willful violation is ~~$5,000~~ $10,360.

EFFECTIVE DATE. This section is effective July 1, 2022.

Sec. 2. Minnesota Statutes 2020, section 182.666, subdivision 2, is amended to read:

Subd. 2. **Serious violations.** Any employer who has received a citation for a serious violation of its duties under section 182.653, or any standard, rule, or order adopted under the authority of the commissioner as provided in this chapter, shall be assessed a fine not to exceed ~~$7,000~~ $14,502 for each violation. If a serious violation under section 182.653, subdivision 2, causes or contributes to the death of an employee, the employer shall be assessed a fine of up to $25,000 for each violation.

EFFECTIVE DATE. This section is effective July 1, 2022.

Sec. 3. Minnesota Statutes 2020, section 182.666, subdivision 3, is amended to read:

Subd. 3. **Nonserious violations.** Any employer who has received a citation for a violation of its duties under section 182.653, subdivisions 2 to 4, where the violation is specifically determined not to be of a serious nature as provided in section 182.651, subdivision 12, may be assessed a fine of up to ~~$7,000~~ $14,502 for each violation.

EFFECTIVE DATE. This section is effective July 1, 2022.

Sec. 4. Minnesota Statutes 2020, section 182.666, subdivision 4, is amended to read:

Subd. 4. **Failure to correct a violation.** Any employer who fails to correct a violation for which a citation has been issued under section 182.66 within the period permitted for its correction, which period shall not begin to run until the date of the final order of the commissioner in the case of any review proceedings under this chapter initiated by the employer in good faith and not solely for delay or avoidance of penalties, may be assessed a fine of not more than ~~$7,000~~ $14,502 for each day during which the failure or violation continues.

EFFECTIVE DATE. This section is effective July 1, 2022.

Sec. 5. Minnesota Statutes 2020, section 182.666, subdivision 5, is amended to read:

Subd. 5. **Posting violations.** Any employer who violates any of the posting requirements, as prescribed under this chapter, except those prescribed under section 182.661, subdivision 3a, shall be assessed a fine of up to ~~$7,000~~ $14,502 for each violation.

EFFECTIVE DATE. This section is effective July 1, 2022.

Sec. 6. Minnesota Statutes 2020, section 182.666, is amended by adding a subdivision to read:

Subd. 6a. **Increases for inflation.** (a) Each year, beginning in 2022, the commissioner shall determine the percentage change in the Minneapolis-St. Paul-Bloomington, MN-WI, Consumer Price Index for All Urban Consumers (CPI-U) from the month of October in the preceding calendar year to the month of October in the current calendar year.

(b) The commissioner shall increase the fines in subdivisions 1 through 5, except for the fine for a serious violation under section 182.653, subdivision 2, that causes or contributes to the death of an employee, by the percentage change determined by the commissioner under paragraph (a), if the percentage change is greater than zero. The fines shall be increased to the nearest one dollar.

(c) If the percentage change determined by the commissioner under paragraph (a) is not greater than zero, the commissioner shall not change any of the fines in subdivisions 1 through 5.

(d) A fine increased under this subdivision takes effect on the next January 15 after the commissioner determines the percentage change under paragraph (a) and applies to all fines assessed on or after the next January 15.

(e) No later than December 1 of each year, the commissioner shall give notice in the State Register of any increase to the fines in subdivisions 1 through 5.

EFFECTIVE DATE. This section is effective July 1, 2022.

ARTICLE 8
FAIR LABOR STANDARDS FOR AGRICULTURAL AND FOOD PROCESSING WORKERS

Section 1. Minnesota Statutes 2020, 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, 181.02, 181.03, 181.031, 181.032, 181.101, 181.11, 181.13, 181.14, 181.145, 181.15, 181.172, paragraph (a) or (d), 181.275, subdivision 2a, 181.722, 181.79, 181.86 to 181.88, and 181.939 to 181.943, or with any rule promulgated under section 177.28. The commissioner shall issue an order requiring an employer to comply with sections 177.41 to 177.435 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 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. 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.

Sec. 2. Minnesota Statutes 2020, section 179.86, subdivision 1, is amended to read:

Subdivision 1. **Definition.** For the purpose of this section, "employer" means an employer in the meatpacking or poultry processing industry.

Sec. 3. Minnesota Statutes 2020, section 179.86, subdivision 3, is amended to read:

Subd. 3. **Information provided to employee by employer.** (a) At the start of employment, an employer must provide an explanation in an employee's native language of the employee's rights and duties as an employee ~~either~~ both person to person ~~or~~ and through written materials that, at a minimum, include:

(1) a complete description of the salary and benefits plans as they relate to the employee;

(2) a job description for the employee's position;

(3) a description of leave policies;

(4) a description of the work hours and work hours policy; ~~and~~

(5) a description of the occupational hazards known to exist for the position~~.~~; and

(6) the name of the employer's workers' compensation insurance carrier, the carrier's phone number, and the insurance policy number.

(b) The explanation must also include information on the following employee rights as protected by state or federal law and a description of where additional information about those rights may be obtained:

(1) the right to organize and bargain collectively and refrain from organizing and bargaining collectively;

(2) the right to a safe workplace; ~~and~~

(3) the right to be free from discrimination~~.~~; and

(4) the right to workers' compensation insurance coverage.

(c) The requirements under this subdivision are in addition to the requirements under section 181.032.

Sec. 4. Minnesota Statutes 2020, section 179.86, is amended by adding a subdivision to read:

Subd. 5. **Civil action.** An employee injured by a violation of this section has a cause of action for damages for the greater of $1,000 per violation or twice the employee's actual damages, plus costs and reasonable attorney fees. A damage award shall be the greater of $1,400 or three times actual damages for an employee injured by an intentional violation of this section.

Sec. 5. Minnesota Statutes 2020, section 179.86, is amended by adding a subdivision to read:

Subd. 6. **Fine.** The commissioner of labor and industry shall fine an employer not less than $400 or more than $1,000 for each violation of subdivision 3.

Sec. 6. Minnesota Statutes 2020, section 181.14, subdivision 1, is amended to read:

Subdivision 1. **Prompt payment required.** (a) When any such employee quits or resigns employment, the wages or commissions earned and unpaid at the time the employee quits or resigns shall be paid in full not later than the first regularly scheduled payday following the employee's final day of employment, unless an employee is subject to a collective bargaining agreement with a different provision. Wages are earned and unpaid if the employee was not paid for all time worked at the employee's regular rate of pay or at the rate required by law,

including any applicable statute, regulation, rule, ordinance, government resolution or policy, contract, or other legal authority, whichever rate of pay is greater. If the first regularly scheduled payday is less than five calendar days following the employee's final day of employment, full payment may be delayed until the second regularly scheduled payday but shall not exceed a total of 20 calendar days following the employee's final day of employment.

(b) Notwithstanding the provisions of paragraph (a), in the case of migrant workers, as defined in section 181.85, the wages or commissions earned and unpaid at the time the employee quits or resigns shall become due and payable within ~~five~~ three days thereafter.

Sec. 7. Minnesota Statutes 2020, section 181.635, subdivision 1, is amended to read:

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

(a) "Employer" means a person who employs another to perform a service for hire. Employer includes any agent or attorney of an employer who, for money or other valuable consideration paid or promised to be paid, performs any recruiting.

(b) "Person" means a corporation, partnership, limited liability company, limited liability partnership, association, individual, or group of persons.

(c) "Recruits" means to induce an individual, directly or through an agent, to relocate to Minnesota or within Minnesota to work in food processing by an offer of employment or of the possibility of employment.

(d) "Food processing" means canning, packing, or otherwise processing poultry or meat for consumption.

(e) "Terms and conditions of employment" means the following:

(1) nature of the work to be performed;

(2) wage rate, nature and amount of deductions for tools, clothing, supplies, or other items;

(3) anticipated hours of work per week, including overtime;

(4) anticipated slowdown or shutdown or if hours of work per week vary more than 25 percent from clause (3);

(5) duration of the work;

(6) workers' compensation coverage and name, address, and telephone number of insurer and Department of Labor and Industry;

(7) employee benefits available, including any health plans, sick leave, or paid vacation;

(8) transportation and relocation arrangements with allocation of costs between employer and employee;

(9) availability and description of housing and any costs to employee associated with housing; and

(10) any other item of value offered, and allocation of costs of item between employer and employee.

Sec. 8. Minnesota Statutes 2020, section 181.635, subdivision 2, is amended to read:

Subd. 2. **Recruiting; required disclosure.** (a) An employer shall provide written disclosure of the terms and conditions of employment to a person at the time it recruits the person to relocate to work in the food processing industry. The disclosure requirement does not apply to an exempt employee as defined in United States Code, title 29, section 213(a)(1). The disclosure must be written in English and Spanish, or another language if the person's preferred language is not Spanish, dated and signed by the employer and the person recruited, and maintained by the employer for ~~two~~ three years. A copy of the signed and completed disclosure must be delivered immediately to the recruited person. The disclosure may not be construed as an employment contract.

(b) The requirements under this subdivision are in addition to the requirements under section 181.032.

Sec. 9. Minnesota Statutes 2020, section 181.635, subdivision 3, is amended to read:

Subd. 3. **Civil action.** A person injured by a violation of this section has a cause of action for damages for the greater of ~~$500~~ $1,000 per violation or twice their actual damages, plus costs and reasonable attorney's fees. A damage award shall be the greater of ~~$750~~ $1,400 or three times actual damages for a person injured by an intentional violation of this section.

Sec. 10. Minnesota Statutes 2020, section 181.635, subdivision 4, is amended to read:

Subd. 4. **Fine.** The Department of Labor and Industry shall fine an employer not less than ~~$200~~ $400 or more than ~~$500~~ $1,000 for each violation of this section.

Sec. 11. Minnesota Statutes 2020, section 181.635, subdivision 6, is amended to read:

Subd. 6. **Standard disclosure form.** The Department of Labor and Industry shall provide a standard form for use at the employer's option in making the disclosure required in subdivision 2. The form shall be available in English and Spanish and additional languages upon request.

Sec. 12. Minnesota Statutes 2020, section 181.85, subdivision 2, is amended to read:

Subd. 2. **Agricultural labor.** "Agricultural labor" means field labor associated with the cultivation and harvest of fruits and vegetables and work performed in processing fruits and vegetables for market, as well as labor performed in agriculture as defined in Minnesota Rules, part 5200.0260.

Sec. 13. Minnesota Statutes 2020, section 181.85, subdivision 4, is amended to read:

Subd. 4. **Employer.** "Employer" means ~~a processor of fruits or vegetables~~ an individual, partnership, association, corporation, business trust, or any person or group of persons that employs, either directly or indirectly through a recruiter, ~~more than 30~~ migrant workers ~~per day for more than seven days in any calendar year~~.

Sec. 14. Minnesota Statutes 2020, section 181.86, subdivision 1, is amended to read:

Subdivision 1. **Terms.** (a) An employer that recruits a migrant worker shall provide the migrant worker, at the time the worker is recruited, with a written employment statement which shall state clearly and plainly, in English and Spanish, or another language if the worker's preferred language is not Spanish:

(1) the date on which and the place at which the statement was completed and provided to the migrant worker;

(2) the name and permanent address of the migrant worker, of the employer, and of the recruiter who recruited the migrant worker;

(3) the date on which the migrant worker is to arrive at the place of employment, the date on which employment is to begin, the approximate hours of employment, and the minimum period of employment;

(4) the crops and the operations on which the migrant worker will be employed;

(5) the wage rates to be paid;

(6) the payment terms, as provided in section 181.87;

(7) any deduction to be made from wages; ~~and~~

(8) whether housing will be provided~~.~~; and

(9) the name of the employer's workers' compensation insurance carrier, the carrier's phone number, and the insurance policy number.

(b) The requirements under this subdivision are in addition to the requirements under section 181.032.

Sec. 15. Minnesota Statutes 2020, section 181.87, subdivision 2, is amended to read:

Subd. 2. **Biweekly pay.** The employer shall pay wages due to the migrant worker at least every two weeks, except on termination, when the employer shall pay within three days unless payment is required sooner pursuant to section 181.13.

Sec. 16. Minnesota Statutes 2020, section 181.87, subdivision 3, is amended to read:

Subd. 3. **Guaranteed hours.** The employer shall guarantee to each recruited migrant worker a minimum of 70 hours pay for work in any two successive weeks and, should the pay for hours actually offered by the employer and worked by the migrant worker provide a sum of pay less than the minimum guarantee, the employer shall pay the migrant worker the difference within three days after the scheduled payday for the pay period involved. Payment for the guaranteed hours shall be at the hourly wage rate, if any, specified in the employment statement, or the federal or state minimum wage, whichever is ~~higher~~ highest. Any pay in addition to the hourly wage rate specified in the employment statement shall be applied against the guarantee. This guarantee applies for the minimum period of employment specified in the employment statement beginning with the date on which employment is to begin as specified in the employment statement. The date on which employment is to begin may be changed by the employer by written, telephonic, or telegraphic notice to the migrant worker, at the worker's last known address, no later than ten days prior to the previously stated beginning date. The migrant worker shall contact the recruiter to obtain the latest information regarding the date upon which employment is to begin no later than five days prior to the previously stated beginning date. This guarantee shall be reduced, when there is no work available for a period of seven or more consecutive days during any two-week period subsequent to the commencement of work, by five hours pay for each such day, when the unavailability of work is caused by climatic conditions or an act of God, provided that the employer pays the migrant worker, on the normal payday, the sum of ~~$5~~ $16 for each such day.

Sec. 17. Minnesota Statutes 2020, section 181.87, subdivision 7, is amended to read:

Subd. 7. **Statement itemizing deductions from wages.** The employer shall provide a written statement at the time wages are paid clearly itemizing each deduction from wages. The written statement shall also comply with all other requirements for an earnings statement in section 181.032.

Sec. 18. Minnesota Statutes 2020, section 181.88, is amended to read:

181.88 RECORD KEEPING.

Every employer subject to the provisions of sections 181.85 to 181.90 shall maintain complete and accurate records ~~of the names of, the daily hours worked by, the rate of pay for and the wages paid each pay period to~~ for every individual migrant worker recruited by that employer~~,~~ as required by section 177.30 and shall ~~preserve the records~~ also maintain the employment statements required under section 181.86 for a period of at least three years.

Sec. 19. Minnesota Statutes 2020, section 181.89, subdivision 2, is amended to read:

Subd. 2. **Judgment; damages.** If the court finds that any defendant has violated the provisions of sections 181.86 to 181.88, the court shall enter judgment for the actual damages incurred by the plaintiff or the appropriate penalty as provided by this subdivision, whichever is greater. The court may also award court costs and a reasonable attorney's fee. The penalties shall be as follows:

(1) whenever the court finds that an employer has violated the record-keeping requirements of section 181.88, ~~$50~~ $200;

(2) whenever the court finds that an employer has recruited a migrant worker without providing a written employment statement as provided in section 181.86, subdivision 1, ~~$250~~ $800;

(3) whenever the court finds that an employer has recruited a migrant worker after having provided a written employment statement, but finds that the employment statement fails to comply with the requirement of section 181.86, subdivision 1 or section 181.87, ~~$250~~ $800;

(4) whenever the court finds that an employer has failed to comply with the terms of an employment statement which the employer has provided to a migrant worker or has failed to comply with any payment term required by section 181.87, ~~$500~~ $1,600;

(5) whenever the court finds that an employer has failed to pay wages to a migrant worker within a time period set forth in section 181.87, subdivision 2 or 3, ~~$500~~ $1,600; and

(6) whenever penalties are awarded, they shall be awarded severally in favor of each migrant worker plaintiff and against each defendant found liable.

Sec. 20. Minnesota Statutes 2020, section 181.89, is amended by adding a subdivision to read:

Subd. 3. **Enforcement.** In addition to any other remedies available, the commissioner may assess the penalties in subdivision 2 and provide the penalty to the migrant worker aggrieved by the employer's noncompliance.

ARTICLE 9
COMBATIVE SPORTS

Section 1. Minnesota Statutes 2020, section 341.21, subdivision 2a, is amended to read:

Subd. 2a. **Combatant.** "Combatant" means an individual who employs the act of attack and defense as a professional boxer, professional or amateur tough person, ~~martial artist,~~ or professional or amateur mixed martial artist while engaged in a combative sport.

Sec. 2. Minnesota Statutes 2020, section 341.21, subdivision 2c, is amended to read:

Subd. 2c. **Combative sports contest.** "Combative sports contest" means a professional boxing, a professional or amateur tough person, or a professional or amateur ~~martial art contest or~~ mixed martial arts contest, bout, competition, match, or exhibition.

Sec. 3. Minnesota Statutes 2020, section 341.21, subdivision 7, is amended to read:

Subd. 7. **Tough person contest.** "Tough person contest," including contests marketed as tough man or tough woman contests, means a ~~contest of two-minute rounds consisting of not more than four rounds between two or more individuals who use their hands, or their feet, or both in any manner. Tough person contest includes kickboxing and other recognized martial art contest.~~ boxing match or similar contest where each combatant wears headgear and gloves that weigh at least 12 ounces.

Sec. 4. Minnesota Statutes 2020, section 341.221, is amended to read:

341.221 ADVISORY COUNCIL.

(a) The commissioner must appoint a Combative Sports Advisory Council to advise the commissioner on the administration of duties under this chapter.

(b) The council shall have ~~nine~~ five members appointed by the commissioner. ~~One member must be a retired judge of the Minnesota District Court, Minnesota Court of Appeals, Minnesota Supreme Court, the United States District Court for the District of Minnesota, or the Eighth Circuit Court of Appeals. At least four~~ All five members must have knowledge of the ~~boxing~~ combative sports industry. ~~At least four members must have knowledge of the mixed martial arts industry.~~ The commissioner shall make serious efforts to appoint qualified women to serve on the council.

~~(c) Council members shall serve terms of four years with the terms ending on the first Monday in January.~~

~~(d)~~ (c) The council shall annually elect from its membership a chair.

~~(e)~~ (d) Meetings shall be convened by the commissioner, or by the chair with the approval of the commissioner.

~~(f) The commissioner shall designate two of the members to serve until the first Monday in January 2013; two members to serve until the first Monday in January 2014; two members to serve until the first Monday in January 2015; and three members to serve until the first Monday in January 2016.~~

(e) Appointments to the council and the terms of council members shall be governed by sections 15.059 and 15.0597.

~~(g)~~ (f) Removal of members, filling of vacancies, and compensation of members shall be as provided in section 15.059.

(g) Meetings convened for the purpose of advising the commissioner on issues related to a challenge filed under section 341.345 are exempt from the open meeting requirements of chapter 13D.

Sec. 5. Minnesota Statutes 2020, section 341.25, is amended to read:

341.25 RULES.

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

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

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

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

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

(f) The most recent version of the Unified Rules of Boxing, as promulgated by the Association of Boxing Commissions, are incorporated by reference and made a part of this chapter except as modified 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.

Sec. 6. Minnesota Statutes 2020, section 341.28, is amended to read:

341.28 REGULATION OF COMBATIVE SPORT CONTESTS.

Subdivision 1. **Regulatory authority; combative sports.** All combative sport contests within this state must be conducted according to the requirements of this chapter.

Subd. 1a. **Regulatory authority; professional boxing contests.** All professional boxing contests are subject to this chapter. Every combatant in a boxing contest shall wear padded gloves that weigh at least eight ounces. Officials at all boxing contests must be licensed under this chapter.

Subd. 2. **Regulatory authority; tough person contests.** All professional and amateur tough person contests are subject to this chapter. All tough person contests are subject to ~~Association of Boxing Commissions rules~~ the most recent version of the Unified Rules of Boxing, as promulgated by the Association of Boxing Commissions. Every contestant in a tough person contest shall have a physical examination prior to their bouts. Every contestant in a tough person contest shall wear headgear and padded gloves that weigh at least 12 ounces. ~~All tough person bouts are limited to two-minute rounds and a maximum of four total rounds.~~ Officials at all tough person contests shall be licensed under this chapter.

Subd. 3. **Regulatory authority; mixed martial arts contests~~; similar sporting events~~.** All professional and amateur mixed martial arts contests~~, martial arts contests except amateur contests regulated by the Minnesota State High School League (MSHSL), recognized martial arts studios and schools in Minnesota, and recognized national martial arts organizations holding contests between students, ultimate fight contests, and similar sporting events~~ are subject to this chapter and all officials at these events must be licensed under this chapter.

Subd. 4. **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) All martial arts and amateur boxing contests must be regulated by the Thai Boxing Association, International Sports Karate Association, World Kickboxing Association, United States Muay Thai Association, United States Muay Thai Federation, World Association of Kickboxing Organizations, International Kickboxing Federation, USA Boxing, or an organization that governs interscholastic athletics under subdivision 5.

(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, it must submit to the commissioner, within 72 hours after the event, a list of any suspensions resulting from the event.

Subd. 5. **Regulatory authority; certain students.** Amateur martial arts and amateur boxing contests regulated by the Minnesota State High School League, National Collegiate Athletic Association, National Junior Collegiate Athletic Association, National Association of Intercollegiate Athletics, or any similar organization that governs interscholastic athletics are not subject to this chapter and officials at these events are not required to be licensed under this chapter.

Sec. 7. Minnesota Statutes 2020, 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~~, a minimum of six weeks before the combative sport contest is scheduled to occur,~~ complete a licensing application on the Office of Combative Sports website or on forms ~~furnished or approved~~ prescribed by the commissioner and shall:

~~(1) provide the commissioner with a copy of any agreement between a combatant and the applicant that binds the applicant to pay the combatant a certain fixed fee or percentage of the gate receipts;~~

~~(2)~~ (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;

~~(3)~~ (2) provide the commissioner with a copy of the latest financial statement of the applicant;

~~(4) provide the commissioner with a copy or other proof acceptable to the commissioner of the insurance contract or policy required by this chapter;~~

~~(5)~~ (3) provide proof, where applicable, of authorization to do business in the state of Minnesota; and

~~(6)~~ (4) deposit with the commissioner a ~~cash bond or~~ 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 ~~a~~ current medical ~~examination~~ examinations on forms ~~furnished or approved~~ prescribed by the commissioner~~. The medical examination must include an ophthalmological and neurological examination, and documentation of test results for HBV, HCV, and HIV, and any other blood test as the commissioner by rule may require. The ophthalmological examination must be designed to detect any retinal defects or other damage or condition of the eye that could be aggravated by combative sports. The neurological examination must include an electroencephalogram or medically superior test if the combatant has been knocked unconscious in a previous contest. The commissioner may also order an electroencephalogram or other appropriate neurological or physical examination before any contest if it determines that the examination is desirable to protect the health of the combatant. The commissioner shall not issue a license to an applicant submitting positive test results for HBV, HCV, or HIV;~~ 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 set forth 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 furnished or approved 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 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, three professional references, or a log of bouts worked.

(d) 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. 8. Minnesota Statutes 2020, section 341.32, subdivision 2, is amended to read:

Subd. 2. **Expiration and application.** Licenses expire annually on ~~December 31~~ June 30. A license may be applied for each year by filing an application for licensure and satisfying all licensure requirements established in section 341.30, and submitting payment of the license fees established in section 341.321. An application for a license and renewal of a license must be on a form provided by the commissioner. Any license received or renewed in the year 2022 shall be valid until June 30, 2023.

Sec. 9. Minnesota Statutes 2020, 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, $80;

(5) timekeepers, $25;

(6) professional combatants, $70;

(7) amateur combatants, $50; and

(8) ringside physicians, $25.

~~License fees for promoters are due at least six weeks prior to the combative sport contest.~~ All ~~other~~ license fees shall be paid no later than the weigh-in prior to the contest. No license may be issued until all prelicensure requirements outlined in section 341.30 are satisfied and fees are paid.

(b) ~~The commissioner shall establish a contest fee for each combative sport contest and shall consider the size and type of venue when establishing a contest fee. The~~ 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 ~~is~~ of $1,500 ~~per event~~ or ~~not more than~~ four percent of the gross ticket sales, whichever is greater~~, as determined by the commissioner when the combative sport contest is scheduled~~. The fee must be paid as follows:

~~(c) A professional or amateur combative sport contest fee is nonrefundable and shall be paid as follows:~~

(1) $500 ~~at the time~~ is due when the combative sport contest is scheduled; ~~and~~

(2) $1,000 is due 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 face value of all complimentary tickets distributed for an event, to the extent they exceed 15 percent of total event attendance, count toward gross tickets sales for the purposes of determining a combative sport contest fee.

~~If four percent of the gross ticket sales is greater than $1,500, the balance is due to the commissioner within seven days of the completed contest.~~

~~(d) The commissioner may establish the maximum number of complimentary tickets allowed for each event by rule.~~

~~(e)~~ (c) All fees and penalties collected by the commissioner must be deposited in the commissioner account in the special revenue fund.

Sec. 10. **[341.322] PAYMENT SCHEDULE.**

The commissioner may establish a schedule of fees to be paid by a promoter to referees, judges and knockdown judges, timekeepers, and ringside physicians.

Sec. 11. **[341.323] EVENT APPROVAL.**

Subdivision 1. **Preapproval documentation.** Before the commissioner approves a combative sport contest, the promoter shall:

(1) provide the commissioner, at least six weeks before the combative sport contest is scheduled to occur, information about the time, date, and location of the contest;

(2) provide the commissioner, at least 72 hours before the combative sport contest is scheduled to occur, with a copy of any agreement between a combatant and the promoter that binds the promoter to pay the combatant a certain fixed fee or percentage of the gate receipts;

(3) provide the commissioner, at least 72 hours before the combative sport contest is scheduled to occur, with a copy or other proof acceptable to the commissioner of the insurance contract or policy required by this chapter; and

(4) provide the commissioner, at least 72 hours before the combative sport contest is scheduled to occur, proof acceptable to the commissioner that the promoter will provide, at the cost of the promoter, at least one uniformed security guard or uniformed off-duty member of law enforcement to provide security at any event regulated by the Department of Labor and Industry. The commissioner may require a promoter to take additional security measures to ensure the safety of participants and spectators at an event.

Subd. 2. **Proper licensure.** Before the commissioner approves a combative sport contest, the commissioner must ensure that the promoter is properly licensed under this chapter. The promoter must maintain proper licensure from the time the promoter schedules a combative sport contest through the date of the contest.

Subd. 3. **Discretion.** Nothing in this section limits the commissioner's discretion in deciding whether to approve a combative sport contest or event.

Sec. 12. **[341.324] AMBULANCE.**

A promoter must ensure, at the cost of the promoter, that an ambulance and two emergency medical technicians are on the premises during a combative sport contest.

Sec. 13. Minnesota Statutes 2020, section 341.33, is amended to read:

341.33 PHYSICAL EXAMINATION REQUIRED; FEES.

Subdivision 1. **Examination by physician.** All combatants must be examined by a physician licensed by this state within 36 hours before entering the ring, and the examining physician shall immediately file with the commissioner a written report of the examination. Each female combatant shall take and submit a negative pregnancy test as part of the examination. The physician's examination may report on the condition of the combatant's heart and general physical and general neurological condition. The physician's report may record the condition of the combatant's nervous system and brain as required by the commissioner. The physician may prohibit the combatant from entering the ring if, in the physician's professional opinion, it is in the best interest of the combatant's health. The cost of the examination is payable by the promoter conducting the contest or exhibition.

Subd. 2. **Attendance of physician.** A promoter holding or sponsoring a combative sport contest shall have in attendance a physician licensed by ~~this~~ the state of Minnesota. ~~The commissioner may establish a schedule of fees to be paid to each attending physician by the promoter holding or sponsoring the contest.~~

Sec. 14. **[341.345] CHALLENGING THE OUTCOME OF A COMBATIVE SPORT CONTEST.**

Subdivision 1. **Challenge.** (a) If a combatant disagrees with the outcome of a combative sport contest regulated by the Department of Labor and Industry in which the combatant participated, the combatant may challenge the outcome.

(b) If a third party makes a challenge on behalf of a combatant, the third party must provide written confirmation that they are authorized to make the challenge on behalf of the combatant. The written confirmation must contain the combatant's signature and must be submitted with the challenge.

Subd. 2. **Form.** A challenge must be submitted on a form prescribed by the commissioner, set forth all relevant facts and the basis for the challenge, and state what remedy is being sought. A combatant may submit photos, videos, documents, or any other evidence the combatant would like the commissioner to consider in connection to the challenge. A combatant may challenge the outcome of a contest only if it is alleged that:

(1) the referee made an incorrect call or missed a rule violation that directly affected the outcome of the contest;

(2) there was collusion amongst officials to affect the outcome of the contest; or

(3) scores were miscalculated.

Subd. 3. **Timing.** (a) A challenge must be submitted within ten days of the contest.

(b) For purposes of this subdivision, the day of the contest shall not count toward the ten-day period. If the tenth day falls on a Saturday, Sunday, or legal holiday, then a combatant shall have until the next day that is not a Saturday, Sunday, or legal holiday to submit a challenge.

(c) The challenge must be submitted to the commissioner at the address, fax number, or e-mail address designated on the commissioner's website. The date on which a challenge is submitted by mail shall be the postmark date on the envelope in which the challenge is mailed. If the challenge is faxed or e-mailed, it must be received by the commissioner by 4:30 p.m. central time on the day the challenge is due.

Subd. 4. **Opponent's response.** If the requirements of subdivisions 1 to 3 are met, the commissioner shall send a complete copy of the challenge documents, along with any supporting materials submitted, to the opposing combatant by mail, fax, or e-mail. The opposing combatant shall have 14 days from the date the commissioner sends the challenge and supporting materials to submit a response to the commissioner. Additional response time is not added when the commissioner sends the challenge to the opposing combatant by mail. The opposing combatant may submit photos, videos, documents, or any other evidence the opposing combatant would like the commissioner to consider in connection to the challenge. The response must be submitted to the commissioner at the address, fax number, or e-mail address designated on the commissioner's website. The date on which a response is submitted by mail shall be the postmark date on the envelope in which the response is mailed. If the response is faxed or e-mailed, it must be received by the commissioner by 4:30 p.m. central time on the day the response is due.

Subd. 5. **Licensed official review.** The commissioner may, if the commissioner determines it would be helpful in resolving the issues raised in the challenge, send a complete copy of the challenge or response, along with any supporting materials submitted, to any licensed official involved in the combative sport contest at issue by mail, fax, or e-mail and request their views on the issues raised in the challenge.

Subd. 6. **Order.** The commissioner shall issue an order on the challenge within 60 days after receiving the opposing combatant's response. If the opposing combatant does not submit a response, the commissioner shall issue an order on the challenge within 75 days after receiving the challenge.

Subd. 7. **Nonacceptance.** If the requirements of subdivisions 1 to 3 are not met, the commissioner must not accept the challenge and may send correspondence to the person who submitted the challenge stating the reasons for nonacceptance of the challenge. A combatant has no further appeal rights if the combatant's challenge is not accepted by the commissioner.

Subd. 8. **Administrative hearing.** After the commissioner issues an order under subdivision 6, each combatant, under section 326B.082, subdivision 8, has 30 days after service of the order to submit a request for hearing before an administrative law judge.

Sec. 15. Minnesota Statutes 2020, 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 4, paragraph (b) or (c).

ARTICLE 10
PUBLIC EMPLOYMENT RELATIONS BOARD

Section 1. Minnesota Statutes 2020, section 13.43, subdivision 6, is amended to read:

Subd. 6. **Access by labor organizations, Bureau of Mediation Services, Public Employment Relations Board.** Personnel data may be disseminated to labor organizations and the Public Employment Relations Board to the extent that the responsible authority determines that the dissemination is necessary to conduct elections, notify employees of fair share fee assessments, and implement the provisions of chapters 179 and 179A. Personnel data shall be disseminated to labor organizations, the Public Employment Relations Board, and ~~to~~ 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 designee.

Sec. 2. **[13.7909] PUBLIC EMPLOYMENT RELATIONS BOARD DATA.**

Subdivision 1. **Definition.** For purposes of this section, "board" means the Public Employment Relations Board.

Subd. 2. **Nonpublic data.** (a) Except as provided in this subdivision, all data maintained by the board about a charge or complaint of unfair labor practices and appeals of determinations of the commissioner under section 179A.12, subdivision 11, are classified as protected nonpublic data or confidential data, and become public when admitted into evidence at a hearing conducted pursuant to section 179A.13. The data may be subject to a protective order as determined by the board or a hearing officer.

(b) Notwithstanding sections 13.43 and 181.932, the following data are public:

(1) the filing date of unfair labor practice charges;

(2) the status of unfair labor practice charges as an original or amended charge;

(3) the names and job classifications of charging parties and charged parties;

(4) the provisions of law alleged to have been violated in unfair labor practice charges;

(5) the complaint issued by the board and all data in the complaint;

(6) the full and complete record of an evidentiary hearing before a hearing officer, including the hearing transcript, exhibits admitted into evidence, and posthearing briefs, unless subject to a protective order;

(7) recommended decisions and orders of hearing officers pursuant to section 179A.13, subdivision 1, paragraph (i);

(8) exceptions to the hearing officer's recommended decision and order filed with the board pursuant to section 179A.13, subdivision 1, paragraph (k);

(9) briefs filed with the board; and

(10) decisions and orders issued by the board.

(c) Notwithstanding paragraph (a), individuals have access to their own statements provided to the board under paragraph (a).

(d) The board may make any data classified as protected nonpublic or confidential pursuant to this subdivision accessible to any person or party if the access will aid the implementation of chapters 179 and 179A or ensure due process protection of the parties.

Sec. 3. Minnesota Statutes 2020, section 179A.041, is amended by adding a subdivision to read:

Subd. 10. **Open meetings.** Chapter 13D does not apply to meetings of the board when it is deliberating on the merits of unfair labor practice charges under sections 179.11, 179.12, and 179A.13; reviewing a recommended decision and order of a hearing officer under section 179A.13; or reviewing decisions of the commissioner of the Bureau of Mediation Services relating to unfair labor practices under section 179A.12, subdivision 11.

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

Sec. 4. **PUBLIC EMPLOYMENT RELATIONS BOARD.**

Notwithstanding any other law to the contrary, Laws 2014, chapter 211, sections 1 to 3 and 6 to 11, as amended by Laws 2015, First Special Session chapter 1, article 7, section 1; Laws 2016, chapter 189, article 7, section 42; Laws 2017, chapter 94, article 12, section 1; and Laws 2021, First Special Session chapter 10, article 3, section 19, are effective the day following final enactment and apply to any claims brought on or after that date. From July 1, 2021, until the day following final enactment, the district court of the county in which the practice is alleged to have occurred retains jurisdiction over any action by any employee, employer, employee or employer organization, exclusive representative, or any other person or organization aggrieved by an unfair labor practice as defined in Minnesota Statutes, section 179A.13.

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

ARTICLE 11
REFINERY SAFETY

Section 1. Minnesota Statutes 2020, 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, 181.02, 181.03, 181.031, 181.032, 181.101, 181.11, 181.13, 181.14, 181.145, 181.15, 181.172, paragraph (a) or (d), 181.275, subdivision 2a, 181.722, 181.79, ~~and~~ 181.939 to 181.943, and 181.987, or with any rule promulgated under section 177.28. The commissioner shall issue an order requiring an employer to comply with sections 177.41 to 177.435 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 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. 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.

EFFECTIVE DATE. This section is effective October 15, 2022.

Sec. 2. **[181.987] USE OF SKILLED AND TRAINED CONTRACTOR WORKFORCES AT PETROLEUM REFINERIES.**

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

(b) "Contractor" means a vendor that enters into or seeks to enter into a contract with an owner or operator of a petroleum refinery to perform construction, alteration, demolition, installation, repair, maintenance, or hazardous material handling work at the site of the petroleum refinery. Contractor includes all contractors or subcontractors of any tier performing work as described in this paragraph at the site of the petroleum refinery. Contractor does not include employees of the owner or operator of a petroleum refinery.

(c) "Registered apprenticeship program" means an apprenticeship program providing each trainee with combined classroom and on-the-job training under the direct and close supervision of a highly skilled worker in an occupation recognized as an apprenticeable occupation registered with the Department of Labor and Industry under chapter 178 or with the United States Department of Labor Office of Apprenticeship or a recognized state apprenticeship agency under Code of Federal Regulations, title 29, parts 29 and 30.

(d) "Skilled and trained workforce" means a workforce in which employees of the contractor or subcontractor of any tier working at the site of the petroleum refinery meet one of the following criteria:

(1) are currently registered as apprentices in a registered apprenticeship program in the applicable trade;

(2) have graduated from a registered apprenticeship program in the applicable trade; or

(3) have completed all of the classroom training and work hour requirements needed to graduate from the registered apprenticeship program their employer participates in.

(e) A contractor's workforce must meet the requirements of paragraph (d) according to the following schedule:

(1) 65 percent of the contractor's workforce by October 15, 2022;

(2) 75 percent of the contractor's workforce by October 15, 2023; and

(3) 85 percent of the contractor's workforce by October 15, 2024.

(f) "Petroleum refinery" means a facility engaged in producing gasoline, kerosene, distillate fuel oils, residual fuel oils, lubricants, or other products through distillation of petroleum or through redistillation, cracking, or reforming of unfinished petroleum derivatives.

(g) "Apprenticeable occupation" means any trade, form of employment, or occupation approved for apprenticeship by the United States secretary of labor or the commissioner of labor and industry.

(h) "Original equipment manufacturer" or "OEM" means an organization that manufactures or fabricates equipment for sale directly to purchasers or other resellers.

Subd. 2. **Use of contractors by owner, operator; requirement.** (a) An owner or operator of a petroleum refinery shall, when contracting with contractors for the performance of construction, alteration, demolition, installation, repair, maintenance, or hazardous material handling work at the site of the petroleum refinery, require that the contractors performing that work, and any subcontractors of any tier, use a skilled and trained workforce when performing all work at the site of the petroleum refinery.

(b) The requirement under this subdivision applies only when each contractor and subcontractor of any tier is performing work at the site of the petroleum refinery.

(c) This subdivision does not apply to contractors or subcontractors hired to perform OEM work necessary to comply with equipment warranty requirements.

Subd. 3. **Penalties.** The Division of Labor Standards shall receive complaints of violations of this section. The commissioner of labor and industry shall fine an owner, operator, contractor, or subcontractor of any tier not less than $5,000 nor more than $10,000 for each violation of the requirements in this section. Each shift on which a violation of this section occurs shall be considered a separate violation. This penalty is in addition to any penalties provided under section 177.27, subdivision 7. In determining the amount of a civil penalty under this subdivision, the appropriateness of the penalty to the size of the violator's business and the gravity of the violation shall be considered.

Subd. 4. **Civil actions.** A person injured by a violation of this section may bring a civil action for damages against an owner or operator of a petroleum refinery. The court may award to a prevailing plaintiff under this subdivision damages, attorney fees, costs, disbursements, and any other appropriate relief as otherwise provided by law.

EFFECTIVE DATE. This section is effective October 15, 2022.

ARTICLE 12
AGRICULTURAL WORKER WELLNESS

Section 1. **[179.911] OMBUDSPERSON FOR THE SAFETY, HEALTH, AND WELL-BEING OF AGRICULTURAL AND FOOD PROCESSING WORKERS.**

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

(b) "Agricultural work" is defined broadly to include but is not limited to farming in all its branches including dairy work; field production, cultivation, growing, and harvesting of any agricultural or horticultural commodity; and raising livestock, bees, fur-bearing animals, and poultry.

(c) "Food processing" has the meaning given in section 181.635, subdivision 1, paragraph (d). For the purposes of this section and section 179.912, food processing also includes meatpacking and poultry processing.

Subd. 2. **Appointment.** The governor shall appoint an ombudsperson for the safety, health, and well-being of agricultural and food processing workers. The ombudsperson shall serve in the unclassified service to assist agricultural and food processing workers with housing, workplace safety, fair labor standards, and other challenges. The ombudsperson must be selected without regard to the person's political affiliation. The ombudsperson shall serve a term of four years, which may be renewed, and may be removed prior to the end of the term for just cause.

Subd. 3. **Qualifications.** The ombudsperson must be highly competent and qualified to analyze questions of law, administration, and public policy regarding the safety, health, and well-being of agricultural and food processing workers. The ombudsperson must have knowledge and experience in the fields of workplace safety, housing, and fair labor standards. The ombudsperson must be familiar with governmental entities and their roles, interpretation of laws and regulations, record keeping, report writing, public speaking, and management. In addition, the ombudsperson must have experience working with agricultural and food processing workers and must be knowledgeable about the needs and experiences of those communities. No individual may serve as the ombudsperson for the safety, health, and well-being of agricultural and food processing workers while running for or holding any other public office. The ombudsperson must speak fluently in a language in addition to English that is commonly used by agricultural and food processing workers.

Subd. 4. **Duties.** (a) The ombudsperson's duties shall include but are not limited to the following:

(1) creating and collecting educational materials in relevant languages to orient agricultural and food processing workers about their rights under Minnesota laws and rules and state services available to them;

(2) outreach to agricultural and food processing stakeholders, including workers and employers, to inform them of the services of the office in order to support workers in navigating their concerns;

(3) acting as a member of the Minnesota Migrant Services Consortium and having a formal relationship with any other relevant and appropriate state committees, work groups, or task forces engaged in work related to agricultural and food processing workers;

(4) coordinating across state agencies to develop strategies to better assist agricultural and food processing workers;

(5) providing recommendations to state agencies for coordinated communication strategies to promote workplace safety, adequate housing, fair labor standards, and other issues for agricultural and food processing workers;

(6) offering accessible methods of contact, including telephone, text, and virtual communication platforms, to answer questions, receive complaints, and discuss agency actions with agricultural stakeholders; and

(7) addressing complaints and requests for assistance related to workplace safety, housing, labor standards, and other concerns by supporting agricultural stakeholders in navigating regulatory authorities.

(b) The ombudsperson must report to the commissioner annually by December 31 on the services provided by the ombudsperson to agricultural and food processing workers, including the number of stakeholders served and the activities of the ombudsperson in carrying out the duties under this section. The commissioner shall determine the form of the report and may specify additional reporting requirements.

Subd. 5. **Complaints.** The ombudsperson may receive a complaint from any source concerning an action of an agency, facility, or program. After completing a review, the ombudsperson shall inform the complainant, agency, facility, or program.

Subd. 6. **Access to records.** (a) The ombudsperson or designee, excluding volunteers, has access to any data of a state agency necessary for the discharge of the ombudsperson's duties, including records classified as confidential data on individuals or private data on individuals under chapter 13 or any other law. The ombudsperson's data request must relate to a specific case and is subject to section 13.03, subdivision 4. If the data concerns an individual, the ombudsperson or designee shall first obtain the individual's consent. If the individual is unable to consent and has no parent or legal guardian, the ombudsperson's or designee's access to the data is authorized by this section.

(b) The ombudsperson and designee must adhere to chapter 13 and must not disseminate any private or confidential data on individuals unless specifically authorized by state, local, or federal law or pursuant to a court order.

Subd. 7. **Staff support.** The ombudsperson may appoint and compensate out of available funds a confidential secretary in the unclassified service as authorized by law. The ombudsperson and the ombudsperson's full-time staff are members of the Minnesota State Retirement Association. The ombudsperson may delegate to staff members any authority or duties of the office, except the duty to provide reports to the governor, commissioner, or legislature.

Subd. 8. **Independence of action.** In carrying out the duties under this section, the ombudsperson may provide testimony to the legislature, make periodic reports to the legislature, and address areas of concern to agricultural and food processing workers.

Subd. 9. **Civil actions.** The ombudsperson and designees are not civilly liable for any action taken under this section if the action was taken in good faith, was within the scope of the ombudsperson's authority, and did not constitute willful or reckless misconduct.

Subd. 10. **Posting.** (a) The commissioners of labor and industry, employment and economic development, health, administration, and human rights shall post on their departments' websites the mailing address, e-mail address, and telephone number for the ombudsperson's office. The commissioners shall provide agricultural stakeholders with the mailing address, e-mail address, and telephone number of the ombudsperson's office upon request. Departmental programs or contractors providing services to agricultural stakeholders must provide those stakeholders with the mailing address, e-mail address, and telephone number of the ombudsperson's office upon request.

(b) The ombudsperson must approve all postings and notices required by the departments and counties under this subdivision.

Sec. 2. **[179.912] AGRICULTURAL WORKER WELLNESS COMMITTEE.**

Subdivision 1. **Agricultural Worker Wellness Committee established.** The Agricultural Worker Wellness Committee is established to carry out the work of the committee established by the governor's Executive Order No. 21-14. The commissioner of labor and industry shall hire two full-time equivalent staff to support the committee.

Subd. 2. **Definitions.** For the purposes of this section:

(1) "food processing" and "agricultural work" have the meanings given under section 179.911, subdivision 1; and

(2) "musculoskeletal disorders" includes carpal tunnel syndrome, tendinitis, rotator cuff injuries, trigger finger, epicondylitis, muscle strains, and lower back injuries.

Subd. 3. **Membership.** (a) The committee shall consist of up to 21 voting members who shall serve three-year terms including, at a minimum:

(1) the commissioners of labor and industry, employment and economic development, agriculture, health, and housing finance, or their designees; and

(2) the following members appointed by the governor:

(i) one representative from the Migrant Services Consortium;

(ii) three representatives of agricultural employers;

(iii) three at-large representatives from geographic regions of the state dependent on the agricultural sector;

(iv) three representatives of community-based organizations with expertise in agricultural workers and communities;

(v) three union representatives; and

(vi) three representatives of local public health.

(b) Other commissioners or their designees not named in paragraph (a), clause (1), may serve on the board as nonvoting members.

Subd. 4. **Membership terms; compensation.** (a) The governor shall make initial appointments to the board by October 1, 2022. Initial appointees shall serve staggered terms of three years or as determined by the secretary of state.

(b) Members shall be compensated as provided in section 15.0575, subdivision 3.

Subd. 5. **Chairs; other officers.** The commissioners of agriculture and labor and industry or their designees shall serve as co-chairs of the committee. The committee may elect other officers as necessary from its members.

Subd. 6. **Committee responsibilities.** The committee shall:

(1) analyze and recommend policies to address housing, workplace safety, including the reduction and prevention of musculoskeletal disorders, and fair labor issues faced by migrant, food processing, and meatpacking agricultural workers;

(2) serve as an ongoing forum for the stakeholder groups represented on the committee and coordinate state, local, and private partners' collaborative work to maintain a healthy and equitable agricultural and food processing industry which is foundational to Minnesota's economy; and

(3) coordinate and support pandemic response and public health and safety initiatives, including ergonomic hazard and risk prevention, as they affect agricultural and food processing workers in upcoming growing, harvesting, and processing seasons.

Subd. 7. **Central inventory of reports and analyses on agricultural and food processing workers.** Within available appropriations and in collaboration with stakeholders, the committee shall work to establish a central inventory of data reports and analyses regarding agricultural and food processing workers, including demographic information and definitions of agricultural and food processing workers to help policymakers in state and local government agencies, stakeholders, and the public to understand the population needs and assets and to advance state and local initiatives.

Subd. 8. **Report to legislature and governor.** The committee shall present to the governor and chairs and ranking minority members of the legislative committees with jurisdiction over labor and agriculture an annual work plan and report regarding its accomplishments. Measurements of success must include tracking:

(1) stakeholder engagement;

(2) efficient and effective response to a pandemic or other disruptions of growing, harvesting, and processing seasons;

(3) increased coordination among governmental, employer, and advocacy organizations connected to the agricultural and food processing industry; and

(4) advancement of recommendations that strengthen the industry, including but not limited to procedures to identify and eliminate ergonomic hazards and contributing risk factors.

ARTICLE 13
EARNED SICK AND SAFE TIME

Section 1. Minnesota Statutes 2020, section 181.942, subdivision 1, is amended to read:

Subdivision 1. **Comparable position.** (a) An employee returning from a leave of absence under section 181.941 is entitled to return to employment in the employee's former position or in a position of comparable duties, number of hours, and pay. An employee returning from a leave of absence longer than one month must notify a supervisor at least two weeks prior to return from leave. An employee returning from a leave under section 181.9412 or ~~181.9413~~ sections 181.9445 to 181.9448 is entitled to return to employment in the employee's former position.

(b) If, during a leave under sections 181.940 to 181.944, the employer experiences a layoff and the employee would have lost a position had the employee not been on leave, pursuant to the good faith operation of a bona fide layoff and recall system, including a system under a collective bargaining agreement, the employee is not entitled to reinstatement in the former or comparable position. In such circumstances, the employee retains all rights under the layoff and recall system, including a system under a collective bargaining agreement, as if the employee had not taken the leave.

Sec. 2. **[181.9445] DEFINITIONS.**

Subdivision 1. **Definitions.** For the purposes of section 177.50 and sections 181.9445 to 181.9447, the terms defined in this section have the meanings given them.

Subd. 2. **Commissioner.** "Commissioner" means the commissioner of labor and industry or authorized designee or representative.

Subd. 3. **Domestic abuse.** "Domestic abuse" has the meaning given in section 518B.01.

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 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.

Subd. 5. **Employee.** "Employee" means any person who is employed by an employer, including temporary and part-time employees, who performs 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 employed by an air carrier as a flight deck or cabin crew member who is subject to United States Code, title 45, sections 181 to 188, and who is provided with paid leave equal to or exceeding the amounts in section 181.9446.

Subd. 6. **Employer.** "Employer" means a person who has one or more employees. Employer includes an individual, a corporation, a partnership, an association, a business trust, a nonprofit organization, a group of persons, a state, county, town, city, school district, or other governmental subdivision. In the event that a temporary employee is supplied by a staffing agency, absent a contractual agreement stating otherwise, that individual shall be an employee of the staffing agency for all purposes of section 177.50 and sections 181.9445 to 181.9448.

Subd. 7. **Family member.** "Family member" means:

(1) an employee's:

(i) child, foster child, adult child, legal ward, or child for whom the employee is legal guardian;

(ii) spouse or registered domestic partner;

(iii) sibling, stepsibling, or foster sibling;

(iv) parent or stepparent;

(v) grandchild, foster grandchild, or stepgrandchild; or

(vi) grandparent or stepgrandparent;

(2) any of the family members listed in clause (1) of a spouse or registered domestic partner;

(3) any individual related by blood or affinity whose close association with the employee is the equivalent of a family relationship; and

(4) up to one individual annually designated by the employee.

Subd. 8. **Health care professional.** "Health care professional" means any person licensed under federal or state law to provide medical or emergency services, including doctors, physician assistants, nurses, and emergency room personnel.

Subd. 9. **Prevailing wage rate.** "Prevailing wage rate" has the meaning given in section 177.42 and as calculated by the Department of Labor and Industry.

Subd. 10. **Retaliatory personnel action.** "Retaliatory personnel action" means:

(1) any form of intimidation, threat, reprisal, harassment, discrimination, or adverse employment action, including discipline, discharge, suspension, transfer, or reassignment to a lesser position in terms of job classification, job security, or other condition of employment; reduction in pay or hours or denial of additional hours; the accumulation of points under an attendance point system; informing another employer that the person has engaged in activities protected by this chapter; or reporting or threatening to report the actual or suspected citizenship or immigration status of an employee, former employee, or family member of an employee to a federal, state, or local agency; and

(2) interference with or punishment for participating in any manner in an investigation, proceeding, or hearing under this chapter.

Subd. 11. **Sexual assault.** "Sexual assault" means an act that constitutes a violation under sections 609.342 to 609.3453 or 609.352.

Subd. 12. **Stalking.** "Stalking" has the meaning given in section 609.749.

Subd. 13. **Year.** "Year" means a regular and consecutive 12-month period, as determined by an employer and clearly communicated to each employee of that employer.

Sec. 3. **[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) 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.

(c) Employees who are exempt from overtime requirements under United States Code, title 29, section 213(a)(1), as amended through the effective date of this section, 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 accrued earned sick and safe time beginning 90 calendar days after the day their employment commenced. After 90 days from the day employment commenced, employees may use earned sick and safe time as it is accrued. The 90-calendar-day period under this paragraph includes both days worked and days not worked.

Sec. 4. **[181.9447] USE OF EARNED SICK AND SAFE TIME.**

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;

(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 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; and

(5) 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.

Subd. 2. **Notice.** An employer may require notice of the need for use of earned sick and safe time as provided in this paragraph. If the need for use is foreseeable, an employer may require advance notice of the intention to use earned sick and safe time but must not require more than seven days' advance notice. If the need is unforeseeable, an employer may require an employee to give notice of the need for earned sick and safe time as soon as practicable.

Subd. 3. **Documentation.** When an employee uses earned sick and safe time for more than three consecutive days, an employer may require reasonable documentation that the earned sick and safe time is covered by subdivision 1. For earned sick and safe time under subdivision 1, clauses (1) and (2), reasonable documentation may include a signed statement by a health care professional indicating the need for use of earned sick and safe time. 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. 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.

Subd. 4. **Replacement worker.** An employer may not require, as a condition of an employee using earned sick and safe time, that the employee seek or find a replacement worker to cover the hours the employee uses as earned sick and safe time.

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.

Subd. 6. **Retaliation prohibited.** An employer shall not take retaliatory personnel action against an employee because the employee has requested earned sick and safe time, used earned sick and safe time, requested a statement of accrued sick and safe time, or made a complaint or filed an action to enforce a right to earned sick and safe time under this section.

Subd. 7. **Reinstatement to comparable position after leave.** An employee returning from a leave under this section is entitled to return to employment in a comparable position. If, during a leave under this section, the employer experiences a layoff and the employee would have lost a position had the employee not been on leave, pursuant to the good faith operation of a bona fide layoff and recall system, including a system under a collective bargaining agreement, the employee is not entitled to reinstatement in the former or comparable position. In such circumstances, the employee retains all rights under the layoff and recall system, including a system under a collective bargaining agreement, as if the employee had not taken the leave.

Subd. 8. **Pay and benefits after leave.** An employee returning from a leave under this section is entitled to return to employment at the same rate of pay the employee had been receiving when the leave commenced, plus any automatic adjustments in the employee's pay scale that occurred during the leave period. The employee returning from a leave is entitled to retain all accrued preleave benefits of employment and seniority as if there had been no interruption in service, provided that nothing under this section prevents the accrual of benefits or seniority during the leave pursuant to a collective bargaining or other agreement between the employer and employees.

Subd. 9. **Part-time return from leave.** An employee, by agreement with the employer, may return to work part time during the leave period without forfeiting the right to return to employment at the end of the leave, as provided under this section.

Subd. 10. **Notice and posting by employer.** (a) Employers must give notice to all employees that they are entitled to earned sick and safe time, including the amount of earned sick and safe time, the accrual year for the employee, and the terms of its use under this section; that retaliation against employees who request or use earned sick and safe time is prohibited; and that each employee has the right to file a complaint or bring a civil action if earned sick and safe time is denied by the employer or the employee is retaliated against for requesting or using earned sick and safe time.

(b) Employers must supply employees with a notice in English and other appropriate languages that contains the information required in paragraph (a) at commencement of employment or the effective date of this section, whichever is later.

(c) The means used by the employer must be at least as effective as the following options for providing notice:

(1) posting a copy of the notice at each location where employees perform work and where the notice must be readily observed and easily reviewed by all employees performing work; or

(2) providing a paper or electronic copy of the notice to employees.

The notice must contain all information required under paragraph (a). The commissioner shall create and make available to employers a poster and a model notice that contains the information required under paragraph (a) for their use in complying with this section.

(d) An employer that provides an employee handbook to its employees must include in the handbook notice of employee rights and remedies under this section.

Subd. 11. **Required statement to employee.** (a) Upon request of the employee, the employer must provide, in writing or electronically, current information stating the employee's amount of:

(1) earned sick and safe time available to the employee; and

(2) used earned sick and safe time.

(b) Employers may choose a reasonable system for providing the information in paragraph (a), including but not limited to listing information on each pay stub or developing an online system where employees can access their own information.

Subd. 12. **Employer records.** (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) An employer must allow an employee to inspect records required by this section and relating to that employee at a reasonable time and place.

Subd. 13. **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.

(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.

Sec. 5. **[181.9448] EFFECT ON OTHER LAW OR POLICY.**

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 181.9447.

(b) Nothing in sections 181.9445 to 181.9447 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) Employers who provide earned sick and safe time to their employees under a paid time off policy or other paid leave policy 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.

(d) An employer may opt to satisfy the requirements of sections 181.9445 to 181.9448 for construction industry employees by:

(1) paying at least the prevailing wage rate as defined by section 177.42 and as calculated by the Department of Labor and Industry; or

(2) paying at least the required rate established in a registered apprenticeship agreement for apprentices registered with the Department of Labor and Industry.

An employer electing this option is deemed to be in compliance with sections 181.9445 to 181.9448 for construction industry employees who receive either at least the prevailing wage rate or the rate required in the applicable apprenticeship agreement regardless of whether the employees are working on private or public projects.

(e) 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.

(f) 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.

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 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.

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, 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.

Sec. 6. **REPEALER.**

Minnesota Statutes 2020, section 181.9413, is repealed.

Sec. 7. **EFFECTIVE DATE.**

This article is effective 180 days following final enactment.

ARTICLE 14
EARNED SICK AND SAFE TIME ENFORCEMENT

Section 1. Minnesota Statutes 2020, 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 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 ~~$1,000~~ $10,000 for each failure to submit or deliver records as required by this section~~, and up to $5,000 for each repeated failure~~. 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.

Sec. 2. Minnesota Statutes 2020, 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, 181.02, 181.03, 181.031, 181.032, 181.101, 181.11, 181.13, 181.14, 181.145, 181.15, 181.172, paragraph (a) or (d), 181.275, subdivision 2a, 181.722, 181.79, ~~and~~ 181.939 to 181.943, and 181.9445 to 181.9448, or with any rule promulgated under section 177.28. The commissioner shall issue an order requiring an employer to comply with sections 177.41 to 177.435 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 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. 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.

Sec. 3. Minnesota Statutes 2020, 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, 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. 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 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 civil penalty of up to ~~$1,000~~ $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 damages.

Sec. 4. **[177.50] EARNED SICK AND SAFE TIME ENFORCEMENT.**

Subdivision 1. **Definitions.** The definitions in section 181.9445 apply to this section.

Subd. 2. **Rulemaking authority.** The commissioner may adopt rules to carry out the purposes of this section and sections 181.9445 to 181.9448.

Subd. 3. **Individual remedies.** In addition to any other remedies provided by law, a person injured by a violation of sections 181.9445 to 181.9448 may bring a civil action to recover general and special damages, along with costs, fees, and reasonable attorney fees, and may receive injunctive and other equitable relief as determined by a court. An action to recover damages under this subdivision must be commenced within three years of the violation of sections 181.9445 to 181.9448 that caused the injury to the employee.

Subd. 4. **Grants to community organizations.** The commissioner may make grants to community organizations for the purpose of outreach to and education for employees regarding their rights under sections 181.9445 to 181.9448. The community-based organizations must be selected based on their experience, capacity, and relationships in high-violation industries. The work under such a grant may include the creation and administration of a statewide worker hotline.

Subd. 5. **Report to legislature.** (a) The commissioner must submit an annual report to the legislature, including to the chairs and ranking minority members of any relevant legislative committee. The report must include but is not limited to:

(1) a list of all violations of sections 181.9445 to 181.9448, including the employer involved, and the nature of any violations; and

(2) an analysis of noncompliance with sections 181.9445 to 181.9448, including any patterns by employer, industry, or county.

(b) A report under this section must not include an employee's name or other identifying information, any health or medical information regarding an employee or an employee's family member, or any information pertaining to domestic abuse, sexual assault, or stalking of an employee or an employee's family member.

Subd. 6. **Contract for labor or services.** It is the responsibility of all employers to not enter into any contract or agreement for labor or services where the employer has any actual knowledge or knowledge arising from familiarity with the normal facts and circumstances of the business activity engaged in, or has any additional facts or information that, taken together, would make a reasonably prudent person undertake to inquire whether, taken together, the contractor is not complying or has failed to comply with this section. For purposes of this subdivision, "actual knowledge" means information obtained by the employer that the contractor has violated this section within the past two years and has failed to present the employer with credible evidence that such noncompliance has been cured going forward.

EFFECTIVE DATE. This section is effective 180 days after final enactment.

ARTICLE 15
WAREHOUSE DISTRIBUTION WORKER SAFETY

Section 1. **[182.6526] WAREHOUSE DISTRIBUTION WORKER SAFETY.**

Subdivision 1. **Definitions.** (a) The terms defined in this subdivision have the meanings given them.

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

(c) "Employee" means a nonexempt employee who works at a warehouse distribution center.

(d) "Employee work speed data" means information an employer collects, stores, analyzes, or interprets relating to an individual employee's or group of employees' pace of work, including but not limited to quantities of tasks performed, quantities of items or materials handled or produced, rates or speeds of tasks performed, measurements or metrics of employee performance in relation to a quota, and time categorized as performing tasks or not performing tasks.

(e) "Employer" means a person who directly or indirectly, or through an agent or any other person, including through the services of a third-party employer, temporary service, or staffing agency or similar entity, employs or exercises control over the wages, hours, or working conditions of 250 or more employees at a single warehouse distribution center or 1,000 or more employees at one or more warehouse distribution centers in the state. For purposes of this paragraph, all employees of an employer's unitary business, as that term is defined in section 290.17, subdivision 4, shall be counted in determining the number of employees employed at a single warehouse distribution center or at one or more warehouse distribution centers in the state.

(f) "Warehouse distribution center" means an establishment as defined by any of the following North American Industry Classification System (NAICS) codes:

(1) 493110 for General Warehousing and Storage;

(2) 423 for Merchant Wholesalers, Durable Goods;

(3) 424 for Merchant Wholesalers, Nondurable Goods;

(4) 454110 for Electronic Shopping and Mail-Order Houses; and

(5) 492110 for Couriers and Express Delivery Services.

(g) "Quota" means a work standard under which:

(1) an employee or group of employees is assigned or required to perform at a specified productivity speed, or perform a quantified number of tasks, or handle or produce a quantified amount of material, or perform without a certain number of errors or defects, as measured at the individual or group level within a defined time period; or

(2) an employee's actions are categorized between time performing tasks and not performing tasks, and the employee's failure to complete a task performance standard or recommendation may have an adverse impact on the employee's continued employment.

Subd. 2. **Notice required.** (a) Each employer shall provide to each employee a written description of each quota to which the employee is subject and how it is measured, including the quantified number of tasks to be performed or materials to be produced or handled or the limit on time categorized as not performing tasks, within the defined time period, and any potential adverse employment action that could result from failure to meet the quota.

(b) The written description must be understandable in plain language and in the employee's language of preference.

(c) The written description must be provided:

(1) upon hire or within 30 days of the effective date of this section; and

(2) no fewer than two working days prior to the effective date of any modification of existing quotas.

(d) An employer shall not take adverse employment action against an employee for failure to meet a quota that has not been disclosed to the employee.

Subd. 3. **Breaks.** An employee shall not be required to meet a quota that prevents compliance with meal or rest or prayer periods, use of restroom facilities, including reasonable travel time to and from restroom facilities as provided under section 177.253, subdivision 1, or occupational health and safety standards under this chapter or Minnesota Rules, chapter 5205. An employer shall not take adverse employment action against an employee for failure to meet a quota that does not allow a worker to comply with meal or rest or prayer periods, or occupational health and safety standards under this chapter.

Subd. 4. **Work speed data.** (a) Employees have the right to request orally or in writing from any supervisor, and the employer shall provide within 72 hours, a written description of each quota to which the employee is subject and a copy of the most recent 90 days of the employee's own personal work speed data. The written description of each quota must meet the requirements of subdivision 2, paragraph (b), and the employee work speed data must be provided in a manner understandable to the employee. An employee can make a request under this paragraph no more than four times per year.

(b) If an employer disciplines an employee for failure to meet a quota, the employer must, at the time of discipline, provide the employee with a written copy of the most recent 90 days of the employee's own personal work speed data. If an employer dismisses an employee for any reason, they must, at the time of firing, provide the employee with a written copy of the most recent 90 days of the employee's own personal work speed data. An employer shall not retaliate against an employee for requesting data under this subdivision.

Subd. 5. **High rates of injury.** If a particular work site or employer is found to have an employee incidence rate in a given year, based on data reported to the federal Occupational Safety and Health Administration, of at least 30 percent higher than that year's average incidence rate for the relevant NAICS code's nonfatal occupational injuries and illnesses by industry and case types, released by the United States Bureau of Labor Statistics, the commissioner shall open an investigation of violations under this section. The employer must also hold its safety committee meetings as provided under section 182.676 monthly until, for two consecutive years, the work site or employer does not have an employee incidence rate 30 percent higher than the average yearly incidence rate for the relevant NAICS code.

Subd. 6. **Enforcement.** (a) Subdivision 2, paragraphs (a) to (c), subdivision 4, and subdivision 5 shall be enforced by the commissioner under sections 182.66, 182.661, and 182.669. A violation of this section is subject to the penalties provided under sections 182.666 and 182.669.

(b) A current or former employee aggrieved by a violation of this section may bring a civil cause of action for damages and injunctive relief to obtain compliance with this section, may receive other equitable relief as determined by a court, including reinstatement with back pay, and may, upon prevailing in the action, recover costs and reasonable attorney fees in that action. A cause of action under this section must be commenced within one year of the date of injury.

(c) Nothing in this section shall be construed to prevent local enforcement of occupational health and safety standards that are more restrictive than this section.

Sec. 2. **SEVERABILITY.**

If any provision of this act or the application thereof to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of the act which can be given effect without the invalid provision or application.

ARTICLE 16
COMMERCE 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 "2022" and "2023" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2022, or June 30, 2023, respectively.

	APPROPRIATIONS Available for the Year Ending June 30	
	2022	**2023**
Sec. 2. **DEPARTMENT OF COMMERCE**	**$-0-**	**$66,341,000**

(a) $4,000,000 in fiscal year 2023 is for deposit in the solar on public buildings grant program account for the grant program described in Minnesota Statutes, section 216C.377. This appropriation may not be used to provide grants to public buildings located within the electric service area of the electric utility subject to Minnesota Statutes, section 116C.779. This is a onetime appropriation and remains available until June 30, 2025.

(b) $30,000,000 in fiscal year 2023 is to provide grants to community action agencies and other agencies to weatherize residences and to install preweatherization measures in residential buildings occupied by eligible low-income households, as provided under Minnesota Statutes, sections 216B.2403, subdivision 5; 216B.241, subdivision 7; and 216C.264. Of this amount:

(1) up to ten percent may be used to supplement utility spending on preweatherization measures as part of a low-income conservation program; and

(2) up to ten percent may be used to:

(i) recruit and train energy auditors and installers of weatherization assistance services; and

(ii) provide financial incentives to contractors and workers who install weatherization assistance services.

The base in fiscal year 2024 is $15,000,000 and the base in fiscal year 2025 is $15,000,000.

For the purposes of this paragraph:

(A) "low-income conservation program" means a utility program that offers energy conservation services to low-income households as part of the utility's energy conservation and optimization plan under Minnesota Statutes, section 216B.2403, subdivision 5, or 216B.241, subdivision 7;

(B) "preweatherization measure" has the meaning given in Minnesota Statutes, section 216B.2402, subdivision 20;

(C) "weatherization assistance program" means the federal program described in Code of Federal Regulations, title 10, part 440 et seq., designed to assist low-income households to reduce energy use in a cost-effective manner; and

(D) "weatherization assistance services" means the energy conservation measures installed in households under the weatherization assistance program and under utility low-income conservation programs.

(c) $2,195,000 in fiscal year 2023 is for residential electric panel upgrade grants under Minnesota Statutes, section 216C.45, and to pay the reasonable costs incurred by the department to administer Minnesota Statutes, section 216C.45. This is a onetime appropriation and is available until June 30, 2025.

(d) $500,000 in fiscal year 2023 is to award grants to auto dealers to seek certification from electric vehicle manufacturers to sell electric vehicles under Minnesota Statutes, section 216C.402. This is a onetime appropriation and is available until June 30, 2025.

(e) $3,000,000 in fiscal year 2023 is for grants under the solar for schools program established in Minnesota Statutes, section 216C.375. This is a onetime appropriation and is available until June 30, 2025.

(f) $10,000,000 in fiscal year 2023 is for deposit in the state competitiveness account established in Minnesota Statutes, section 216C.391, to leverage federal formula and competitive funds for energy-related infrastructure and clean energy investments in Minnesota. This is a onetime appropriation and is available until June 30, 2034.

(g) $5,000,000 in fiscal year 2023 is for grants from the energy alley start-up fund established in Minnesota Statutes, section 216C.46, to businesses developing decarbonization technologies. This is a onetime appropriation and is available until June 30, 2025.

(h) $500,000 in fiscal year 2023 is to install a network of electric vehicle charging stations in public parking facilities in county government centers. This is a onetime appropriation and is available until June 30, 2025.

(i) $531,000 in fiscal year 2023 is to develop an energy benchmarking program under which building owners report the energy use of certain types of buildings under Minnesota Statutes, section 216C.331. This is a onetime appropriation and is available until June 30, 2024.

(j) $109,000 in fiscal year 2023 is for participation in customer disputes before the Minnesota Public Utilities Commission under the consumer dispute process established in Minnesota Statutes, section 216B.172.

(k) $35,000 in fiscal year 2023 is to participate in the participant compensation process under Minnesota Statutes, section 216B.631.

(l) $10,000,000 in fiscal year 2023 is for a grant to the Minnesota Innovation Finance Authority for organizational start-up costs and for the purposes of Minnesota Statutes, section 216C.441. The commissioner of commerce is the fiscal agent for the grant and shall establish reporting requirements with respect to activities and expenditures of the authority. This is a onetime appropriation and is available until June 30, 2025.

(m) $141,000 in fiscal year 2023 is for participation in proceedings of the Minnesota Public Utilities Commission regarding energy storage systems under Minnesota Statutes, sections 216B.1616 and 216C.378.

(n) $70,000 in fiscal year 2023 is for participation in Minnesota Public Utilities Commission proceedings regarding utility transportation electrification plans under Minnesota Statutes, section 216B.1615.

(o) $225,000 in fiscal year 2023 is for participation in proceedings of the Minnesota Public Utilities Commission regarding the issuance of extraordinary event natural gas utility bonds under Minnesota Statutes, sections 216B.491 to 216B.499.

(p) $35,000 in fiscal year 2023 is for participation in proceedings of the Minnesota Public Utilities Commission regarding utility programs to deploy electric school buses under Minnesota Statutes, section 216B.1617.

Sec. 3. **PUBLIC UTILITIES COMMISSION** **$-0-** **$637,000**

(a) $234,000 in fiscal year 2023 is to administer the customer dispute process established in Minnesota Statutes, section 216B.172. The base for this appropriation in fiscal year 2024 and thereafter is $228,000.

(b) $32,000 in fiscal year 2023 is to administer the participant compensation process under Minnesota Statutes, section 216B.631.

(c) $135,000 in fiscal year 2023 is for commission proceedings regarding energy storage systems under Minnesota Statutes, sections 216B.1616 and 216C.378.

(d) $32,000 is for the commission's review of utility transportation electrification plans under Minnesota Statutes, section 216B.1615.

(e) $32,000 is for the commission's review of utility electric school bus deployment programs under Minnesota Statutes, section 216B.1617.

(f) $172,000 is for the commission's contracting with consultants with expertise in securitized utilities customer-backed bond financing under Minnesota Statutes, section 216B.494.

Sec. 4. **DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT** **$-0-** **$2,500,000**

(a) $500,000 in fiscal year 2023 is to the commissioner of employment and economic development for a grant to Unidos MN Education Fund and the New Justice Project MN to address employment and economic disparities for people of color, immigrant communities, and low-income unemployed or underemployed individuals. The money must be used to support preapprenticeship and workforce training, career development, worker rights training, employment placement and entrepreneurship support, related support services, and the development of transferable skills in high-demand fields related to construction, clean energy, and energy efficiency. Of this amount, 50 percent is for a grant to Unidos MN Education Fund and 50 percent is for a grant to the New Justice Project MN. This is a onetime appropriation and is available until June 30, 2025.

(b) $2,000,000 in fiscal year 2023 is to the commissioner of employment and economic development for the community energy transition grant program under Minnesota Statutes, section 116J.55. This is a onetime appropriation and is available until June 30, 2025.

Sec. 5. **POLLUTION CONTROL AGENCY** **$-0-** **$3,300,000**

(a) $300,000 in fiscal year 2023 is to the commissioner of the Pollution Control Agency for a report describing potential strategies to reduce statewide greenhouse gas emissions in order to comply with the state's greenhouse gas emissions reduction goals established in Minnesota Statutes, section 216H.02, subdivision 1, and the 2030 emissions reduction goal established by the United States under the United Nations Framework Convention on Climate Change, also known as the Paris Agreement. This is a onetime appropriation and is available until June 30, 2024.

(b) $3,000,000 in fiscal year 2023 is to the commissioner of the Pollution Control Agency to award grants to political subdivisions to encourage the formation of organizations and plans to reduce contributions to and mitigate the impacts of climate change. This is a onetime appropriation and is available until June 30, 2024.

Sec. 6. **DEPARTMENT OF NATURAL RESOURCES** **$-0-** **$4,100,000**

$4,100,000 in fiscal year 2023 is to the commissioner of natural resources for funding the installation of electric vehicle charging stations in public parking facilities located in state and regional parks. This is a onetime appropriation and is available until June 30, 2025.

Sec. 7. **DEPARTMENT OF TRANSPORTATION** **$-0-** **$2,181,000**

(a) Notwithstanding any other law to the contrary, including any law prohibiting the servicing of vehicles or the conduct of private business on the right-of-way of a trunk highway, $2,100,000 in fiscal year 2023 is to the commissioner of transportation for funding the installation of electric vehicle charging stations at highway safety rest areas. The charging stations may be free or fee-based. This is a onetime appropriation and is available until June 30, 2025.

(b) $81,000 in fiscal year 2023 is to the commissioner of transportation for administrative work on the Buy Clean Task Force to advise the commissioner of administration on developing environmental standards for state purchases of asphalt paving materials. This is a onetime appropriation and is available until June 30, 2024.

Sec. 8. **DEPARTMENT OF LABOR AND INDUSTRY** **$-0-** **$279,000**

(a) $133,000 in fiscal year 2023 is to the commissioner of labor and industry for modifying the State Building Code to address needs for electric vehicle charging in parking facilities in new commercial and multifamily buildings that provide on-site parking, as described in Minnesota Statutes, section 326B.103. This is a onetime appropriation and is available until June 30, 2024.

(b) $146,000 in fiscal year 2023 is to the commissioner of labor and industry to implement new commercial energy codes, as described in Minnesota Statutes, section 326B.106, subdivision 1. This is a onetime appropriation and is available until June 30, 2025.

Sec. 9. **DEPARTMENT OF ADMINISTRATION** **$-0-** **$914,000**

(a) $314,000 in fiscal year 2023 is to the commissioner of administration to staff a task force to advise the commissioner on developing environmental standards for the state's procurement of certain building materials. This is a onetime appropriation and is available until June 30, 2024.

(b) $600,000 in fiscal year 2023 is for the commissioner of administration to contract with the Board of Regents of the University of Minnesota for a grant to the Institute on the Environment to conduct research examining how projections of future weather trends may exacerbate conditions such as drought, elevated temperatures, and flooding that:

(1) can be integrated into the design and evaluation of buildings constructed by the state of Minnesota and local units of government so as to:

(i) reduce energy costs by deploying cost-effective energy efficiency measures, innovative construction materials and techniques, and renewable energy sources; and

(ii) prevent and minimize damage to buildings caused by extreme weather conditions, including but not limited to increased frequency of intense precipitation events and tornadoes, flooding, and elevated temperatures; and

(2) may weaken the ability of natural systems to mitigate those conditions to the point where human intervention in the form of building or redesigning the scale and operation of infrastructure is required to address those conditions in order to:

(i) maintain and increase the amount and quality of food and wood production;

(ii) reduce fire risk on forested land;

(iii) maintain and enhance water quality; and

(iv) maintain and enhance natural habitats.

The contract must provide that, no later than February 1, 2025, the director of the Institute on the Environment, or the director's designee, submit a written report to the chairs and ranking minority members of the legislative committees with primary jurisdiction over environment policy and capital investment summarizing the findings and recommendations of the research, including any recommendations for policy changes or other legislation. This is a onetime appropriation and is available until June 30, 2024.

Sec. 10. **UNIVERSITY OF MINNESOTA** **$-0-** **$1,000,000**

$1,000,000 in fiscal year 2023 is to the Board of Regents of the University of Minnesota for a program in the University of Minnesota Extension Service that will enhance the capacity of the state's agricultural sector, land and resource managers, and communities to plan for and adapt to weather extremes like

droughts and floods. This appropriation shall be used to support existing extension service staff members and to hire additional staff members for a program with broad geographic reach throughout the state. The program shall:

(1) identify, develop, implement, and evaluate educational programs that increase the capacity of Minnesota's agricultural sector, land and resource managers, and communities to adapt and be prepared for projected physical changes in temperature, precipitation, and other weather parameters that affect crops, lands, horticulture, pests, and wildlife in ways that present challenges to the state's agricultural sector and the communities that depend on it; and

(2) communicate and interpret the latest research on critical weather trends and the science behind them to further prepare extension service staff throughout the state to educate the agricultural sector, land and resource managers, and community members at the local level regarding technical information on water resource management, agriculture and forestry, engineering and infrastructure design, and emergency management that is necessary for the development of strategies to mitigate the effects of extreme weather change. This is a onetime appropriation and is available until June 30, 2025.

ARTICLE 17
RENEWABLE DEVELOPMENT ACCOUNT APPROPRIATIONS

Section 1. **APPROPRIATIONS.**

(a) 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 "2022" and "2023" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2022, or June 30, 2023, respectively.

(b) If an appropriation in this article is enacted more than once in the 2022 regular or special legislative session, the appropriation must be given effect only once.

	APPROPRIATIONS Available for the Year Ending June 30	
	2022	**2023**
Sec. 2. **DEPARTMENT OF COMMERCE**	**$-0-**	**$42,221,000**

(a) $5,000,000 in fiscal year 2023 is to operate the grants for renewable integration and demonstration program under Minnesota Statutes, section 216C.47, to award grants to businesses to develop decarbonization technologies for commercialization.

(b) $4,000,000 in fiscal year 2023 is to implement a program that awards grants to upgrade electrical panels in single-family and multifamily residences under Minnesota Statutes, section 216C.45. This is a onetime appropriation and is available until June 30, 2025.

(c) $3,000,000 in fiscal year 2023 is for deposit in a contingency fund for disbursement to the owner of a solar energy generating system installed on land on the former Ford Motor Company in St. Paul known as Area C. Disbursement under this paragraph must occur only if the Pollution Control Agency requires actions to be taken to remediate contaminated land at the site that requires the solar energy generating system to be removed while remediation takes place, as provided in Minnesota Statutes, section 116C.7793. This is a onetime appropriation.

(d) $6,500,000 in fiscal year 2023 is for a grant to the Independent School District No. 11, Anoka-Hennepin, to construct a geothermal energy system at the Sorteberg Early Childhood Center that uses the constant temperature of the earth, in conjunction with a heat pump, new HVAC system, and new boilers, to provide space heating and cooling to the building. This is a onetime appropriation and is available until December 31, 2025.

(e) The base for fiscal year 2024 is $531,000 to implement an energy benchmarking program under which building owners report certain types of buildings' annual energy use under Minnesota Statutes, section 216C.331. The base in fiscal year 2025 and thereafter is $431,000.

(f) $500,000 in fiscal year 2023 is to install a network of electric vehicle charging stations in public parking facilities located in county government centers. This is a onetime appropriation and is available until June 30, 2025. This appropriation may be expended only in county government centers located within the electric service area of the public utility subject to Minnesota Statutes, section 116C.779.

(g) $5,000,000 in fiscal year 2023 is to be withheld by the public utility subject to Minnesota Statutes, section 116C.779, from deposit in the renewable development account, as provided in Minnesota Statutes, section 116C.7792, for a financial incentive to install solar energy generating systems under Minnesota Statutes, section 116C.7792. The amount to be withheld for this purpose in fiscal year 2024 is $5,000,000 and in fiscal year 2025 is $10,000,000.

(h) $4,000,000 in fiscal year 2023 is for a financial incentive for the installation of energy storage systems under Minnesota Statutes, section 216C.378.

(i) $4,000,000 in fiscal year 2023 is for the solar on public buildings grant program described under Minnesota Statutes, section 216C.377. The appropriation must be used to provide

grants to public buildings located within the electric service area of the electric utility subject to Minnesota Statutes, section 116C.779. The base in fiscal year 2024 and thereafter is $2,000,000.

(j) $10,000,000 in fiscal year 2023 is for deposit in the state competitiveness account established in Minnesota Statutes, section 216C.391, to leverage federal formula and competitive funds for energy-related infrastructure and clean energy investments in Minnesota. This appropriation must be used to obtain federal funds that benefit Minnesota ratepayers receiving electric service from the utility that owns a nuclear-powered electric generating plant in Minnesota, the Prairie Island Indian community, or Prairie Island Indian community members. This is a onetime appropriation and is available until June 30, 2034.

(k) $221,000 in fiscal year 2023 is for participation in proceedings of the Minnesota Public Utilities Commission regarding energy storage systems under Minnesota Statutes, sections 216B.1616 and 216C.378.

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

$3,000,000 in fiscal year 2023 is for the Metropolitan Council to purchase buses that operate solely on electric propulsion provided by electric motors and rechargeable on-board batteries. This is a onetime appropriation and is available until June 30, 2025.

ARTICLE 18
ENERGY CONSERVATION

Section 1. Minnesota Statutes 2020, section 216C.264, is amended by adding a subdivision to read:

Subd. 1a. **State supplementary weatherization grants account.** (a) A state supplementary weatherization grants account is established as a separate account in the special revenue fund in the state treasury. The commissioner must credit appropriations and transfers to the account. Earnings, such as 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 expended. The commissioner must manage the account.

(b) Money in the account is appropriated to the commissioner for the purposes of subdivision 5.

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

Sec. 2. Minnesota Statutes 2020, section 216C.264, subdivision 5, is amended to read:

Subd. 5. **Grant allocation.** (a) The commissioner must distribute supplementary state grants in a manner consistent with the goal of producing the maximum number of weatherized units. Supplementary state grants ~~are provided primarily for the payment of~~ may be used for the following purposes:

(1) to address physical deficiencies in a residence that increase heat loss, including deficiencies that prohibit the residence from being eligible to receive federal weatherization assistance;

(2) to install preweatherization measures, as defined in section 216B.2402, subdivision 20, established by the commissioner under section 216B.241, subdivision 7, paragraph (g);

(3) to increase the number of weatherized residences;

(4) to conduct outreach activities to make income-eligible households aware of the weatherization services available to income-eligible households, to assist applicants to fill out applications for weatherization assistance, and to provide translation services where necessary;

(5) to enable projects in multifamily buildings to proceed even if projects cannot comply with the federal requirement that projects must be completed within the same federal fiscal year in which the project begins;

(6) to address shortages of workers trained to provide weatherization services, including expanding training opportunities in existing and new training programs;

(7) to support the operation of the weatherization training program under section 216C.2641;

(8) to pay additional labor costs for the federal weatherization program~~,~~; and

(9) as an incentive for the increased production of weatherized units.

(b) Criteria for the allocation of state grants to local agencies include existing local agency production levels, emergency needs, and the potential for maintaining or increasing acceptable levels of production in the area.

(c) An eligible local agency may receive advance funding for 90 days' production, but thereafter must receive grants solely on the basis of program criteria.

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

Sec. 3. **[216C.2641] WEATHERIZATION TRAINING GRANT PROGRAM.**

Subdivision 1. **Establishment.** The commissioner of commerce must establish a weatherization training grant program to award grants to train workers for careers in the weatherization industry.

Subd. 2. **Grants.** (a) The commissioner must award grants through a competitive grant process.

(b) An eligible entity under paragraph (c) seeking a grant under this section must submit a written application to the commissioner, using a form developed by the commissioner.

(c) Grants may be awarded under this section only to:

(1) a nonprofit organization exempt from taxation under section 501(c)(3) of the United States Internal Revenue Code;

(2) a labor organization, as defined in section 179.01, subdivision 6; or

(3) a job training center or educational institution that the commissioner of commerce determines has the ability to train workers for weatherization careers.

(d) Grant funds must be used to pay costs associated with training workers for careers in the weatherization industry, including related supplies, materials, instruction, and infrastructure.

(e) When awarding grants under this section, the commissioner must give priority to applications that provide the highest quality training to prepare trainees for weatherization employment opportunities that meet technical standards and certifications developed by the Building Performance Institute, Inc. or the Standard Work Specifications developed by the United States Department of Energy for the federal Weatherization Assistance Program.

Subd. 3. **Reports.** By January 15, 2024, and each January 15 thereafter, the commissioner must submit a report to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over energy policy that details the use of grant funds under this section, including data on the number of trainees trained and the career progress of trainees supported by prior grants.

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

Sec. 4. **[216C.331] ENERGY BENCHMARKING.**

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

(b) "Benchmark" means to electronically input into a benchmarking tool the total energy use data and other descriptive information about a building that is required by a benchmarking tool.

(c) "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.

(d) "Benchmarking tool" means the United States Environmental Protection Agency's Energy Star Portfolio Manager tool or an equivalent tool determined by the commissioner.

(e) "Covered property" means a building whose total floor area is equal to or greater than 50,000 square feet. Covered property does not include:

(1) a residential property containing fewer than five dwelling units;

(2) a property classified as mining or manufacturing under the North American Industrial Classification System (NAICS); or

(3) other property types that do not meet the purposes of this section, as determined by the commissioner.

(f) "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.

(g) "Energy audit" has the meaning given in section 216C.435, subdivision 4.

(h) "Energy intensity" means the total annual energy consumed in a building divided by the building's total floor area.

(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) "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.

(l) "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.

(m) "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.

Subd. 2. **Establishment.** A building energy benchmarking program is established in the department. The purpose of the program is to:

(1) make a building's owners, tenants, and potential tenants aware of (i) the building's energy consumption levels and patterns, and (ii) how the building's energy use compares with that of similar buildings nationwide; and

(2) enhance the likelihood that owners adopt energy conservation measures in the owners' buildings as a way to reduce energy use, operating costs, and greenhouse gas emissions.

Subd. 3. **Classification of covered properties.** For the purposes of this section, a covered property is classified as follows:

Class	Total Floor Area (sq. ft.)
1	150,000 or more
2	100,000 to 149,999
3	75,000 to 99,999
4	50,000 to 74,999

Subd. 4. **Benchmarking requirement.** (a) In conformity with the schedule in subdivision 6, an owner must annually benchmark all covered property owned as of December 31 during the previous calendar year. Energy use data must be compiled by:

(1) obtaining the data from the utility providing the energy; or

(2) reading a master meter.

(b) Before entering information in a benchmarking tool, an owner must run all automated data quality assurance functions available within the benchmarking tool and must correct all missing or incorrect data identified.

(c) An owner who becomes aware that any information entered into a benchmarking tool is inaccurate or incomplete must amend the information in the benchmarking tool within 30 days of the date the owner learned of the inaccuracy.

Subd. 5. **Exemption.** (a) The commissioner may exempt an owner from the requirements of subdivision 4 for a covered property if the owner provides evidence satisfying the commissioner that the covered property:

(1) is presently experiencing financial distress;

(2) has been less than 50 percent occupied during the previous calendar year;

(3) does not have a certificate of occupancy or temporary certificate of occupancy for the full previous calendar year;

(4) was issued a demolition permit during the previous calendar year that remains current;

(5) received no energy services for at least 30 days during the previous calendar year; or

(6) is participating in a benchmarking program operated by a city or other political subdivision that the commissioner determines is equivalent to the benchmarking program established in this section.

(b) An exemption granted under this subdivision applies only to a single calendar year. An owner must reapply to the commissioner each year an extension is sought.

(c) Within 30 days of the date an owner makes a request under this paragraph, each tenant of a covered property subject to this section must provide the owner with any information regarding energy use of the tenant's rental unit that the property owner cannot otherwise obtain and that is needed by the owner to comply with this section. The tenant must provide the information required under this paragraph in a format approved by the commissioner.

Subd. 6. **Benchmarking schedule.** An owner must annually benchmark each covered property for the previous calendar year according to the following schedule:

(1) all Class 1 properties by June 1, 2023, and by every June 1 thereafter;

(2) all Class 2 properties by June 1, 2024, and by every June 1 thereafter;

(3) all Class 3 properties by June 1, 2025, and by every June 1 thereafter; and

(4) all Class 4 properties by June 1, 2026, and by every June 1 thereafter.

Subd. 7. **Energy audit.** (a) The commissioner must notify in writing an owner of a building whose energy performance score is 25 or lower or whose calculated energy intensity is among the highest 25 percent compared to similar building types within the building's class, as determined by the commissioner, that, except as provided in paragraph (c), the owner is required to contract for an energy audit of the building no later than one year after the notice is issued, unless the commissioner extends the deadline.

(b) The commissioner must award a grant to an owner who completes an energy audit after receiving notice under this subdivision. The grant amount must be the lower of $2,000 or 50 percent of the cost of the audit. An owner must not receive more than one grant under this subdivision.

(c) If a building owner that receives notice under this subdivision submits evidence to the commissioner's satisfaction that an energy audit of the building that is the subject of the notice was conducted within the previous five years, the owner is exempt from the requirement to conduct an energy audit.

Subd. 8. **Data collection and management.** (a) The commissioner must:

(1) collect benchmarking information generated by a benchmarking tool and other related information for each covered property;

(2) provide technical assistance to owners entering data into a benchmarking tool; and

(3) collaborate with utilities regarding the provision of energy use information to owners and tenants to enable owners to comply with this section.

(b) A utility must comply with a request from the commissioner to provide to the commissioner or to an owner energy use information that is needed to effectively operate the energy benchmarking program.

(c) The commissioner must:

(1) rank benchmarked covered properties in each property class from highest to lowest performance score, or, if a performance score is unavailable for a covered property, from lowest to highest energy use intensity;

(2) divide covered properties in each property class into four quartiles based on the applicable measure in clause (1);

(3) assign four stars to each covered property in the quartile of each property class with the highest performance scores or lowest energy use intensities, as applicable;

(4) assign three stars to each covered property in the quartile of each property class with the second highest performance scores or second lowest energy use intensities, as applicable;

(5) assign two stars to each covered property in the quartile of each property class with the third highest performance scores or third lowest energy use intensities, as applicable;

(6) assign one star to each covered property in the quartile of each property class with the lowest performance scores or highest energy use intensities, as applicable; and

(7) serve notice in writing to each owner identifying the number of stars assigned the commissioner to each of the owner's covered properties.

Subd. 9. **Data disclosure to public.** (a) The commissioner must post on the department's website and update annually the following information for the previous calendar year:

(1) annual summary statistics on energy use for all covered properties in Minnesota;

(2) annual summary statistics on energy use for all covered properties, aggregated by (i) covered property class, as defined in subdivision 3, (ii) city, and (iii) county;

(3) the percentage of covered properties in each building class listed in subdivision 3 that are in compliance with the benchmarking requirements under subdivisions 4 to 6; and

(4) for each covered property, at a minimum, the total energy use, energy use per square foot of total floor area, annual greenhouse gas emissions, and an energy performance score, if available.

(b) The commissioner must post the information required under this subdivision for each class of covered property beginning one year after the date the initial benchmarking submission is made by the owner under the schedule in subdivision 6.

Subd. 10. **Building performance disclosure to potential tenants.** An owner must, on any application provided to a potential tenant seeking to rent a unit in a covered property, include the following language in a 12-point or larger font on the first page of the application: "This building has received a [insert number of stars assigned to the building by the commissioner under subdivision 8, paragraph (c)] star rating of the building's energy efficiency from the Minnesota Department of Commerce, where four stars represents the most energy efficient buildings and one star represents the least energy efficient buildings."

Subd. 11. **Notifications.** (a) By March 1 each year, the commissioner must notify the owner of each covered property required to benchmark for the previous calendar year of the requirement to benchmark by June 1 of that year.

(b) By July 15 each year, the commissioner must notify the owner of each covered property required to benchmark for the previous calendar year that failed to benchmark that the owner has 30 days to comply with the benchmarking requirement.

Subd. 12. **Program implementation.** The commissioner may contract with an independent third party to implement any or all of the duties the commissioner is required to perform under subdivisions 2 to 10.

Subd. 13. **Enforcement.** If the commissioner determines that an owner has failed to benchmark in a timely, complete, and accurate fashion as required under this section, the commissioner may impose on the owner a civil fine of up to $1,000. Each day that the owner fails to benchmark to the satisfaction of the commissioner for each covered property owned by the owner may be deemed a separate offense and the commissioner may impose a separate civil penalty.

Subd. 14. **Rules.** The commissioner is authorized to adopt rules under chapter 14 to implement this section.

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

Sec. 5. Minnesota Statutes 2020, 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. A municipality may adopt the most recently published new model commercial energy code ASHRAE 90.1 until a more energy efficient code is adopted by the commissioner. A municipality may not amend or otherwise change any provisions of the most recent ASHRAE 90.1 standard, except that a municipality is required to adopt amendments to the previous version of ASHRAE 90.1 in the current commercial energy code adopted by the commissioner. 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. The commissioner of commerce may include energy code support measures in the technical guidance developed under section 216B.241, subdivision 1d.

ARTICLE 19
COMMISSION PROCEEDINGS

Section 1. Minnesota Statutes 2020, section 216B.17, subdivision 1, is amended to read:

Subdivision 1. **Investigation.** On ~~its~~ the commission's own motion or upon a complaint made against any public utility~~,~~ by the governing body of any political subdivision, by another public utility, by the department, ~~or~~ by any 50 consumers of ~~the~~ a particular utility, or by a complainant under section 216B.172 that any of the rates, tolls, tariffs, charges, or schedules or any joint rate or any regulation, measurement, practice, act, or omission affecting or relating to the production, transmission, delivery, or furnishing of natural gas or electricity or any service in connection therewith is in any respect unreasonable, insufficient, or unjustly discriminatory, or that any service is inadequate or cannot be obtained, the commission shall proceed, with notice, to make such investigation as it may deem necessary. The commission may dismiss any complaint without a hearing if in its opinion a hearing is not in the public interest.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to any complaint filed with the commission on or after that date.

Sec. 2. **[216B.172] CONSUMER DISPUTES.**

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

(b) "Appeal" means a request filed with the commission by a complainant to review and make a final decision regarding the resolution of the complainant's complaint by the consumer affairs office.

(c) "Complainant" means an individual residential customer of a public utility who has filed a complaint with the consumer affairs office.

(d) "Complaint" means an allegation submitted to the consumer affairs office by a complainant that a public utility's action or practice regarding billing or terms and conditions of service:

(1) violates a statute, rule, tariff, service contract, or other provision of law;

(2) is unreasonable; or

(3) has harmed or, if not addressed, will harm a complainant.

Complaint does not include an objection to or a request to modify a natural gas or electricity rate contained in a tariff that has been approved by the commission. A complaint under this section is an informal complaint under Minnesota Rules, chapter 7829.

(e) "Consumer affairs office" means the staff unit of the commission that is organized to receive and respond to complaints.

(f) "Informal proceeding" has the meaning given in Minnesota Rules, part 7829.0100, subpart 8.

(g) "Public assistance" has the meaning given in section 550.37, subdivision 14.

(h) "Public utility" has the meaning given in section 216B.02, subdivision 4.

Subd. 2. **Complaint resolution procedure.** A complainant must first attempt to resolve a dispute with a public utility by filing a complaint with the consumer affairs office. The consumer affairs office must (1) notify the complainant of the resolution of the complaint, (2) provide written notice of the complainant's right to appeal the resolution to the commission, and (3) provide steps the complainant may take to appeal the resolution. Upon request, the consumer affairs office must provide to the complainant a written notice containing the substance of and basis for the resolution.

Subd. 3. **Appeal; final commission decision.** (a) If a complainant is not satisfied with the resolution of a complaint by the consumer affairs office, the complainant may file an appeal with the commission requesting the commission to make a final decision on the complaint. The commission's response to an appeal filed under this subdivision must comply with the notice requirements under section 216B.17, subdivisions 2 to 5.

(b) Upon the commission's receipt of an appeal filed under paragraph (a), the chair of the commission or a subcommittee delegated under section 216A.03, subdivision 8, to review the resolution of the complaint must decide whether the complaint should be:

(1) dismissed because there is no reasonable basis on which to proceed;

(2) resolved through an informal commission proceeding; or

(3) referred to the Office of Administrative Hearings for a contested case proceeding under chapter 14.

A decision made under this paragraph must be provided in writing to the complainant and the public utility.

(c) If the commission decides that the complaint should be resolved through an informal commission proceeding or referred to the Office of Administrative Hearings for a contested case proceeding, the executive secretary must issue a procedural schedule and any notices or orders required to initiate a contested case proceeding under chapter 14.

(d) The commission's dismissal of an appeal request or a decision rendered after conducting an informal proceeding is a final decision constituting an order or determination of the commission.

Subd. 4. **Judicial review.** Notwithstanding section 216B.27, a complainant may seek judicial review in district court of an adverse final decision under subdivision 3, paragraph (b), clause (1) or (2). Judicial review of the commission's decision in a contested case referred under subdivision 3, paragraph (b), clause (3), is governed by chapter 14.

Subd. 5. **Right to service during pendency of dispute.** A public utility must continue or promptly restore service to a complainant during the pendency of an administrative or judicial procedure pursued by a complainant under this section, provided that the complainant:

(1) agrees to enter into a payment agreement under section 216B.098, subdivision 3;

(2) posts the full disputed payment in escrow;

(3) demonstrates receipt of public assistance or eligibility for legal aid services; or

(4) demonstrates the complainant's household income is at or below 50 percent of state median income.

Subd. 6. **Rulemaking authority.** The commission may adopt rules to carry out the purposes of this section.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to any complaint filed with the commission on or after that date.

Sec. 3. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision to read:

Subd. 8. **Transmission planning in advance of generation retirement.** A utility must identify in a resource plan each nonrenewable energy facility on the utility's system that has a depreciation term, probable service life, or operating license term that ends within 15 years of the resource plan filing date. For each nonrenewable energy facility identified, the utility must include in the resource plan an initial plan to: (1) replace the nonrenewable energy facility; and (2) upgrade any transmission or other grid capabilities needed to support the retirement of that nonrenewable energy facility.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to an integrated resource plan filed with the commission on or after that date.

Sec. 4. **[216B.491] DEFINITIONS.**

Subdivision 1. **Scope.** For the purposes of sections 216B.491 to 216B.499, the terms defined in this subdivision have the meanings given.

Subd. 2. **Ancillary agreement.** "Ancillary agreement" means any bond, insurance policy, letter of credit, reserve account, surety bond, interest rate lock or swap arrangement, liquidity or credit support arrangement, or other financial arrangement entered into in connection with extraordinary event bonds that is designed to promote the credit quality and marketability of extraordinary event bonds or to mitigate the risk of an increase in interest rates.

Subd. 3. **Assignee.** "Assignee" means any person to which an interest in extraordinary event property is sold, assigned, transferred, or conveyed, other than as security, and any successor to or subsequent assignee of the person.

Subd. 4. **Bondholder.** "Bondholder" means any holder or owner of extraordinary event bonds.

Subd. 5. **Customer.** "Customer" means a person who takes natural gas service from a natural gas utility for consumption of natural gas in Minnesota.

Subd. 6. **Extraordinary event.** (a) "Extraordinary event" means an event arising from unforeseen circumstances and of sufficient magnitude, as determined by the commission:

(1) to impose significant costs on customers; and

(2) for which the issuance of extraordinary event bonds in response to the event meets the conditions of section 216B.492, subdivision 2, as determined by the commission.

(b) Extraordinary event includes but is not limited to a storm event or other natural disaster, an act of God, war, terrorism, sabotage or vandalism, a cybersecurity attack, or a temporary significant increase in the wholesale price of natural gas.

Subd. 7. **Extraordinary event activity.** "Extraordinary event activity" means an activity undertaken by or on behalf of a utility to restore or maintain the utility's ability to provide natural gas service following one or more extraordinary events, including but not limited to activities related to mobilization, staging, construction, reconstruction, replacement, or repair of natural gas transmission, distribution, storage, or general facilities.

Subd. 8. **Extraordinary event bonds.** "Extraordinary event bonds" means low-cost corporate securities, including but not limited to senior secured bonds, debentures, notes, certificates of participation, certificates of beneficial interest, certificates of ownership, or other evidences of indebtedness or ownership that have a scheduled maturity of no longer than 30 years and a final legal maturity date that is not later than 32 years from the issue date, that are rated AA or Aa2 or better by a major independent credit rating agency at the time of issuance, and that are issued by a utility or an assignee under a financing order.

Subd. 9. **Extraordinary event charge.** "Extraordinary event charge" means a nonbypassable charge that:

(1) is imposed on all customer bills by a utility that is the subject of a financing order or the utility's successors or assignees;

(2) is separate from the utility's base rates; and

(3) provides a source of revenue solely to repay, finance, or refinance extraordinary event costs.

Subd. 10. **Extraordinary event costs.** "Extraordinary event costs":

(1) means all incremental costs of extraordinary event activities that are approved by the commission in a financing order issued under section 216B.492 as being:

(i) necessary to enable the utility to restore or maintain natural gas service to customers after the utility experiences an extraordinary event; and

(ii) prudent and reasonable;

(2) includes costs to repurchase equity or retire any indebtedness relating to extraordinary event activities;

(3) shall be net of applicable insurance proceeds, tax benefits, and any other amounts intended to reimburse the utility for extraordinary event activities, including government grants or aid of any kind;

(4) do not include any monetary penalty, fine, or forfeiture assessed against a utility by a government agency or court under a federal or state environmental statute, rule, or regulation; and

(5) must be adjusted to reflect:

(i) the difference, as determined by the commission, between extraordinary event costs that the utility expects to incur and actual, reasonable, and prudent costs incurred; or

(ii) a more fair or reasonable allocation of extraordinary event costs to customers over time, as expressed in a commission order.

Subd. 11. **Extraordinary event property.** "Extraordinary event property" means:

(1) all rights and interests of a utility or the utility's successor or assignee under a financing order for the right to impose, bill, collect, receive, and obtain periodic adjustments to extraordinary event charges authorized under a financing order issued by the commission; and

(2) all revenue, collections, claims, rights to payments, payments, money, or proceeds arising from the rights and interests specified in clause (1), regardless of whether any are commingled with other revenue, collections, rights to payment, payments, money, or proceeds.

Subd. 12. **Extraordinary event revenue.** "Extraordinary event revenue" means revenue, receipts, collections, payments, money, claims, or other proceeds arising from extraordinary event property.

Subd. 13. **Financing costs.** "Financing costs" means:

(1) principal, interest, and redemption premiums that are payable on extraordinary event bonds;

(2) payments required under an ancillary agreement and amounts required to fund or replenish a reserve account or other accounts established under the terms of any indenture, ancillary agreement, or other financing document pertaining to the bonds;

(3) other demonstrable costs related to issuing, supporting, repaying, refunding, and servicing the bonds, including but not limited to servicing fees, accounting and auditing fees, trustee fees, legal fees, consulting fees, financial adviser fees, administrative fees, placement and underwriting fees, capitalized interest, rating agency fees, stock exchange listing and compliance fees, security registration fees, filing fees, information technology programming costs, and any other demonstrable costs necessary to otherwise ensure and guarantee the timely payment of the bonds or other amounts or charges payable in connection with the bonds;

(4) taxes and license fees imposed on the revenue generated from collecting an extraordinary event charge;

(5) state and local taxes, including franchise, sales and use, and other taxes or similar charges, including but not limited to regulatory assessment fees, whether paid, payable, or accrued; and

(6) costs incurred by the commission to hire and compensate additional temporary staff needed to perform the commission's responsibilities under this section and, in accordance with section 216B.494, to engage specialized counsel and expert consultants experienced in securitized utility ratepayer-backed bond financing similar to extraordinary event bonds.

Subd. 14. **Financing order.** "Financing order" means an order issued by the commission under section 216B.492 that authorizes an applicant to:

(1) issue extraordinary event bonds in one or more series;

(2) impose, charge, and collect extraordinary event charges; and

(3) create extraordinary event property.

Subd. 15. **Financing party.** "Financing party" means a holder of extraordinary event bonds and a trustee, a collateral agent, a party under an ancillary agreement, or any other person acting for the benefit of extraordinary event bondholders.

Subd. 16. **Natural gas facility.** "Natural gas facility" means natural gas pipelines, including distribution lines, underground storage areas, liquefied natural gas facilities, propane storage tanks, and other facilities the commission determines are used and useful to provide natural gas service to retail and transportation customers in Minnesota.

Subd. 17. **Nonbypassable.** "Nonbypassable" means that the payment of an extraordinary event charge required to repay bonds and related costs may not be avoided by any retail customer located within a utility service area.

Subd. 18. **Pretax costs.** "Pretax costs" means costs incurred by a utility and approved by the commission, including but not limited to:

(1) unrecovered capitalized costs of replaced natural gas facilities damaged or destroyed by a storm event;

(2) costs to decommission and restore the site of a natural gas facility damaged or destroyed by an extraordinary event;

(3) other applicable capital and operating costs, accrued carrying charges, deferred expenses, reductions for applicable insurance, and salvage proceeds; and

(4) costs to retire any existing indebtedness, fees, costs, and expenses to modify existing debt agreements, or for waivers or consents related to existing debt agreements.

Subd. 19. **Storm event.** "Storm event" means a tornado, derecho, ice or snow storm, flood, earthquake, or other significant weather or natural disaster that causes substantial damage to a utility's infrastructure.

Subd. 20. **Successor.** "Successor" means a legal entity that succeeds by operation of law to the rights and obligations of another legal entity as a result of bankruptcy, reorganization, restructuring, other insolvency proceeding, merger, acquisition, consolidation, or sale or transfer of assets.

Subd. 21. **Utility.** "Utility" means a public utility, as defined in section 216B.02, subdivision 4, that provides natural gas service to Minnesota customers. Utility includes the utility's successors or assignees.

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

Sec. 5. **[216B.492] FINANCING ORDER.**

Subdivision 1. **Application.** (a) A utility may file an application with the commission for the issuance of a financing order to enable the utility to recover extraordinary event costs through the issuance of extraordinary event bonds under this section.

(b) The application must include the following information, as applicable:

(1) a description of each natural gas facility to be repaired or replaced;

(2) the undepreciated value remaining in the natural gas facility whose repair or replacement is proposed to be financed through the issuance of bonds under sections 216B.491 to 216B.499, and the method used to calculate the amount;

(3) the estimated amount of costs imposed on customers resulting from an extraordinary event that involves no physical damage to natural gas facilities;

(4) the estimated savings or estimated mitigation of rate impacts to utility customers if the financing order is issued as requested in the application, calculated by comparing the costs to customers that are expected to result from implementing the financing order and the estimated costs associated with implementing traditional utility financing mechanisms with respect to the same undepreciated balance, expressed in net present value terms;

(5) a description of (i) the nonbypassable extraordinary event charge utility customers would be required to pay in order to fully recover financing costs, and (ii) the method and assumptions used to calculate the amount;

(6) a proposed methodology to allocate the revenue requirement for the extraordinary event charge among the utility's customer classes;

(7) a description of a proposed adjustment mechanism to be implemented when necessary to correct any overcollection or undercollection of extraordinary event charges, in order to complete payment of scheduled principal and interest on extraordinary event bonds and other financing costs in a timely fashion;

(8) a memorandum with supporting exhibits, from a securities firm that is experienced in the marketing of bonds and that is approved by the commissioner of management and budget, indicating the proposed issuance satisfies the current published AA or Aa2 or higher rating or equivalent rating criteria of at least one nationally recognized securities rating organization for issuances similar to the proposed extraordinary event bonds;

(9) an estimate of the timing of the issuance and the term of the extraordinary event bonds, or series of bonds, provided that the scheduled final maturity for each bond issuance does not exceed 30 years;

(10) identification of plans to sell, assign, transfer, or convey, other than as a security, interest in extraordinary event property, including identification of an assignee, and demonstration that the assignee is a financing entity wholly owned, directly or indirectly, by the utility;

(11) identification of ancillary agreements that may be necessary or appropriate;

(12) one or more alternative financing scenarios in addition to the preferred scenario contained in the application;

(13) the extent of damage to the utility's infrastructure caused by an extraordinary event and the estimated costs to repair or replace the damaged infrastructure;

(14) a schedule of the proposed repairs to and replacement of damaged infrastructure;

(15) a description of the steps taken to provide customers interim natural gas service while the damaged infrastructure is being repaired or replaced; and

(16) a description of the impacts on the utility's current workforce resulting from implementing an infrastructure repair or replacement plan following an extraordinary event.

Subd. 2. **Findings.** After providing notice and holding a public hearing on an application filed under subdivision 1, the commission may issue a financing order if the commission finds that:

(1) the extraordinary event costs described in the application are reasonable;

(2) the proposed issuance of extraordinary event bonds and the imposition and collection of extraordinary event charges:

(i) are just and reasonable;

(ii) are consistent with the public interest;

(iii) constitute a prudent and reasonable mechanism to finance the extraordinary event costs; and

(iv) provide tangible and quantifiable benefits to customers that exceed the benefits that would have been achieved absent the issuance of extraordinary event bonds; and

(3) the proposed structuring, marketing, and pricing of the extraordinary event bonds:

(i) significantly lower overall costs to customers or significantly mitigate rate impacts to customers relative to traditional methods of financing; and

(ii) achieve significant customer savings or significant mitigation of rate impacts to customers, as determined by the commission in a financing order, consistent with market conditions at the time of sale and the terms of the financing order.

Subd. 3. **Contents.** (a) A financing order issued under this section must:

(1) determine the maximum amount of extraordinary event costs that may be financed from proceeds of extraordinary event bonds issued pursuant to the financing order;

(2) describe the proposed customer billing mechanism for extraordinary event charges and include a finding that the mechanism is just and reasonable;

(3) describe the financing costs that may be recovered through extraordinary event charges and the period over which the costs may be recovered, which must end no earlier than the date of final legal maturity of the extraordinary event bonds;

(4) describe the extraordinary event property that is created and that may be used to pay, and secure the payment of, the extraordinary event bonds and financing costs authorized in the financing order;

(5) authorize the utility to finance extraordinary event costs through the issuance of one or more series of extraordinary event bonds. A utility is not required to secure a separate financing order for each issuance of extraordinary event bonds or for each scheduled phase of the replacement of natural gas facilities approved in the financing order;

(6) include a formula-based mechanism that must be used to make expeditious periodic adjustments to the extraordinary event charge authorized by the financing order that are necessary to correct for any overcollection or undercollection, or to otherwise guarantee the timely payment of extraordinary event bonds, financing costs, and other required amounts and charges payable in connection with extraordinary event bonds;

(7) specify the degree of flexibility afforded to the utility in establishing the terms and conditions of the extraordinary event bonds, including but not limited to repayment schedules, expected interest rates, and other financing costs;

(8) specify that the extraordinary event bonds must be issued as soon as feasible following issuance of the financing order;

(9) require the utility, at the same time as extraordinary event charges are initially collected and independent of the schedule to close and decommission any natural gas facility replaced as the result of an extraordinary event, to remove the natural gas facility from the utility's rate base and commensurately reduce the utility's base rates;

(10) specify a future ratemaking process to reconcile any difference between the projected pretax costs included in the amount financed by extraordinary event bonds and the final actual pretax costs incurred by the utility to retire or replace the natural gas facility;

(11) specify information regarding bond issuance and repayments, financing costs, energy transaction charges, extraordinary event property, and related matters that the natural gas utility is required to provide to the commission on a schedule determined by the commission;

(12) allow and may require the creation of a utility's extraordinary event property to be conditioned on, and occur simultaneously with, the sale or other transfer of the extraordinary event property to an assignee and the pledge of the extraordinary event property to secure the extraordinary event bonds;

(13) ensure that the structuring, marketing, and pricing of extraordinary event bonds result in reasonable securitization bond charges and significant customer savings or rate impact mitigation, consistent with market conditions and the terms of the financing order; and

(14) specify that a utility financing the replacement of one or more natural gas facilities after the natural gas facilities subject to the finance order are removed from the utility's rate base is prohibited from:

(i) operating the natural gas facilities; or

(ii) selling the natural gas facilities to another entity to be operated as natural gas facilities.

(b) A financing order issued under this section may:

(1) include conditions different from those requested in the application that the commission determines are necessary to:

(i) promote the public interest; and

(ii) maximize the financial benefits or minimize the financial risks of the transaction to customers and to directly impacted Minnesota workers and communities; and

(2) specify the selection of one or more underwriters of the extraordinary event bonds.

Subd. 4. **Duration; irrevocability; subsequent order.** (a) A financing order remains in effect until the extraordinary event bonds issued under the financing order and all financing costs related to the bonds have been paid in full.

(b) A financing order remains in effect and unabated notwithstanding the bankruptcy, reorganization, or insolvency of the utility to which the financing order applies or any affiliate, successor, or assignee of the utility to which the financing order applies.

(c) Subject to judicial review under section 216B.52, a financing order is irrevocable and is not reviewable by a future commission. The commission may not reduce, impair, postpone, or terminate extraordinary event charges approved in a financing order, or impair extraordinary event property or the collection or recovery of extraordinary event revenue.

(d) Notwithstanding paragraph (c), the commission may, on the commission's own motion or at the request of a utility or any other person, commence a proceeding and issue a subsequent financing order that provides for refinancing, retiring, or refunding extraordinary event bonds issued under the original financing order if:

(1) the commission makes all of the findings specified in subdivision 2 with respect to the subsequent financing order; and

(2) the modification contained in the subsequent financing order does not in any way impair the covenants and terms of the extraordinary event bonds being refinanced, retired, or refunded.

Subd. 5. **Effect on commission jurisdiction.** (a) Except as provided in paragraph (b), the commission, in exercising the powers and carrying out the duties under this section, is prohibited from:

(1) considering extraordinary event bonds issued under this section to be debt of the utility other than for income tax purposes, unless it is necessary to consider the extraordinary event bonds to be debt in order to achieve consistency with prevailing utility debt rating methodologies;

(2) considering the extraordinary event charges paid under the financing order to be revenue of the utility;

(3) considering the extraordinary event or financing costs specified in the financing order to be the regulated costs or assets of the utility; or

(4) determining that any prudent action taken by a utility that is consistent with the financing order is unjust or unreasonable.

(b) Nothing in this subdivision:

(1) affects the authority of the commission to apply or modify any billing mechanism designed to recover extraordinary event charges;

(2) prevents or precludes the commission from (i) investigating a utility's compliance with the terms and conditions of a financing order, and (ii) requiring compliance with the financing order; or

(3) prevents or precludes the commission from imposing regulatory sanctions against a utility for failure to comply with the terms and conditions of a financing order or the requirements of this section.

(c) The commission is prohibited from refusing to allow a utility to recover any costs associated with the replacement of natural gas facilities solely because the utility has elected to finance the natural gas facility replacement through a financing mechanism other than extraordinary event bonds.

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

Sec. 6. **[216B.493] POSTORDER COMMISSION DUTIES.**

Subdivision 1. **Financing cost review.** Within 120 days after the date extraordinary event bonds are issued, a utility subject to a financing order must file with the commission the actual initial and ongoing financing costs, the final structure and pricing of the extraordinary event bonds, and the actual extraordinary event charge. The commission must review the prudence of the natural gas utility's actions to determine whether the actual financing costs were the lowest that could reasonably be achieved given the terms of the financing order and market conditions prevailing at the time of the bond's issuance.

Subd. 2. **Enforcement.** If the commission determines that a utility's actions under this section are not prudent or are inconsistent with the financing order, the commission may apply any remedies available, provided that any remedy applied may not directly or indirectly impair the security for the extraordinary event bonds.

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

Sec. 7. **[216B.494] USE OF OUTSIDE EXPERTS.**

(a) In carrying out the duties under this section, the commission may:

(1) contract with outside consultants and counsel experienced in securitized utility customer-backed bond financing similar to extraordinary event bonds; and

(2) hire and compensate additional temporary staff as needed.

Expenses incurred by the commission under this paragraph must be treated as financing costs and included in the extraordinary event charge. The costs incurred under clause (1) are not an obligation of the state and are assigned solely to the transaction.

(b) A utility presented with a written request from the commission for reimbursement of the commission's expenses incurred under paragraph (a), accompanied by a detailed account of those expenses, must remit full payment of the expenses to the commission within 30 days of receiving the request.

(c) If a utility's application for a financing order is denied or withdrawn for any reason and extraordinary event bonds are not issued, the commission's costs to retain expert consultants under this section must be paid by the applicant utility and are deemed to be prudent deferred expenses eligible for recovery in the utility's future rates.

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

Sec. 8. **[216B.495] EXTRAORDINARY EVENT CHARGE; BILLING TREATMENT.**

(a) A utility that obtains a financing order and causes extraordinary event bonds to be issued must:

(1) include on each customer's monthly natural gas bill:

(i) a statement that a portion of the charges represents extraordinary event charges approved in a financing order;

(ii) the amount and rate of the extraordinary event charge as a separate line item titled "extraordinary event charge"; and

(iii) if extraordinary event property has been transferred to an assignee, a statement that the assignee is the owner of the rights to extraordinary event charges and that the utility or other entity, if applicable, is acting as a collection agent or servicer for the assignee; and

(2) file annually with the commission:

(i) a calculation of the impact of financing the retirement or replacement of natural gas facilities on customer rates, itemized by customer class; and

(ii) evidence demonstrating that extraordinary event revenues are applied solely to the repayment of extraordinary event bonds and other financing costs.

(b) Extraordinary event charges are nonbypassable and must be paid by all existing and future customers receiving service from the utility or the utility's successors or assignees under commission-approved rate schedules or special contracts.

(c) A utility's failure to comply with this section does not invalidate, impair, or affect any financing order, extraordinary event property, extraordinary event charge, or extraordinary event bonds, but does subject the utility to penalties under applicable commission rules.

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

Sec. 9. **[216B.496] EXTRAORDINARY EVENT PROPERTY.**

Subdivision 1. **General.** (a) Extraordinary event property is an existing present property right or interest in a property right, even though the imposition and collection of extraordinary event charges depend on the utility collecting extraordinary event charges and on future natural gas consumption. The property right or interest exists regardless of whether the revenues or proceeds arising from the extraordinary event property have been billed, have accrued, or have been collected.

(b) Extraordinary event property exists until all extraordinary event bonds issued under a financing order are paid in full and all financing costs and other costs of the extraordinary event bonds have been recovered in full.

(c) All or any portion of extraordinary event property described in a financing order issued to a utility may be transferred, sold, conveyed, or assigned to a successor or assignee that is wholly owned, directly or indirectly, by the utility and is created for the limited purpose of acquiring, owning, or administering extraordinary event property or issuing extraordinary event bonds authorized by the financing order. All or any portion of extraordinary event property may be pledged to secure extraordinary event bonds issued under a financing order, amounts payable to financing parties and to counterparties under any ancillary agreements, and other financing costs. Each transfer, sale, conveyance, assignment, or pledge by a utility or an affiliate of extraordinary event property is a transaction in the ordinary course of business.

(d) If a utility defaults on any required payment of charges arising from extraordinary event property described in a financing order, a court, upon petition by an interested party and without limiting any other remedies available to the petitioner, must order the sequestration and payment of the revenues arising from the extraordinary event property to the financing parties.

(e) The interest of a transferee, purchaser, acquirer, assignee, or pledgee in extraordinary event property specified in a financing order issued to a utility, and in the revenue and collections arising from the property, is not subject to setoff, counterclaim, surcharge, or defense by the utility or any other person, or in connection with the reorganization, bankruptcy, or other insolvency of the utility or any other entity.

(f) A successor to a utility, whether resulting from a reorganization, bankruptcy, or other insolvency proceeding; merger or acquisition; sale; other business combination; transfer by operation of law; utility restructuring; or otherwise, must perform and satisfy all obligations of, and has the same duties and rights under, a financing order as the utility to which the financing order applies. A successor to a utility must perform the duties and exercise the rights in the same manner and to the same extent as the utility, including collecting and paying to any person entitled to receive revenues, collections, payments, or proceeds of extraordinary event property.

Subd. 2. **Security interests in extraordinary event property.** (a) The creation, perfection, and enforcement of any security interest in extraordinary event property to secure the repayment of the principal and interest on extraordinary event bonds, amounts payable under any ancillary agreement, and other financing costs are governed solely by this section.

(b) A security interest in extraordinary event property is created, valid, and binding when:

(1) the financing order that describes the extraordinary event property is issued;

(2) a security agreement is executed and delivered; and

(3) value is received for the extraordinary event bonds.

(c) Once a security interest in extraordinary event property is created, the security interest attaches without any physical delivery of collateral or any other act. The lien of the security interest is valid, binding, and perfected against all parties having claims of any kind in tort, contract, or otherwise against the person granting the security interest, regardless of whether the parties have notice of the lien, upon the filing of a financing statement with the secretary of state.

(d) The description or indication of extraordinary event property in a transfer or security agreement and a financing statement is sufficient only if the description or indication refers to this section and the financing order creating the extraordinary event property.

(e) A security interest in extraordinary event property is a continuously perfected security interest and has priority over any other lien, created by operation of law or otherwise, which may subsequently attach to the extraordinary event property unless the holder of the security interest has agreed otherwise in writing.

(f) The priority of a security interest in extraordinary event property is not affected by the commingling of extraordinary event property or extraordinary event revenue with other money. An assignee, bondholder, or financing party has a perfected security interest in the amount of all extraordinary event property or extraordinary event revenue that is pledged to pay extraordinary event bonds, even if the extraordinary event property or extraordinary event revenue is deposited in a cash or deposit account of the utility in which the extraordinary event revenue is commingled with other money. Any other security interest that applies to the other money does not apply to the extraordinary event revenue.

(g) Neither a subsequent commission order amending a financing order under section 216B.492, subdivision 4, nor application of an adjustment mechanism authorized by a financing order under section 216B.492, subdivision 3, affects the validity, perfection, or priority of a security interest in or transfer of extraordinary event property.

(h) A valid and enforceable security interest in extraordinary event property is perfected only when the security interest has attached and when a financing order has been filed with the secretary of state in accordance with procedures established by the secretary of state. The financing order must name the pledgor of the extraordinary event property as debtor and identify the property.

Subd. 3. **Sales of extraordinary event property.** (a) A sale, assignment, or transfer of extraordinary event property is an absolute transfer and true sale of, and not a pledge of or secured transaction relating to, the seller's right, title, and interest in, to, and under the extraordinary event property if the documents governing the transaction expressly state that the transaction is a sale or other absolute transfer. A transfer of an interest in extraordinary event property may be created when:

(1) the financing order creating and describing the extraordinary event property is effective;

(2) the documents evidencing the transfer of the extraordinary event property are executed and delivered to the assignee; and

(3) value is received.

(b) A transfer of an interest in extraordinary event property must be filed with the secretary of state against all third persons and perfected under sections 336.3-301 to 336.3-312, including any judicial lien or other lien creditors or any claims of the seller or creditors of the seller, other than creditors holding a prior security interest, ownership interest, or assignment in the extraordinary event property previously perfected under this subdivision or subdivision 2.

(c) The characterization of a sale, assignment, or transfer as an absolute transfer and true sale, and the corresponding characterization of the property interest of the assignee, is not affected or impaired by:

(1) commingling of extraordinary event revenue with other money;

(2) the retention by the seller of:

(i) a partial or residual interest, including an equity interest, in the extraordinary event property, whether direct or indirect, or whether subordinate or otherwise; or

(ii) the right to recover costs associated with taxes, franchise fees, or license fees imposed on the collection of extraordinary event revenue;

(3) any recourse that the purchaser may have against the seller;

(4) any indemnification rights, obligations, or repurchase rights made or provided by the seller;

(5) an obligation of the seller to collect extraordinary event revenues on behalf of an assignee;

(6) the treatment of the sale, assignment, or transfer for tax, financial reporting, or other purposes;

(7) any subsequent financing order amending a financing order under section 216B.492, subdivision 4, paragraph (d); or

(8) any application of an adjustment mechanism under section 216B.492, subdivision 3, paragraph (a), clause (6).

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

Sec. 10. **[216B.497] EXTRAORDINARY EVENT BONDS.**

(a) Banks, trust companies, savings and loan associations, insurance companies, executors, administrators, guardians, trustees, and other fiduciaries may legally invest any money within the individual's or entity's control in extraordinary event bonds.

(b) Extraordinary event bonds issued under a financing order are not debt of or a pledge of the faith and credit or taxing power of the state, any agency of the state, or any political subdivision. Holders of extraordinary event bonds may not have taxes levied by the state or a political subdivision in order to pay the principal or interest on extraordinary event bonds. The issuance of extraordinary event bonds does not directly, indirectly, or contingently obligate the state or a political subdivision to levy any tax or make any appropriation to pay principal or interest on the extraordinary event bonds.

(c) The state pledges to and agrees with holders of extraordinary event bonds, any assignee, and any financing parties that the state will not:

(1) take or permit any action that impairs the value of extraordinary event property; or

(2) reduce, alter, or impair extraordinary event charges that are imposed, collected, and remitted for the benefit of holders of extraordinary event bonds, any assignee, and any financing parties until any principal, interest, and redemption premium payable on extraordinary event bonds, all financing costs, and all amounts to be paid to an assignee or financing party under an ancillary agreement are paid in full.

(d) A person who issues extraordinary event bonds may include the pledge specified in paragraph (c) in the extraordinary event bonds, ancillary agreements, and documentation related to the issuance and marketing of the extraordinary event bonds.

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

Sec. 11. **[216B.498] ASSIGNEE OF FINANCING PARTY NOT SUBJECT TO COMMISSION REGULATION.**

An assignee or financing party that is not already regulated by the commission does not become subject to commission regulation solely as a result of engaging in any transaction authorized by or described in sections 216B.491 to 216B.499.

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

Sec. 12. **[216B.499] EFFECT ON OTHER LAWS.**

(a) If any provision of sections 216B.491 to 216B.499 conflicts with any other law regarding the attachment, assignment, perfection, effect of perfection, or priority of any security interest in or transfer of extraordinary event property, sections 216B.491 to 216B.499 govern.

(b) Nothing in this section precludes a utility for which the commission has initially issued a financing order from applying to the commission for:

(1) a subsequent financing order amending the financing order under section 216B.492, subdivision 4, paragraph (d); or

(2) approval to issue extraordinary event bonds to refund all or a portion of an outstanding series of extraordinary event bonds.

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

Sec. 13. Minnesota Statutes 2020, section 216B.50, subdivision 1, is amended to read:

Subdivision 1. **Commission approval required.** No public utility shall sell, acquire, lease, or rent any plant as an operating unit or system in this state for a total consideration in excess of ~~$100,000~~ $1,000,000, or merge or consolidate with another public utility or transmission company operating in this state, without first being authorized so to do by the commission. Upon the filing of an application for the approval and consent of the commission, the commission shall investigate, with or without public hearing. The commission shall hold a public hearing, upon such notice as the commission may require. If the commission finds that the proposed action is consistent with the public interest, it shall give its consent and approval by order in writing. In reaching its determination, the commission shall take into consideration the reasonable value of the property, plant, or securities to be acquired or disposed of, or merged and consolidated.

This section does not apply to the purchase of property to replace or add to the plant of the public utility by construction.

Sec. 14. **[216B.631] COMPENSATION FOR PARTICIPANTS IN PROCEEDINGS.**

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

(b) "Participant" means a person who:

(1) meets the requirements of subdivision 2;

(2) either (i) files comments or appears in a commission proceeding concerning one or more public utilities, excluding public hearings held in contested cases and commission proceedings conducted to receive general public comments; or (ii) is permitted by the commission to intervene in a commission proceeding concerning one or more public utilities; and

(3) files a request for compensation under this section.

(c) "Party" means a person who files comments or appears in a commission proceeding, other than public hearings, concerning one or more public utilities.

(d) "Proceeding" means an undertaking of the commission in which the commission seeks to resolve an issue affecting one or more public utilities and which results in a commission order.

(e) "Public utility" has the meaning given in section 216B.02, subdivision 4.

Subd. 2. **Participants; eligibility.** The following participants are eligible to receive compensation under this section:

(1) a nonprofit organization that is:

(i) exempt from taxation under section 501(c)(3) of the United States Internal Revenue Code;

(ii) incorporated or organized in Minnesota;

(iii) governed under chapter 317A or section 322C.1101; and

(iv) determined by the commission under subdivision 3, paragraph (c), to suffer financial hardship if not compensated for the nonprofit organization's participation in the applicable proceeding;

(2) a Tribal government of a federally recognized Indian Tribe that is located in Minnesota; or

(3) a Minnesota resident, except that an individual who owns a for-profit business that has earned revenue from a Minnesota utility in the past two years is not eligible for compensation.

Subd. 3. **Compensation; conditions.** (a) The commission may order a public utility to compensate all or part of a participant's reasonable costs to participate in a proceeding before the commission if the commission finds:

(1) that the participant has materially assisted the commission's deliberation; and

(2) if the participant is a nonprofit organization, that the participant would suffer financial hardship if the nonprofit organization's participation in the proceeding was not compensated.

(b) When determining whether a participant has materially assisted the commission's deliberation, the commission must find that:

(1) the participant made a unique contribution to the record and represented an interest that would not otherwise have been adequately represented;

(2) the evidence or arguments presented or the positions taken by the participant were an important factor in producing a fair decision;

(3) the participant's position promoted a public purpose or policy;

(4) the evidence presented, arguments made, issues raised, or positions taken by the participant would not otherwise have been part of the record;

(5) the participant was active in any stakeholder process included in the proceeding; and

(6) the proceeding resulted in a commission order that adopted, in whole or in part, a position advocated by the participant.

(c) When determining whether a nonprofit participant has demonstrated that a lack of compensation would present financial hardship, the commission must find that the nonprofit participant:

(1) incorporated or organized within three years of the date the applicable proceeding began;

(2) has payroll expenses below $750,000; or

(3) has secured less than $100,000 in current year funding dedicated to participation in commission proceedings, not including any participant compensation awarded under this section.

(d) When reviewing a compensation request, the commission must consider whether the costs presented in the participant's claim are reasonable.

Subd. 4. **Compensation; amount.** (a) Compensation must not exceed $50,000 for a single participant in any proceeding, except that:

(1) if a proceeding extends longer than 12 months, a participant may request compensation of up to $50,000 for costs incurred in each calendar year; and

(2) in a general rate case proceeding under section 216B.16 or an integrated resource plan proceeding under section 216B.2422, the maximum single participant compensation per proceeding under this section must not exceed $75,000.

(b) A single participant must not be granted more than $200,000 under this section in a single calendar year.

(c) Compensation requests from joint participants must be presented as a single request.

(d) Notwithstanding paragraphs (a) and (b), the commission must not, in any calendar year, require a single public utility to pay aggregate compensation under this section that exceeds the following amounts:

(1) $100,000, for a public utility with up to $300,000,000 annual gross operating revenue in Minnesota;

(2) $275,000, for a public utility with at least $300,000,000 but less than $900,000,000 annual gross operating revenue in Minnesota;

(3) $375,000, for a public utility with at least $900,000,000 but less than $2,000,000,000 annual gross operating revenue in Minnesota; and

(4) $1,250,000, for a public utility with $2,000,000,000 or more annual gross operating revenue in Minnesota.

(e) When requests for compensation from any public utility approach the limits established in paragraph (d), the commission may prioritize requests from participants that received less than $150,000 in total compensation during the previous two years.

Subd. 5. **Compensation; process.** (a) A participant seeking compensation must file a request and an affidavit of service with the commission, and serve a copy of the request on each party to the proceeding. The request must be filed no more than 30 days after the later of: (1) the expiration of the period within which a petition for rehearing, amendment, vacation, reconsideration, or reargument must be filed; or (2) the date the commission issues an order following rehearing, amendment, vacation, reconsideration, or reargument.

(b) A compensation request must include:

(1) the name and address of the participant or nonprofit organization the participant is representing;

(2) evidence of the organization's nonprofit, tax-exempt status, if applicable;

(3) the name and docket number of the proceeding for which compensation is requested;

(4) for a nonprofit participant, evidence supporting the nonprofit's eligibility for compensation under the financial hardship test under subdivision 3, paragraph (c);

(5) amounts of compensation awarded to the participant under this section during the current year and any pending requests for compensation, itemized by docket;

(6) an itemization of the participant's costs, including (i) hours worked and associated hourly rates for each individual contributing to the participation, not including overhead costs; (ii) participant revenues dedicated for the proceeding; and (iii) the total compensation request; and

(7) a narrative describing the unique contribution made to the proceeding by the participant.

(c) A participant must comply with reasonable requests for information by the commission and other parties or participants. A participant must reply to information requests within ten calendar days of the date the request is received, unless doing so would place an extreme hardship upon the replying participant. The replying participant must provide a copy of the information to any other participant or interested person upon request. Disputes regarding information requests may be resolved by the commission.

(d) A party objecting to a request for compensation must, within 30 days after service of the request for compensation, file a response and an affidavit of service with the commission. A copy of the response must be served on the requesting participant and all other parties to the proceeding.

(e) The requesting participant may file a reply with the commission within 15 days after the date a response is filed under paragraph (d). A copy of the reply and an affidavit of service must be served on all other parties to the proceeding.

(f) If additional costs are incurred by a participant as a result of additional proceedings following the commission's initial order, the participant may file an amended request within 30 days after the date the commission issues an amended order. Paragraphs (b) to (e) apply to an amended request.

(g) The commission must issue a decision on participant compensation within 120 days of the date a request for compensation is filed by a participant.

(h) The commission may extend the deadlines in paragraphs (d), (e), and (g) for up to 30 days upon the request of a participant or on the commission's own initiative.

(i) A participant may request reconsideration of the commission's compensation decision within 30 days of the decision date.

Subd. 6. **Compensation; orders.** (a) If the commission issues an order requiring payment of participant compensation, the public utility that was the subject of the proceeding must pay the full compensation to the participant and file proof of payment with the commission within 30 days after the later of: (1) the expiration of the period within which a petition for reconsideration of the commission's compensation decision must be filed; or (2) the date the commission issues an order following reconsideration of the commission's order on participant compensation.

(b) If the commission issues an order requiring payment of participant compensation in a proceeding involving multiple public utilities, the commission must apportion costs among the public utilities in proportion to each public utility's annual revenue.

(c) The commission may issue orders necessary to allow a public utility to recover the costs of participant compensation on a timely basis.

Subd. 7. **Report.** By July 1, 2025, the commission must report to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over energy policy on the operation of this section, including but not limited to:

(1) the amount of compensation paid each year by each utility;

(2) each recipient of compensation, the commission dockets in which compensation was awarded, and the compensation amounts; and

(3) the impact resulting from the commission's adoption of positions advocated by compensated participants.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to any proceeding in which the commission has not issued a final order as of that date.

Sec. 15. Minnesota Statutes 2020, section 216E.03, subdivision 11, is amended to read:

Subd. 11. **Department of Commerce to provide technical expertise and other assistance.** (a) The commissioner of the Department of Commerce shall consult with other state agencies and provide technical expertise and other assistance to the commission or to individual members of the commission for activities and proceedings under this chapter and chapters 216F and 216G. This assistance shall include the sharing of power plant siting and routing staff and other resources as necessary. The commissioner shall periodically report to the commission concerning the Department of Commerce's costs of providing assistance. The report shall conform to the schedule and include the required contents specified by the commission. The commission shall include the costs of the assistance in assessments for activities and proceedings under those sections and reimburse the special revenue fund for those costs. If either the commissioner or the commission deems it necessary, the department and the commission shall enter into an interagency agreement establishing terms and conditions for the provision of assistance and sharing of resources under this subdivision.

(b) Notwithstanding the requirements of section 216B.33, the commissioner may take any action required or requested by the commission related to the environmental review requirements under chapter 216E or 216F immediately following a hearing and vote by the commission, prior to issuing a written order, finding, authorization, or certificate.

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

Sec. 16. Minnesota Statutes 2020, section 216E.04, subdivision 2, is amended to read:

Subd. 2. **Applicable projects.** The requirements and procedures in this section apply to the following projects:

(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 of between 100 and 200 kilovolts;

(4) high-voltage transmission lines in excess of 200 kilovolts and less than ~~five~~ 30 miles in length in Minnesota;

(5) high-voltage transmission lines in excess of 200 kilovolts if at least 80 percent of the distance of the line in Minnesota will be located along existing high-voltage transmission line right-of-way;

(6) a high-voltage transmission line service extension to a single customer between 200 and 300 kilovolts and less than ten miles in length;

(7) a high-voltage transmission line rerouting to serve the demand of a single customer when the rerouted line will be located at least 80 percent on property owned or controlled by the customer or the owner of the transmission line; and

(8) large electric power generating plants that are powered by solar energy.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to a high-voltage transmission line in excess of 200 kilovolts whose owner has filed an application for a route permit with the Public Utilities Commission on or after that date.

Sec. 17. **REPEALER.**

Minnesota Statutes 2020, section 216B.16, subdivision 10, is repealed.

ARTICLE 20
ENERGY STORAGE

Section 1. Minnesota Statutes 2020, section 216B.1611, is amended by adding a subdivision to read:

Subd. 5. **Energy storage; capacity; treatment.** This subdivision applies to a public utility, as defined in section 216B.02, subdivision 4. For the purpose of interconnecting a distributed generation facility that operates in conjunction with an energy storage system, as defined in section 216B.2422, subdivision 1, paragraph (f), the system capacity must be calculated as the alternating current capacity of the distributed generation facility alone, provided that the energy storage system is connected to the distributed generating facility:

(1) by direct current; or

(2) by alternating current and is configured to limit the maximum export of electricity beyond the common point of coupling with the utility to an amount no greater than the capacity of the distributed generation facility.

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

Sec. 2. **[216B.1616] VALUE OF ON-SITE ENERGY STORAGE.**

No later than September 15, 2022, the commission must initiate a docket designed to determine fair compensation paid to customer-owners of on-site energy storage systems, as defined in section 216B.2422, subdivision 1, paragraph (f), for voluntarily discharging stored energy and capacity during periods of peak electricity demand or at other times as dispatched or requested by a public utility, as defined in section 216B.02, subdivision 4.

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

Sec. 3. Minnesota Statutes 2020, section 216B.2422, subdivision 7, is amended to read:

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

(1) meeting identified generation and capacity needs; and

(2) evaluating ancillary services.

(b) The assessment must:

(1) employ appropriate modeling methods to enable the analysis required in paragraph (a)~~.~~; and

(2) address how energy storage systems may contribute to achieving the goals under subdivision 4, clause (1).

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

Sec. 4. Minnesota Statutes 2020, section 216B.2425, subdivision 8, is amended to read:

Subd. 8. **Distribution study for distributed generation.** Each entity subject to this section that is operating under a multiyear rate plan approved under section 216B.16, subdivision 19, shall conduct a distribution study to identify interconnection points on its distribution system for small-scale distributed generation resources and shall identify necessary distribution upgrades, including the deployment of energy storage systems, as defined in section 216B.2422, subdivision 1, paragraph (f), to support the continued development of distributed generation resources, and shall include the study in its report required under subdivision 2.

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

Sec. 5. **[216C.378] STORAGE REWARDS INCENTIVE PROGRAM.**

(a) The electric utility subject to section 116C.779 must develop and operate a program to provide a lump-sum grant to customers to reduce the cost of purchasing and installing an on-site energy storage system, as defined in section 216B.2422, subdivision 1, paragraph (f). The utility subject to this section must file a plan with the commissioner to operate the program no later than October 1, 2022. The utility may not operate the program until the program is approved by the commissioner. Any change to an operating program must be approved by the commissioner.

(b) To be eligible to receive a grant under this section, an energy storage system must:

(1) have a capacity no greater than 50 kilowatt hours; and

(2) be located within the electric service area of the utility subject to this section.

(c) An owner of an energy storage system is eligible to receive a grant under this section if:

(1) a solar energy generating system is operating at the same site as the proposed energy storage system; or

(2) the owner has filed an application with the utility subject to this section to interconnect a solar energy generating system at the same site as the proposed energy storage system.

(d) The commissioner must annually review and may adjust the amount of grants awarded under this section, but must not increase the amount over that awarded in previous years unless the commissioner demonstrates in writing that an upward adjustment is warranted by market conditions.

(e) A customer who receives a grant under this section is eligible to receive financial assistance under programs operated by the state or the utility for the solar energy generating system operating in conjunction with the energy storage system.

(f) For the purposes of this section, "solar energy generating system" has the meaning given in section 216E.01, subdivision 9a.

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

ARTICLE 21
RENEWABLE ENERGY

Section 1. Minnesota Statutes 2020, section 16B.32, subdivision 1, is amended to read:

Subdivision 1. **Alternative energy sources.** ~~Plans prepared by the commissioner for a new building or for a renovation of 50 percent or more of an existing building or its energy systems must include designs which use active and passive solar energy systems, earth sheltered construction, and other alternative energy sources where feasible.~~

(a) If incorporating cost-effective energy efficiency measures into the design, materials, and operations of a building or major building renovation subject to section 16B.325 is not sufficient to meet Sustainable Building 2030 energy performance standards required under section 216B.241, subdivision 9, cost-effective renewable energy sources or solar thermal energy systems, or both, must be deployed to achieve the standards.

(b) The commissioners of administration and commerce must review compliance of building designs and plans subject to this section with Sustainable Building 2030 performance standards developed under section 216B.241, subdivision 9, and must make recommendations to the legislature as necessary to ensure that the performance standards are met.

(c) For the purposes of this section:

(1) "energy efficiency" has the meaning given in section 216B.241, subdivision 1, paragraph (f);

(2) "renewable energy" has the meaning given in section 216B.2422, subdivision 1, paragraph (c), and includes hydrogen generated from wind, solar, or hydroelectric; and

(3) "solar thermal energy systems" has the meaning given to "qualifying solar thermal project" in section 216B.2411, subdivision 2, paragraph (e).

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

Sec. 2. Minnesota Statutes 2020, section 16B.32, subdivision 1a, is amended to read:

Subd. 1a. **Onsite energy generation from renewable sources.** ~~A state agency that prepares a predesign for a new building must consider meeting at least two percent of the energy needs of the building from renewable sources located on the building site. For purposes of this subdivision, "renewable sources" are limited to wind and the sun. The predesign must include an explicit cost and price analysis of complying with the two percent requirement compared with the present and future costs of energy supplied by a public utility from a location away from the building site and the present and future costs of controlling carbon emissions. If the analysis concludes that the building should not meet at least two percent of its energy needs from renewable sources located on the building site, the analysis must provide explicit reasons why not. The building may not receive further state appropriations for design or construction unless at least two percent of its energy needs are designed to be met from renewable sources, unless the commissioner finds that the reasons given by the agency for not meeting the two percent requirement were supported by evidence in the record.~~ The total aggregate nameplate capacity of all renewable energy sources utilized to meet Sustainable Building 2030 standards in a state-owned building or facility, including any subscription to a community solar garden under section 216B.1641, must not exceed 120 percent of the state-owned building's or facility's average annual electric energy consumption.

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

Sec. 3. Minnesota Statutes 2021 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~~ $10,000,000 in 2023; ~~and~~

(4) ~~$5,000,000~~ $10,000,000 in 2024; and

(5) $10,000,000 in 2025.

(e) 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.

(f) Any unspent amount remaining on January 1, ~~2025~~ 2027, must be transferred to the renewable development account.

(g) 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.

(h) 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.

(i) Contractors and subcontractors installing a solar energy generating system awarded financial assistance under this section must comply with sections 177.41 to 177.43 with respect to the installation.

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

Sec. 4. **[116C.7793] SOLAR ENERGY; CONTINGENCY ACCOUNT.**

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

(b) "Agency" means the Pollution Control Agency.

(c) "Area C" means the site located west of Mississippi River Boulevard in St. Paul that served as an industrial waste dump for the former Ford Twin Cities Assembly Plant.

(d) "Corrective action determination" means a decision by the agency regarding actions to be taken to remediate contaminated soil and groundwater at Area C.

(e) "Owner" means the owner of a solar energy generating system planned to be deployed at Area C.

(f) "Solar energy generating system" has the meaning given in section 216E.01, subdivision 9a.

Subd. 2. **Account established.** The Area C contingency account is established as a separate account in the special revenue fund in the state treasury. Transfers and appropriations to the account, and any earnings or dividends accruing to assets in the account, must be credited to the account. The commissioner must serve as fiscal agent and must manage the account.

Subd. 3. **Distribution of funds; conditions.** Money from the account may be distributed by the commissioner to the owner of a solar energy generating system planned to be deployed on Area C under the following conditions:

(1) the agency issues a corrective action determination after the owner has begun to design or construct the project, and the nature of the corrective action determination requires the project to be redesigned or construction to be interrupted or altered; or

(2) the agency issues a corrective action determination whose work plan requires temporary cessation or partial or complete removal of the solar energy generating system after the solar energy generating system has become operational.

Subd. 4. **Distribution of funds; process.** (a) The owner may file a request for distribution of funds from the commissioner if either of the conditions in subdivision 3 occur. The filing must describe (1) the nature of the impact of the agency's work plan that results in economic losses to the owner, and (2) a reasonable estimate of the amount of the economic losses.

(b) The owner must provide the commissioner with information the commissioner determines to be necessary to assist in reviewing the filing required under this subdivision.

(c) The commissioner must review the owner's filing within 60 days of submission and must approve a request the commissioner determines is reasonable.

Subd. 5. **Expenditures.** Money distributed by the commissioner to the owner under this section may be used by the owner only to pay for:

(1) removal, storage, and transportation costs incurred for equipment removed, and any costs to reinstall equipment;

(2) costs of redesign or new equipment made necessary by the activities under the agency's work plan;

(3) lost revenues resulting from the inability of the solar energy generating system to generate sufficient electricity to fulfill the terms of the power purchase agreement between the owner and the purchaser of electricity generated by the solar energy generating system;

(4) other damages incurred under the power purchase agreement resulting from the cessation of operations made necessary by the activities of the agency's work plan; and

(5) the cost of energy required to replace the energy that would have been generated by the solar energy generating system and purchased under the power purchase agreement.

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

Sec. 5. Minnesota Statutes 2020, section 216B.1641, is amended to read:

216B.1641 COMMUNITY SOLAR GARDEN.

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

(b) "Subscribed energy" means electricity generated by the community solar garden that is attributable to a subscriber's subscription.

(c) "Subscriber" means a retail customer who owns one or more subscriptions of a community solar garden interconnected with the retail customer's utility.

(d) "Subscription" means a contract between a subscriber and the owner of a solar garden.

Subd. 2. **Solar garden; project requirements.** (a) The public utility subject to section 116C.779 shall file by September 30, 2013, a plan with the commission to operate a community solar garden program which shall begin operations within 90 days after commission approval of the plan. Other public utilities may file an application at their election. The community solar garden program must be designed to offset the energy use of not less than five subscribers in each community solar garden facility of which no single subscriber has more than a 40 percent interest. The owner of the community solar garden may be a public utility or any other entity or organization that contracts to sell the output from the community solar garden to the utility under section 216B.164. There shall be no limitation on the number or cumulative generating capacity of community solar garden facilities other than the limitations imposed under section 216B.164, subdivision 4c, or other limitations provided in law or regulations.

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

(c) The solar generation facility must be located in the service territory of the public utility filing the plan. Subscribers must be retail customers of the public utility and, unless the facility has a minimum setback of 100 feet from the nearest residential property, must be located in the same county or a county contiguous to where the facility is located.

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

Subd. 3. **Solar garden plan; requirements; nonutility status.** ~~(e)~~ (a) The commission may approve, disapprove, or modify a community solar garden ~~program~~ plan. Any plan approved by the commission must:

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

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

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

(4) be consistent with the public interest;

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

(6) include a program implementation schedule;

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

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

(9) require that residential subscribers have a right to cancel a community solar garden subscription within three business days, as provided under section 325G.07;

(10) require that the following information is provided by the solar garden owner in writing to any prospective subscriber asked to make a prepayment to the solar garden owner prior to the delivery of subscribed energy by the solar garden:

(i) an estimate of the annual generation of subscribed energy, based on the methodology approved by the commission; and

(ii) an estimate of the length of time required to fully recover a subscriber's prepayments made to the owner of the solar garden prior to the delivery of subscribed energy, calculated using the formula developed by the commission under paragraph (d); and

(11) require new residential subscription agreements that require a prepayment to allow the subscriber to, on commercially reasonable terms, (i) transfer the subscription to other new or current subscribers, or (ii) cancel the subscription; and

(12) require an owner of a solar garden to submit a report that meets the requirements of section 216C.51, subdivisions 3 and 4, each year the solar garden is in operation.

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

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

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

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

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

Subd. 4. **Community access project; eligibility.** (a) An owner of a community solar garden may apply to the utility to be designated as a community access project at any time:

(1) before the owner makes an initial payment under an interconnection agreement entered into with a public utility; or

(2) if the owner made an initial payment under an interconnection agreement between January 1, 2021, and the effective date of this act, before commercial operation begins.

(b) The utility must designate a solar garden as a community access project if the owner of a solar garden commits in writing to meet the following conditions:

(1) at least 50 percent of the solar garden's generating capacity is subscribed by residential customers;

(2) the contract between the owner of the solar garden and the public utility that purchases the garden's electricity, and any agreement between the utility or owner of the solar garden and subscribers, states that the owner of the solar garden does not discriminate against or screen subscribers based on income or credit score and that any customer of a utility with a community solar garden plan approved by the commission under subdivision 3 is eligible to become a subscriber;

(3) the solar garden is operated by an entity that maintains a physical address in Minnesota and has designated a contact person in Minnesota who responds to subscriber inquiries; and

(4) the agreement between the owner of the solar garden and subscribers states that the owner must adequately publicize and convene at least one meeting annually to provide an opportunity for subscribers to pose questions to the manager or owner.

Subd. 5. **Community access project; financial arrangements.** (a) If a solar garden is approved by the utility as a community access project:

(1) the public utility purchasing the electricity generated by the community access project may charge the owner of the community access project no more than one cent per watt alternating current based on the solar garden's generating capacity for any refundable deposit the utility requires of a solar garden during the application process;

(2) notwithstanding subdivision 2, paragraph (d), the public utility must purchase all energy generated by the community access project at the retail rate; and

(3) all renewable energy credits generated by the community access project belong to subscribers unless the owner of the solar garden:

(i) contracts to:

(A) sell the credits to a third party; or

(B) sell or transfer the credits to the utility; and

(ii) discloses a sale or transfer to subscribers at the time the subscribers enter into a subscription.

(b) If at any time after commercial operation begins a solar garden approved by the utility as a community access project fails to meet the conditions under subdivision 4, the solar garden (1) is no longer subject to the provisions of this subdivision and subdivision 6, and (2) must operate under the program rules established by the commission for a solar garden that does not qualify as a community access project.

(c) An owner of a solar garden whose designation as a community access project is revoked under this subdivision may reapply to the commission at any time to have the designation as a community access project reinstated under subdivision 4.

Subd. 6. **Community access project; reporting.** The owner of a community access project must include the following information in an annual report to the community access project subscribers and the utility:

(1) a description of the process by which subscribers can provide input to solar garden policy and decision making;

(2) the amount of revenues received by the solar garden in the previous year that were allocated to categories that include but are not limited to operating costs, debt service, profits distributed to subscribers, and profits distributed to others; and

(3) an estimate of the proportion of low- and moderate-income subscribers, and a description of one or more of the following methods used to make the estimate:

(i) evidence provided by a subscriber that the subscriber or a member of the subscriber's household receives assistance from any of the following sources:

(A) the federal Low-Income Home Energy Assistance Program;

(B) federal Section 8 housing assistance;

(C) medical assistance;

(D) the federal Supplemental Nutrition Assistance Program; or

(E) the federal National School Lunch Program;

(ii) characterization of the census tract where the subscriber resides as low- or moderate-income by the Federal Financial Institutions Examination Council; or

(iii) other methods approved by the commission.

Subd. 7. **Commission order.** Within 180 days of the effective date of this section, the commission must issue an order addressing the requirements of this section.

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

Sec. 6. Minnesota Statutes 2020, 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, or a solar ~~electric generation facility~~ energy generating system, as defined in section 216E.01, subdivision 9a, if the system ~~or facility~~ is owned and operated by an independent power producer and the electric output of the system ~~or facility~~:

(i) is not sold to an entity that provides retail service in Minnesota or wholesale electric service to another entity in Minnesota other than an entity that is a federally recognized regional transmission organization or independent system operator; or

(ii) is sold to an entity that provides retail service in Minnesota or wholesale electric service to another entity in Minnesota other than an entity that is a federally recognized regional transmission organization or independent system operator, provided that the system represents solar or wind capacity that the entity purchasing the system's electric output was ordered by the commission to develop in the entity's most recent integrated resource plan approved under section 216B.2422; or

(8) a large wind energy conversion system, as defined in section 216F.01, subdivision 2, or a solar energy generating system that is a large energy facility, as defined in section 216B.2421, subdivision 2, engaging in a repowering project that:

(i) will not result in the ~~facility~~ system exceeding the nameplate capacity under its most recent interconnection agreement; or

(ii) will result in the ~~facility~~ 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.

(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. This section is effective the day following final enactment and applies to a large wind energy conversion system or a solar energy generating system whose owner has filed an application for a certificate of need with the Public Utilities Commission on or after that date.

Sec. 7. Minnesota Statutes 2021 Supplement, section 216C.375, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For the purposes of this section and section 216C.376, the following terms have the meanings given them.

(b) "Developer" means an entity that installs a solar energy system on a school building that has been awarded a grant under this section.

(c) "Photovoltaic device" has the meaning given in section 216C.06, subdivision 16.

(d) "School" means: (1) a school that operates as part of an independent or special school district; (2) a Tribal contract school; or ~~(2)~~ (3) a state college or university that is under the jurisdiction of the Board of Trustees of the Minnesota State Colleges and Universities.

(e) "School district" means an independent or special school district.

(f) "Solar energy system" means photovoltaic or solar thermal devices.

(g) "Solar thermal" has the meaning given to "qualifying solar thermal project" in section 216B.2411, subdivision 2, paragraph (d).

(h) "State colleges and universities" has the meaning given in section 136F.01, subdivision 4.

Sec. 8. **[216C.377] SOLAR GRANT PROGRAM; PUBLIC BUILDINGS.**

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

(b) "Developer" means an entity that applies for a grant on behalf of a public building under this section to install a solar energy generating system on the public building.

(c) "Local unit of government" means a county, statutory or home rule charter city, town, or other local government jurisdiction, excluding a school district eligible to receive financial assistance under section 216C.375 or 216C.376.

(d) "Municipal electric utility" means a utility that provides electric service to retail customers in Minnesota and is governed by a city council or a local utilities commission.

(e) "Public building" means a building owned and operated by a local unit of government.

(f) "Solar energy generating system" has the meaning given in section 216E.01, subdivision 9a.

(g) "Utility" means a public utility, as defined in section 216B.02, subdivision 4, that provides electric service, or a municipal electric utility.

Subd. 2. **Establishment; purpose.** A solar on public buildings grant program is established in the Department of Commerce. The purpose of the program is to provide grants to stimulate the installation of solar energy generating systems on public buildings.

Subd. 3. **Establishment of account.** A solar on public buildings grant program account is established in the special revenue fund. Money received from the general fund and the renewable development account established in section 116C.779, subdivision 1, must be transferred to the commissioner of commerce and credited to the account.

Earnings, including interest, dividends, and any other earnings arising from the assets of the account, must be credited to the account. Earnings remaining in the account at the end of a fiscal year do not cancel to the general fund or renewable development account but remain in the account until expended. The commissioner must manage the account.

Subd. 4. **Expenditures.** Money in the account must be used only:

(1) for grant awards made under this section; and

(2) to pay the reasonable costs incurred by the department to administer this section.

Subd. 5. **Eligible applicants.** Only a local unit of government or a municipal electric utility may apply for or be awarded a grant under this section.

Subd. 6. **Eligible system.** (a) A grant may be awarded under this section only if the solar energy system that is the subject of the grant:

(1) is installed on or adjacent to a public building that consumes the electricity generated by the solar energy generating system, on property within the service territory of the utility currently providing electric service to the public building; and

(2) has a capacity that does not exceed the lesser of 40 kilowatts or 120 percent of the average annual electricity consumption of the public building, measured over the most recent three calendar years, at which the solar energy generating system is installed.

(b) A public building that receives a rebate or other financial incentive under section 216B.241 for a solar energy system is eligible for a grant under this section for the same solar energy generating system.

(c) Before filing an application for a grant under this section, a local unit of government or public building that is served by a municipal electric utility must inform the municipal electric utility of the local unit of government's or public building's intention to do so. A municipal electric utility may, under an agreement with a local unit of government, own and operate a solar energy generating system awarded a grant under this section on behalf of and for the benefit of the local unit of government.

Subd. 7. **Application process.** (a) The commissioner must issue a request for proposals to utilities, local units of government, and developers who may wish to apply for a grant under this section on behalf of a public building.

(b) A utility or developer must submit an application to the commissioner on behalf of a public building on a form prescribed by the commissioner. The form must include, at a minimum, the following information:

(1) the capacity of the proposed solar energy system and the amount of electricity that is expected to be generated;

(2) the current energy demand of the public building on which the solar energy generating system is to be installed, information regarding any distributed energy resource that currently provides electricity to the public building, and the size of the public building's subscription to a community solar garden, if applicable;

(3) information sufficient to estimate the energy and monetary savings that are projected to result from installation of the solar energy generating system over the system's useful life;

(4) the total cost to purchase and install the solar energy system and the solar energy system's lifecycle cost, including removal and disposal at the end of the system's life; and

(5) a copy of the proposed contract agreement between the local unit of government and the public utility or developer that includes provisions addressing the responsibility to maintain, remove, and dispose of the solar energy system.

(c) The commissioner must administer an open application process under this section at least twice annually.

(d) The commissioner must develop administrative procedures governing the application and grant award process under this section.

Subd. 8. **Energy conservation review.** At the commissioner's request, a local unit of government awarded a grant under this section must provide the commissioner with information regarding energy conservation measures implemented at the public building at which the solar energy generating system is to be installed. The commissioner may make recommendations to the local unit of government regarding cost-effective conservation measures the local unit of government can implement and may provide technical assistance and direct the local unit of government to available financial assistance programs.

Subd. 9. **Technical assistance.** The commissioner must provide technical assistance to local units of government to develop and execute projects under this section.

Subd. 10. **Grant payments.** A grant awarded under this section must be used only to pay the necessary and reasonable costs associated with purchasing and installing a solar energy system.

Subd. 11. **Installation.** Contractors and subcontractors installing a solar energy generating system funded by a grant awarded under this section must comply with sections 177.41 to 177.43 with respect to the installation.

Subd. 12. **Reporting.** Beginning January 15, 2023, and each year thereafter until January 15, 2026, the commissioner must report to the chairs and ranking minority members of the legislative committees with jurisdiction over energy finance and policy regarding (1) grants and amounts awarded to local units of government under this section during the previous year, and (2) any remaining balance available in the account established under this section.

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

Sec. 9. Minnesota Statutes 2020, section 216E.01, subdivision 9a, is amended to read:

Subd. 9a. **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, and may include transmission lines designed for and capable of operating at 100 kilovolts or less that interconnect a solar energy generating system with a high-voltage transmission line.

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

Sec. 10. Minnesota Statutes 2020, section 216E.03, subdivision 5, is amended to read:

Subd. 5. **Environmental review.** (a) The commissioner of the Department of Commerce shall prepare for the commission an environmental impact statement on each proposed large electric power generating plant or high-voltage transmission line for which a complete application has been submitted. The commissioner shall not consider whether or not the project is needed. No other state environmental review documents shall be required.

The commissioner shall study and evaluate any site or route proposed by an applicant and any other site, other than a site for a solar energy generating system, or route the commission deems necessary that was proposed in a manner consistent with rules concerning the form, content, and timeliness of proposals for alternate sites or routes.

(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 commissioner 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 as a result of increased efficiency from the production of thermal energy on the part of the customer operating or owning the proposed cogeneration facility.

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

Sec. 11. **[500.216] LIMITS ON CERTAIN RESIDENTIAL SOLAR ENERGY SYSTEMS PROHIBITED.**

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

(b) "Private entity" means a homeowners association, community association, or other association that is subject to a homeowners association document.

(c) "Homeowners association document" means a document containing the declaration, articles of incorporation, bylaws, or rules and regulations of:

(1) a common interest community, as defined in section 515B.1-103, regardless of whether the common interest community is subject to chapter 515B; and

(2) a residential community that is not a common interest community.

(d) "Solar energy system" has the meaning given in section 216C.06, subdivision 17.

Subd. 2. **General rule.** A private entity must not prohibit or refuse to permit installation, maintenance, or use of a roof-mounted solar energy system by the owner of a single-family dwelling, notwithstanding any covenant, restriction, or condition contained in a deed, security instrument, homeowners association document, or any other instrument affecting the transfer, sale of, or an interest in real property, except as provided in this section.

Subd. 3. **Applicability.** This section applies to single-family detached dwellings whose owner is the sole owner of the entire building in which the dwelling is located and who is solely responsible to maintain, repair, replace, and insure the entire building.

Subd. 4. **Allowable conditions.** (a) This section does not prohibit a private entity from requiring that:

(1) a licensed contractor install a solar energy system;

(2) a roof-mounted solar energy system not extend above the peak of a pitched roof or beyond the edge of the roof;

(3) the owner or installer of a solar energy system indemnify or reimburse the private entity or the private entity's members for loss or damage caused by the installation, maintenance, use, repair, or removal of a solar energy system;

(4) the owner and each successive owner of a solar energy system list the private entity as a certificate holder on the homeowner's insurance policy; or

(5) the owner and each successive owner of a solar energy system be responsible for removing the system if reasonably necessary to repair, maintain, or replace common elements or limited common elements, as defined in section 515B.1-103.

(b) A private entity may impose other reasonable restrictions on the installation, maintenance, or use of solar energy systems, provided that those restrictions do not decrease the projected generation of energy by a solar energy system by more than 20 percent or increase the solar energy system's cost by more than (1) 20 percent for a solar water heater, or (2) $2,000 for a solar photovoltaic system, compared with the generation of energy and the cost of labor and materials certified by the designer or installer of the solar energy system as originally proposed without the restrictions. A private entity may obtain an alternative bid and design from a solar energy system designer or installer for the purposes of this paragraph.

(c) A solar energy system must meet applicable standards and requirements imposed by the state and by governmental units, as defined in section 462.384.

(d) A solar energy system for heating water must be certified by the Solar Rating Certification Corporation or an equivalent certification agency. A solar energy system for producing electricity must meet all applicable safety and performance standards established by the National Electrical Code, the Institute of Electrical and Electronics Engineers, and accredited testing laboratories, including but not limited to Underwriters Laboratories and, where applicable, Public Utilities Commission rules regarding safety and reliability.

(e) If approval by a private entity is required to install or use a solar energy system, the application for approval (1) must be processed and approved in the same manner as an application for approval of an architectural modification to the property, and (2) must not be willfully avoided or delayed.

(f) An application for approval must be made in writing and must contain certification that the applicant meets any conditions required by a private entity under this subdivision. An application must include a copy of the interconnection application submitted to the applicable electric utility.

(g) A private entity shall approve or deny an application in writing. If an application is not denied in writing within 60 days from the date the application is received, the application is deemed approved unless the delay is the result of a reasonable request for additional information. If a private entity receives an incomplete application that the private entity determines prevents a decision to approve or disapprove the application, a new 60-day limit begins only if the private entity sends written notice to the applicant, within 15 business days of the date the incomplete application is received, informing the applicant what additional information is required.

Sec. 12. **PHOTOVOLTAIC DEMAND CREDIT RIDER.**

By October 1, 2022, an investor-owned utility that has not already done so must submit to the Public Utilities Commission a photovoltaic demand credit rider that reimburses all demand-metered customers with solar photovoltaic systems greater than 40 kilowatts alternating current for the demand charge overbilling that occurs. The utility may submit to the commission multiple options to calculate reimbursement for demand charge overbilling. At least one submission must use a capacity value stack methodology. The commission is prohibited from approving a photovoltaic demand credit rider unless the rider allows stand-alone photovoltaic systems and photovoltaic systems coupled with storage. The commission must approve the photovoltaic demand credit rider by June 30, 2023.

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

Sec. 13. **REPEALER.**

Minnesota Statutes 2020, sections 16B.323, subdivisions 1 and 2; and 16B.326, are repealed.

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

ARTICLE 22
ELECTRIC VEHICLES

Section 1. Minnesota Statutes 2021 Supplement, section 16C.135, subdivision 3, is amended to read:

Subd. 3. **Vehicle purchases.** (a) Consistent with section 16C.137, subdivision 1, when purchasing a motor vehicle for the enterprise fleet or for use by an agency, the commissioner or the agency shall purchase ~~a motor vehicle that is capable of being powered by cleaner fuels, or a motor vehicle powered by electricity or by a combination of electricity and liquid fuel, if the total life-cycle cost of ownership is less than or comparable to that of other vehicles and if the vehicle is capable~~ the motor vehicle in conformity with the following vehicle preference hierarchy, with clause (1) representing the top of the hierarchy:

(1) an electric vehicle;

(2) a hybrid electric vehicle;

(3) a vehicle capable of being powered by cleaner fuels; and

(4) a vehicle powered by gasoline or diesel fuel.

(b) The commissioner or agency may only reject a vehicle type that is higher on the vehicle preference hierarchy if:

(1) the vehicle type is incapable of carrying out the purpose for which it is purchased~~.~~; or

(2) the total life-cycle cost of ownership of a vehicle type that is higher on the vehicle preference hierarchy is more than ten percent higher than the next lower vehicle type or the vehicle preference hierarchy.

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

Sec. 2. Minnesota Statutes 2020, section 16C.137, subdivision 1, is amended to read:

Subdivision 1. **Goals and actions.** Each state department must, whenever legally, technically, and economically feasible, subject to the specific needs of the department and responsible management of agency finances:

(1) ensure that all new on-road vehicles ~~purchased~~, excluding emergency and law enforcement vehicles~~:~~, are purchased in conformity with the hierarchy of preferences established in section 16C.135, subdivision 3;

~~(i) use "cleaner fuels" as that term is defined in section 16C.135, subdivision 1;~~

~~(ii) have fuel efficiency ratings that exceed 30 miles per gallon for city usage or 35 miles per gallon for highway usage, including but not limited to hybrid electric cars and hydrogen-powered vehicles; or~~

~~(iii) are powered solely by electricity;~~

(2) increase its use of renewable transportation fuels, including ethanol, biodiesel, and hydrogen from agricultural products; and

(3) increase its use of web-based Internet applications and other electronic information technologies to enhance the access to and delivery of government information and services to the public, and reduce the reliance on the department's fleet for the delivery of such information and services.

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

Sec. 3. Minnesota Statutes 2020, section 160.08, subdivision 7, is amended to read:

Subd. 7. **No commercial establishment within right-of-way; exceptions.** No commercial establishment, including but not limited to automotive service stations, for serving motor vehicle users shall be constructed or located within the right-of-way of, or on publicly owned or publicly leased land acquired or used for or in connection with, a controlled-access highway~~,~~ except that:

(1) structures may be built within safety rest and travel information center areas;

(2) space within state-owned buildings in those areas may be leased for the purpose of providing information to travelers through advertising as provided in section 160.276;

(3) advertising signs may be erected within the right-of-way of interstate or controlled-access trunk highways by franchise agreements under section 160.80;

(4) vending machines may be placed in rest areas, travel information centers, or weigh stations constructed or located within trunk highway rights-of-way; ~~and~~

(5) acknowledgment signs may be erected under sections 160.272 and 160.2735~~.~~; and

(6) electric vehicle charging stations may be installed, operated, and maintained in safety rest areas.

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

Sec. 4. Minnesota Statutes 2020, section 168.27, is amended by adding a subdivision to read:

Subd. 2a. **Dealer training; electric vehicles.** (a) A new motor vehicle dealer licensed under this chapter that operates under an agreement or franchise from a manufacturer and sells electric vehicles must maintain at least one employee who is certified as having completed a training course offered by a Minnesota motor vehicle dealership association that addresses at least the following elements:

(1) fundamentals of electric vehicles;

(2) electric vehicle charging options and costs;

(3) publicly available electric vehicle incentives;

(4) projected maintenance and fueling costs for electric vehicles;

(5) reduced tailpipe emissions, including greenhouse gas emissions, produced by electric vehicles;

(6) the impacts of Minnesota's cold climate on electric vehicle operation; and

(7) best practices to sell electric vehicles.

(b) For the purposes of this section, "electric vehicle" has the meaning given in section 169.011, subdivision 26a, paragraphs (a) and (b), clause (3).

EFFECTIVE DATE. This section is effective January 1, 2023.

Sec. 5. **[216B.1615] ELECTRIC VEHICLE DEPLOYMENT PROGRAM.**

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

(b) "Battery exchange station" means a physical location deploying equipment that enables a used electric vehicle battery to be removed and exchanged for a fresh electric vehicle battery.

(c) "Electric vehicle" means any device or contrivance that transports persons or property and is capable of being powered by an electric motor drawing current from rechargeable storage batteries, fuel cells, or other portable sources of electricity. Electric vehicle includes but is not limited to:

(1) an electric vehicle, as defined in section 169.011, subdivision 26a;

(2) an electric-assisted bicycle, as defined in section 169.011, subdivision 27;

(3) an off-road vehicle, as defined in section 84.797, subdivision 7;

(4) a motorboat, as defined in section 86B.005, subdivision 9; or

(5) an aircraft, as defined in section 360.013, subdivision 37.

(d) "Electric vehicle charging station" means a physical location deploying equipment that:

(1) transfers electricity to an electric vehicle battery;

(2) dispenses hydrogen into an electric vehicle powered by a fuel cell;

(3) exchanges electric vehicle batteries; or

(4) provides other equipment used to charge or fuel electric vehicles.

(e) "Electric vehicle infrastructure" means electric vehicle charging stations and any associated machinery, equipment, and infrastructure necessary for a public utility to supply electricity or hydrogen to an electric vehicle charging station and to support electric vehicle operation.

(f) "Fuel cell" means a cell that converts the chemical energy of hydrogen directly into electricity through electrochemical reactions.

(g) "Government entity" means the state, a state agency, or a political subdivision, as defined in section 13.02, subdivision 11.

(h) "Public utility" has the meaning given in section 216B.02, subdivision 4.

Subd. 2. **Transportation electrification plan; contents.** (a) By June 1, 2023, and at least every three years thereafter, a public utility must file a transportation electrification plan with the commission that is designed to (1) maximize the overall benefits of electric vehicles and other electrified transportation while minimizing overall costs, and (2) promote the:

(i) purchase of electric vehicles by the public utility's customers; and

(ii) deployment of electric vehicle infrastructure in the public utility's service territory.

(b) A transportation electrification plan may include but is not limited to the following elements:

(1) programs to educate and increase the awareness and benefits of electric vehicles and electric vehicle charging equipment among individuals, electric vehicle dealers, single-family and multifamily housing developers and property management companies, building owners and tenants, vehicle service stations, vehicle fleet owners and managers, and other potential users of electric vehicles;

(2) utility investments and incentives the utility provides and offers to support transportation electrification across all customer classes, including but not limited to investments and incentives to facilitate:

(i) the deployment of electric vehicles for personal and commercial use; customer- and utility-owned electric vehicle charging stations; electric vehicle infrastructure to support light-duty, medium-duty, and heavy-duty vehicle electrification; and other electric utility infrastructure;

(ii) widespread access to publicly available electric vehicle charging stations; and

(iii) the electrification of public transit and vehicle fleets owned or operated by a government entity;

(3) research and demonstration projects to increase access to electricity as a transportation fuel, minimize the system costs of electric transportation, and inform future transportation electrification plans;

(4) rate structures or programs that encourage electric vehicle charging that optimizes electric grid operation, including time-varying rates and charging optimization programs;

(5) programs to increase access to the benefits of electricity as a transportation fuel for low- or moderate-income customers and communities and in neighborhoods most affected by transportation-related air emissions; and

(6) proposals to expedite commission consideration of program adjustments requested during the term of an approved transportation electrification plan.

(c) If funding is limited, a public utility must give priority under this section to investments in communities whose governing body has enacted a resolution or goal supporting electric vehicle adoption. A public utility must cooperate with local communities to identify suitable locations, consistent with a community's local development plans, where electric vehicle infrastructure may be strategically deployed.

Subd. 3. **Transportation electrification plan; review and implementation.** The commission may approve, modify, or reject a transportation electrification plan. When reviewing a transportation electrification plan, the commission must consider whether the programs, investments, and expenditures as a whole are reasonably expected to:

(1) improve the operation of the electric grid;

(2) increase access to the use of electricity as a transportation fuel for all customers, including those in low- or moderate-income communities, rural communities, and communities most affected by emissions from the transportation sector;

(3) increase access to publicly available electric vehicle charging and destination charging for all types of electric vehicles;

(4) support the electrification of medium-duty and heavy-duty vehicles and associated charging infrastructure;

(5) reduce statewide greenhouse gas emissions, as defined in section 216H.01, and emissions of other air pollutants that impair the environment and public health;

(6) stimulate private capital investment and the creation of skilled jobs;

(7) educate the public about the benefits of electric vehicles and related infrastructure; and

(8) be transparent and incorporate reasonable public reporting of program activities, consistent with existing technology and data capabilities, to inform program design and commission policy with respect to electric vehicles.

Subd. 4. **Cost recovery.** (a) Notwithstanding any other provision of this chapter, the commission may approve, with respect to any prudent and reasonable investments made or expenses incurred by a public utility to administer and implement a transportation electrification plan approved under subdivision 3:

(1) a rider or other tariff mechanism to automatically adjust charges annually;

(2) performance-based incentives;

(3) placing the investment, including rebates, in the public utility's rate base and allowing the public utility to earn a rate of return on the investment at:

(i) the public utility's average weighted cost of capital, including the rate of return on equity, approved by the commission in the public utility's most recent general rate case; or

(ii) another rate determined by the commission; or

(4) any other recovery mechanism that the commission determines is fair, reasonable, and supports the objectives of this section.

(b) Notwithstanding section 216B.16, subdivision 8, paragraph (a), clause (3), the commission must approve recovery costs for expenses reasonably incurred by a public utility to provide public advertisement as part of a transportation electrification plan approved by the commission under subdivision 3.

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

Sec. 6. **[216B.1617] ELECTRIC SCHOOL BUS DEPLOYMENT PROGRAM.**

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

(b) "Battery exchange station" means a physical location where equipment is deployed that enables a used electric vehicle battery to be exchanged for a fully charged battery.

(c) "Electric school bus" means an electric vehicle that is a school bus.

(d) "Electric vehicle" has the meaning given in section 169.011, subdivision 26a.

(e) "Electric vehicle charging station" means a physical location deploying equipment that provides electricity to charge a battery in an electric vehicle.

(f) "Electric vehicle infrastructure" means electric vehicle charging stations and battery exchange stations, and includes any infrastructure necessary to make electricity from a public utility's electric distribution system available to electric vehicle charging stations or battery exchange stations.

(g) "Poor air quality" means: (1) ambient air levels that air monitoring data reveals approach or exceed state or federal air quality standards or chronic health inhalation risk benchmarks for total suspended particulates, particulate matter less than ten microns wide (PM-10), particulate matter less than 2.5 microns wide (PM-2.5), sulfur dioxide, or nitrogen dioxide; or (2) levels of asthma among children that significantly exceed the statewide average.

(h) "School bus" has the meaning given in section 169.011, subdivision 71.

Subd. 2. **Program.** (a) A public utility may file with the commission a program to promote deployment of electric school buses.

(b) The program may include but is not limited to the following elements:

(1) a school district may purchase one or more electric school buses;

(2) the public utility may provide a rebate to the school district for the incremental cost the school district incurs to purchase one or more electric school buses when compared with fossil-fuel-powered school buses;

(3) at the request of a school district, the public utility may deploy on the school district's real property electric vehicle infrastructure required to charge electric school buses;

(4) for any electric school bus purchased by a school district with a rebate provided by the public utility, the school district must enter into a contract with the public utility under which the school district:

(i) accepts any and all liability for operating the electric school bus;

(ii) accepts responsibility to maintain and repair the electric school bus; and

(iii) must allow the public utility an option to own the electric school bus's battery at the time the battery is retired from the electric school bus; and

(5) in collaboration with a school district, prioritize the deployment of electric school buses in areas of the school district that suffer from poor air quality.

Subd. 3. **Program review and implementation.** The commission must approve, modify, or reject a proposal for a program filed under this section within 180 days of the date the proposal is received. The commission's approval, modification, or rejection must be based on the proposal's likelihood to, through prudent and reasonable utility investments:

(1) accelerate deployment of electric school buses in the public utility's service territory, particularly in areas with poor air quality; and

(2) reduce emissions of greenhouse gases and particulates compared to fossil-fuel-powered school buses.

Subd. 4. **Cost recovery.** (a) Any prudent and reasonable investment made by a public utility on electric vehicle infrastructure installed on a school district's real property may be placed in the public utility's rate base and earn a rate of return, as determined by the commission.

(b) Notwithstanding any other provision of this chapter, the commission may approve a tariff mechanism to automatically adjust annual charges for prudent and reasonable investments made by a public utility to implement and administer a program approved by the commission under subdivision 3.

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

Sec. 7. **[216C.402] GRANT PROGRAM; MANUFACTURERS' CERTIFICATION OF AUTO DEALERS TO SELL ELECTRIC VEHICLES.**

Subdivision 1. **Establishment.** A grant program is established in the Department of Commerce to award grants to dealers to offset the costs to obtain the necessary training and equipment that is required by electric vehicle manufacturers in order to certify a dealer to sell electric vehicles produced by the manufacturer.

Subd. 2. **Application.** An application for a grant under this section must be made to the commissioner on a form developed by the commissioner. The commissioner must develop administrative procedures and processes to review applications and award grants under this section.

Subd. 3. **Eligible applicants.** An applicant for a grant awarded under this section must be a dealer of new motor vehicles licensed under chapter 168 operating under a franchise from a manufacturer of electric vehicles.

Subd. 4. **Eligible expenditures.** Appropriations made to support the activities of this section must be used only to reimburse:

(1) a dealer for the reasonable costs to obtain training and certification for the dealer's employees from the electric vehicle manufacturer that awarded the franchise to the dealer;

(2) a dealer for the reasonable costs to purchase and install equipment to service and repair electric vehicles, as required by the electric vehicle manufacturer that awarded the franchise to the dealer; and

(3) the department for the reasonable costs incurred to administer this section.

Subd. 5. **Limitation.** A grant awarded under this section to a single dealer must not exceed $40,000.

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

Sec. 8. Minnesota Statutes 2020, section 326B.103, is amended by adding a subdivision to read:

Subd. 6a. **Electric vehicle capable space.** "Electric vehicle capable space" means a designated automobile parking space that has electrical infrastructure, including but not limited to raceways, cables, electrical capacity, and panelboard or other electrical distribution space, necessary to install an electric vehicle charging station.

Sec. 9. Minnesota Statutes 2020, section 326B.103, is amended by adding a subdivision to read:

Subd. 6b. **Electric vehicle charging station.** "Electric vehicle charging station" means a designated automobile parking space that has a dedicated connection for charging an electric vehicle.

Sec. 10. Minnesota Statutes 2020, section 326B.103, is amended by adding a subdivision to read:

Subd. 6c. **Electric vehicle ready space.** "Electric vehicle ready space" means a designated automobile parking space that has a branch circuit capable of supporting the installation of an electric vehicle charging station.

Sec. 11. Minnesota Statutes 2020, section 326B.103, is amended by adding a subdivision to read:

Subd. 10a. **Parking facilities.** "Parking facilities" includes parking lots, garages, ramps, or decks.

Sec. 12. Minnesota Statutes 2020, section 326B.106, is amended by adding a subdivision to read:

Subd. 16. **Electric vehicle charging.** The code shall require a minimum number of electric vehicle-ready spaces, electric vehicle capable spaces, and electric vehicle charging stations either within or adjacent to new commercial and multifamily structures that provide on-site parking facilities. Residential structures with fewer than four dwelling units are exempt from this subdivision.

Sec. 13. **ELECTRIC VEHICLE CHARGING STATIONS; INSTALLATIONS IN STATE AND REGIONAL PARKS.**

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

(b) "DC fast charger" means electric vehicle charging station equipment that transfers direct current electricity directly to an electric vehicle's battery.

(c) "Electric vehicle" has the meaning given in Minnesota Statutes, section 169.011, subdivision 26a.

(d) "Electric vehicle charging station" means infrastructure that connects an electric vehicle to a Level 2 or DC fast charger to recharge the electric vehicle's batteries.

(e) "Level 2 charger" means electric vehicle charging station equipment that transfers 208- to 240-volt alternating current electricity to a device in an electric vehicle that converts alternating current to direct current to recharge an electric vehicle battery.

Subd. 2. **Program.** The commissioner of natural resources, in consultation with the commissioners of the Pollution Control Agency, administration, and commerce, must develop and fund the installation of a network of electric vehicle charging stations in Minnesota state parks. The commissioners must issue a request for proposals to entities that have experience installing, owning, operating, and maintaining electric vehicle charging stations. The request for proposal must establish technical specifications that electric vehicle charging stations are required to meet and must request responders to address:

(1) the optimal number and location of charging stations installed in a given state park;

(2) alternative arrangements that may be made to allocate responsibility for electric vehicle charging station (i) ownership, operation, and maintenance, and (ii) billing procedures; and

(3) any other issues deemed relevant by the commissioners.

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

Sec. 14. **ELECTRIC VEHICLE CHARGING STATIONS; INSTALLATIONS AT COUNTY GOVERNMENT CENTERS.**

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

(b) "DC fast charger" means electric vehicle charging station equipment that transfers direct current electricity directly to an electric vehicle's battery.

(c) "Electric vehicle" has the meaning given in Minnesota Statutes, section 169.011, subdivision 26a.

(d) "Electric vehicle charging station" means infrastructure that connects an electric vehicle to a Level 2 or DC fast charger to recharge the electric vehicle's batteries.

(e) "Level 2 charger" means electric vehicle charging station equipment that transfers 208- to 240-volt alternating current electricity to a device in an electric vehicle that converts alternating current to direct current to recharge an electric vehicle battery.

Subd. 2. **Program.** The commissioner of commerce must develop and fund the installation of a network of electric vehicle charging stations in public parking facilities at county government centers located in Minnesota. The commissioner must issue a request for proposals to entities that have experience installing, owning, operating, and maintaining electric vehicle charging stations. The request for proposal must establish technical specifications that electric vehicle charging stations are required to meet and must request responders to address:

(1) the optimal number and location of charging stations installed at each county government center;

(2) alternative arrangements that may be made to allocate responsibility for electric vehicle charging station (i) ownership, operation, and maintenance, and (ii) billing procedures;

(3) software used to allow payment for electricity consumed at the charging stations; and

(4) any other issues deemed relevant by the commissioner.

Subd. 3. **County role.** (a) A county has a right of first refusal with respect to ownership of electric vehicle charging stations receiving funding under this section and installed at the county government center.

(b) A county may enter into agreements to (1) wholly or partially own, operate, or maintain an electric vehicle charging system receiving funding under this section and installed at the county government center, or (2) receive reports on the electric vehicle charging system operations.

(c) A county must authorize and approve the installation and location of an electric vehicle charging station at a county government center under this section.

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

ARTICLE 23
RENEWABLE ECONOMIC DEVELOPMENT

Section 1. Minnesota Statutes 2020, 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.

(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, potential benefit to Minnesota citizens and businesses and the utility's ratepayers.

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

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

(v) A construction project funded from an appropriation made under this section must comply with sections 177.41 to 177.43.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to appropriations made on or after that date.

Sec. 2. Minnesota Statutes 2020, section 116J.55, subdivision 5, is amended to read:

Subd. 5. **Grant awards; limitations.** ~~(a) The commissioner must award grants under this section to eligible communities through a competitive grant process.~~

~~(b)~~ (a) A grant awarded to an eligible community under this section must not exceed $500,000 in any calendar year. The commissioner may accept grant applications on an ongoing or rolling basis.

~~(c)~~ (b) Grants funded with revenues from the renewable development account established in section 116C.779 must be awarded to an eligible community located within the retail electric service territory of the public utility that is subject to section 116C.779 or to an eligible community in which an electric generating plant owned by that public utility is located.

Sec. 3. Minnesota Statutes 2020, section 216B.16, subdivision 13, is amended to read:

Subd. 13. **Economic and community development.** The commission may allow a public utility to recover from ratepayers the reasonable expenses incurred (1) for economic and community development, and (2) to employ local workers, as defined in section 216B.2422, subdivision 1, to construct and maintain generation facilities that supply power to the utility's customers.

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

Sec. 4. Minnesota Statutes 2020, section 216B.1645, subdivision 2, is amended to read:

Subd. 2. **Cost recovery.** The expenses incurred by the utility over the duration of the approved contract or useful life of the investment ~~and~~, expenditures made pursuant to section 116C.779 ~~shall be~~, and the expenses incurred to employ local workers to construct and maintain generation facilities that supply power to the utility's customers are recoverable from the ratepayers of the utility~~,~~ (1) to the extent ~~they~~ the expenses or expenditures are not offset by utility revenues attributable to the contracts, investments, or expenditures, and (2) if the expenses or expenditures are deemed reasonable by the commission. Upon petition by a public utility, the commission shall approve or approve as modified a rate schedule providing for the automatic adjustment of charges to recover the expenses or costs approved by the commission under subdivision 1, which, in the case of transmission expenditures, are limited to the portion of actual transmission costs that are directly allocable to the need to transmit power from the renewable sources of energy. The commission may not approve recovery of the costs for that portion of the power generated from sources governed by this section that the utility sells into the wholesale market.

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

Sec. 5. Minnesota Statutes 2020, section 216B.1691, subdivision 9, is amended to read:

Subd. 9. **Local benefits.** The commission shall take all reasonable actions within ~~its~~ the commission's statutory authority to ensure this section is implemented to maximize benefits to Minnesota citizens and local workers, as defined in section 216B.2422, subdivision 1, balancing factors such as local ownership of or participation in energy production~~,~~; local job impacts, as defined in section 216B.2422, subdivision 1; development and ownership of eligible energy technology facilities by independent power producers~~,~~; Minnesota utility ownership of eligible energy technology facilities~~,~~; the costs of energy generation to satisfy the renewable standard~~,~~; and the reliability of electric service to Minnesotans.

Sec. 6. Minnesota Statutes 2020, section 216B.2422, subdivision 1, is amended to read:

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

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

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

(1) wind;

(2) solar;

(3) geothermal;

(4) hydro;

(5) trees or other vegetation;

(6) landfill gas; or

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

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

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

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

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

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

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

(2) is composed of stationary equipment;

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

(4) achieves any of the following:

(i) reduces peak or electrical demand;

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

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

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

(g) "Local job impacts" means the impacts of a certificate of need, a power purchase agreement, or commission approval of a new or refurbished energy facility on the availability of construction employment opportunities to local workers.

(h) "Local workers" means workers who (1) are employed to construct and maintain energy infrastructure; and (2) are Minnesota residents, are residents of the utility's service territory, or permanently reside within 150 miles of a proposed new or refurbished energy facility.

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

Sec. 7. Minnesota Statutes 2020, section 216B.2422, is amended by adding a subdivision to read:

Subd. 4a. **Preference for local job creation.** As part of a resource plan filing, a utility must report on associated local job impacts and the steps the utility and the utility's energy suppliers and contractors are taking to maximize the availability of construction employment opportunities for local workers. The commission must consider local job impacts and give preference to proposals that maximize the creation of construction employment opportunities for local workers, consistent with the public interest, when evaluating any utility proposal that involves the selection or construction of facilities used to generate or deliver energy to serve the utility's customers, including but not limited to an integrated resource plan, a certificate of need, a power purchase agreement, or commission approval of a new or refurbished electric generation facility. The commission must, to the maximum extent possible, prioritize the hiring of workers from communities hosting retiring electric generation facilities, including workers previously employed at the retiring facilities.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to an integrated resource plan filed with the commission on or after that date.

Sec. 8. Minnesota Statutes 2020, section 216B.2422, subdivision 5, is amended to read:

Subd. 5. **Bidding; exemption from certificate of need proceeding.** (a) A utility may select resources to meet its projected energy demand through a bidding process approved or established by the commission. A utility shall use the environmental cost estimates determined under subdivision 3 ~~in~~ and consider local job impacts when evaluating bids submitted in a process established under this subdivision.

(b) Notwithstanding any other provision of this section, if an electric power generating plant, as described in section 216B.2421, subdivision 2, clause (1), is selected in a bidding process approved or established by the commission, a certificate of need proceeding under section 216B.243 is not required.

(c) A certificate of need proceeding is also not required for an electric power generating plant that has been selected in a bidding process approved or established by the commission, or such other selection process approved by the commission, to satisfy, in whole or in part, the wind power mandate of section 216B.2423 or the biomass mandate of section 216B.2424.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to an integrated resource plan filed with the commission on or after that date.

Sec. 9. Minnesota Statutes 2020, section 216C.435, subdivision 8, is amended to read:

Subd. 8. **Qualifying commercial real property.** "Qualifying commercial real property" means a multifamily residential dwelling, ~~or~~ 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 ~~or~~, renewable energy system feasibility study, or agronomic assessment, as defined in section 216C.436, subdivision 1b, can ~~be benefited by~~ benefit from the installation of cost-effective energy improvements or land and water improvements, as defined in section 216C.436, subdivision 1b. Qualifying commercial real property includes new construction.

Sec. 10. Minnesota Statutes 2020, section 216C.436, is amended by adding a subdivision 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 is permanent, results in improved agricultural profitability or resiliency, and reduces the environmental impact of agricultural production; 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.

Land and water improvement does not include drainage.

(e) "Resiliency" means the ability of farmland to maintain and enhance profitability, soil health, and water quality.

Sec. 11. Minnesota Statutes 2020, 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 ~~or,~~ renewable energy system feasibility 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 of all installations and a performance verification of at least ten percent of the cost-effective energy improvements or land and water improvements financed by the program;

(4) not prohibit the financing of all cost-effective energy improvements or land and water improvements not otherwise prohibited by this section;

(5) require that all cost-effective energy 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 improvements or land and water improvements for that property;

(6) have cost-effective energy 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 to borrowers by the implementing entity of the risks involved in borrowing, including the risk of foreclosure if a tax delinquency results from a default;

(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; ~~and~~

(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. 12. **[216C.441] MINNESOTA INNOVATION FINANCE AUTHORITY.**

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

(b) "Advisory task force" means the Minnesota Innovation Finance Authority advisory task force.

(c) "Authority" means the Minnesota Innovation Finance Authority.

(d) "Clean energy project" has the meaning given to "qualified project" in paragraph (k), clauses (1) to (4).

(e) "Credit enhancement" means a pool of capital set aside to cover potential losses on loans made by private lenders. Credit enhancement includes but is not limited to loan loss reserves and loan guarantees.

(f) "Energy storage system" has the meaning given in section 216B.2422, subdivision 1, paragraph (f).

(g) "Fuel cell" means a cell that converts the chemical energy of hydrogen directly into electricity through electrochemical reactions.

(h) "Greenhouse gas emissions" has the meaning given to "statewide greenhouse gas emissions" in section 216H.01, subdivision 2.

(i) "Loan loss reserve" means a pool of capital set aside to reimburse a private lender if a customer defaults on a loan, up to an agreed-upon percentage of loans originated by the private lender.

(j) "Microgrid system" means an electrical grid that (1) serves a discrete geographical area from distributed energy resources, and (2) can operate independently from the central electric grid on a temporary basis.

(k) "Qualified project" means a project, technology, product, service, or measure predominantly focused on clean energy, electrification, or energy or climate resilience as follows:

(1) a project, technology, product, service, or measure that:

(i) results in the reduction of energy use while providing the same level of service or output obtained before the project, technology, product, service, function, or measure was applied;

(ii) shifts the use of electricity by retail customers in response to changes in the price of electricity that vary over time or provides other incentives designed to shift electricity demand from times when market prices are high or when system reliability is jeopardized; or

(iii) significantly reduces greenhouse gas emissions relative to greenhouse gas emissions produced before the project is implemented, excluding projects that generate power from the combustion of fossil fuels;

(2) the development, construction, deployment, alteration, or repair of any:

(i) project, technology, product, service, or measure that generates electric power from renewable energy; or

(ii) distributed generation system, energy storage system, smart grid technology, microgrid system, fuel cell system, or combined heat and power system;

(3) the installation, construction, or use of end-use electric technology that replaces existing fossil-fuel-based technology;

(4) a project, technology, product, service, or measure that supports the development and deployment of electric vehicle charging stations and associated infrastructure;

(5) a project that reduces net greenhouse gas emissions or improves climate resiliency, including but not limited to reforestation, afforestation, forestry management, and regenerative agriculture;

(6) the construction or enhancement of infrastructure that is planned, designed, and operated in a manner that anticipates, prepares for, and adapts to current and projected changing climate conditions so that the infrastructure withstands, responds to, and more readily recovers from disruptions caused by the current and projected changing climate conditions; and

(7) the development, construction, deployment, alteration, or repair of any project, technology, product, service, or measure that: (i) reduces water use while providing the same or better level and quality of service or output that was obtained before implementing the water-saving approach; or (ii) protects, restores, or preserves the quality of groundwater and surface waters, including but not limited to actions that further the purposes of the Clean Water Legacy Act, as provided in section 114D.10, subdivision 1.

(l) "Regenerative agriculture" means farming methods that reduce agriculture's contribution to climate change by increasing the soil's ability to absorb atmospheric carbon and convert the atmospheric carbon to soil carbon.

(m) "Renewable energy" has the meaning given in section 216B.2422 and includes fuel cells generated from renewable energy.

(n) "Smart grid" means a digital technology that (1) allows for two-way communication between a utility and the utility's customers, and (2) enables the utility to control power flow and load in real time.

Subd. 2. **Establishment; purpose.** (a) By September 1, 2022, the department must establish and convene a Minnesota Innovation Finance Authority Advisory Task Force.

(b) By February 1, 2023, the Minnesota Innovation Finance Authority Advisory Task Force convened by the department must establish the Minnesota innovation finance authority as a nonprofit corporation, including the development of the nonprofit board under chapter 317A, and must seek designation as a charitable tax-exempt organization under section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The advisory task force must engage independent legal counsel with relevant experience in nonprofit corporate law to help establish the nonprofit corporation. The nonprofit corporation must be governed by a board of directors.

(c) The authority must establish bylaws, subject to the prior approval by the commissioner.

(d) The initial board of directors must include at least a majority of the members of the advisory task force established under subdivision 5.

(e) When incorporated, the authority must serve as an independent, nonprofit corporation for public benefit whose purpose is to (1) promote investments in qualified clean energy, efficiency, electrification, and other climate-mitigation-related projects, and (2) accelerate the deployment of qualified projects by reducing the up-front and total cost of adoption. The authority may achieve the purposes under this paragraph by leveraging public sources and additional private sources of capital through the strategic deployment of public money in the form of loans, credit enhancements, and other financing mechanisms, along with strategies that stimulate demand.

(f) The authority must:

(1) identify underserved markets for qualified projects in Minnesota, develop programs to overcome market impediments, and provide access to financing to serve the projects and underserved markets;

(2) except in cases of projects within identified disadvantaged communities, as determined by the commissioner, that may limit an investment, strategically prioritize money to leverage private investment in qualified projects, achieving a high ratio of private to public money invested through funding mechanisms that support, enhance, and complement private investment;

(3) coordinate with existing government- and utility-based programs to ensure (i) the most effective use of the authority's resources, (ii) that financing terms and conditions offered are well-suited to qualified projects, (iii) coordination of communication with respect to all financing options under this section and other state and utility programs, and (iv) the authority's activities add to and complement the efforts of state and utility partners;

(4) serve as an informational resource for contractors interested in installing qualified projects by forming partnerships with and educating contractors regarding the authority's financing programs and coordinating multiple contractors on projects that install multiple qualifying technologies;

(5) develop innovative and inclusive marketing strategies to stimulate project owner interest in targeted underserved markets;

(6) serve as a financial resource to reduce the up-front and total costs to borrowers;

(7) prioritize projects that maximize greenhouse gas emission reductions or address disparities in access to clean energy projects for underserved communities;

(8) ensure that workers employed by contractors and subcontractors performing construction work on projects over $100,000, financed all or in part by the authority, are paid wages not less than the prevailing wage on similar construction projects in the applicable locality;

(9) develop rules, policies, and procedures specifying borrower eligibility and other terms and conditions for financial support offered by the fund that must be met before financing support is provided for any qualified clean energy project;

(10) develop and administer (i) policies to collect reasonable fees for authority services, and (ii) risk management activities that are sufficient to support ongoing authority activities;

(11) subject to review by the department, develop and adopt a work plan to accomplish all of the activities required of the authority and update the work plan on an annual basis;

(12) develop consumer protection standards governing the authority's investments to ensure the authority and partners provide financial support in a responsible and transparent manner that is in the financial interest of participating project owners and serves the defined underserved markets and disadvantaged communities; or

(13) establish and maintain an online and mobile-access portal that provides access to all authority programs and financial products, including rates, terms, and conditions of all financing support programs, unless disclosure of the information constitutes a trade secret or confidential commercial or financial information.

Subd. 3. **Additional department responsibilities.** In addition to the responsibilities listed in this chapter, the department must:

(1) review consumer protection standards established by the authority; and

(2) provide standard state oversight to money appropriated under this section.

Subd. 4. **Additional authorized activities.** The authority is authorized to:

(1) engage in any activities of a Minnesota nonprofit corporation operating under chapter 317A;

(2) develop and employ financing methods to support qualified projects, including:

(i) credit enhancement mechanisms that reduce financial risk for private lenders by providing assurance that a limited portion of a loan is assumed by the fund via a loan loss reserve, loan guarantee, or other mechanism;

(ii) co-investment, where the fund invests directly in a clean energy project by providing senior or subordinated debt, equity, or other mechanisms in conjunction with a private financier's investment; and

(iii) serving as an aggregator of many small and geographically dispersed qualified projects, where the authority may provide direct lending, investment, or other financial support in order to diversify risk; and

(3) seek to qualify as a community development financial institution under United States Code, title 12, section 4702, in which case the authority must be treated as a qualified community development entity for the purposes of sections 45D and 1400(m) of the Internal Revenue Code.

Subd. 5. **Advisory task force; membership.** (a) The Minnesota Innovation Finance Authority Advisory Task Force is established and consists of 15 members as follows:

(1) the commissioner of commerce or the commissioner's designee, who serves as chair of the advisory task force;

(2) the commissioner of employment and economic development or the commissioner's designee;

(3) the commissioner of the Pollution Control Agency or the commissioner's designee;

(4) the commissioner of agriculture or the commissioner's designee;

(5) two additional members appointed by the governor;

(6) two additional members appointed by the speaker of the house;

(7) two additional members appointed by the president of the senate; and

(8) five members that have extensive life or work experience within economically disadvantaged communities that the authority aims to serve, appointed by the governor and the commissioners identified in clauses (1) to (4).

(b) The members appointed to the advisory task force under paragraph (a), clauses (6) and (7), must have expertise in matters relating to energy conservation, clean energy, economic development, banking, law, finance, or other matters relevant to the work of the advisory task force.

(c) When appointing a member to the advisory task force, consideration must be given to whether the advisory task force members collectively reflect the geographical and ethnic diversity of Minnesota.

(d) Members of the advisory task force must abide by the conflict of interest provisions in section 43A.38.

(e) In order to ensure participation, the commissioner may provide a nominal grant to any advisory task force member that demonstrates financial need in order to participate.

Subd. 6. **Report; audit.** Beginning February 1, 2024, the authority must annually submit a comprehensive report on the authority's activities for the previous fiscal year to the governor and the chairs and ranking minority members of the legislative committees with primary jurisdiction over energy policy. The report must contain, at a minimum, information on:

(1) the amount of authority capital invested, itemized by project type;

(2) the amount of private capital leveraged as a result of authority investments, itemized by project type;

(3) the number of qualified projects supported, itemized by project type and location within Minnesota;

(4) the estimated number of jobs created and tax revenue generated as a result of the authority's activities;

(5) the number of clean energy projects financed in low- and moderate-income households; and

(6) the authority's financial statements.

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

Sec. 13. **[216C.46] ENERGY ALLEY START-UP FUND.**

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

(b) "Decarbonization technology" means a technology whose implementation results in a reduction in statewide greenhouse gas emissions, as defined in section 216H.01, subdivision 2.

(c) "Emerging energy technology" means carbon-reducing energy technologies, systems, or practices that are not yet at the commercialization stage.

(d) "Qualified equity business" means a minority-, women-, or veteran-owned business, as the terms are defined in section 116J.8737.

(e) "Qualified greater Minnesota business" means a business that is certified by the commissioner as a qualified small business and as a qualified greater Minnesota business under section 116J.8737, subdivision 2.

Subd. 2. **Establishment; purpose.** An energy alley start-up fund account is established in the Department of Commerce to provide loans and grants to qualified businesses to:

(1) promote the start-up, expansion, and attraction of emerging energy technologies and businesses within Minnesota; and

(2) stimulate other innovative decarbonization technology projects that are capable of being developed at a large scale.

Subd. 3. **Account established.** An energy alley start-up fund account is established in the special revenue fund in the state treasury. Earnings, including interest, dividends, and any other earnings arising from assets of the account, must be credited to the account. Nonstate money obtained by the commissioner for the purposes of this section must be credited to the account. The commissioner must manage the account. Money in the account is appropriated to the commissioner for the purposes of this section and must be expended only as provided in this section.

Subd. 4. **Nonstate contributions; influence prohibited.** (a) The commissioner must ensure any nonstate money deposited in the account, and the sources of nonstate money, have no influence over (1) awarding grants or loans, or (2) other activities conducted under this section.

(b) The commissioner may retain no more than three percent annually of money credited to the account for the department's administrative expenses.

Subd. 5. **Allocation of funds.** Money in the account must be allocated as follows:

(1) at least 50 percent to qualified greater Minnesota businesses or qualified equity businesses;

(2) up to 65 percent to establish a low-interest loan fund and loan loss reserve;

(3) at least 35 percent to provide grants under this section.

Subd. 6. **Loans.** (a) Loan recipients must repay loan amounts awarded under this section by the end of the loan term. Loan repayment amounts must be credited to the account. The department may use up to ten percent of the low-interest land funds or 6.5 percent of total money available, whichever is greater, under this section to: (1) establish a loan loss reserve in order to leverage additional investments; (2) ensure funding for emerging, innovative energy products; and (3) ensure accessibility by small businesses.

(b) No loans may be awarded under this section after June 30, 2025.

Subd. 7. **Application process.** (a) An application for a grant or loan under this section must be made to the commissioner on a form developed by the commissioner.

(b) An application made under this section must be evaluated by the investment committee established under subdivision 10.

(c) The commissioner must develop administrative procedures necessary to implement this section.

Subd. 8. **Grant awards; limitations.** (a) The commissioner must award grants under this section to eligible applicants through a competitive process.

(b) An eligible entity must be (1) located in Minnesota, or (2) able to demonstrate how the grant directly and significantly benefits Minnesotans in a manner that meets criteria established by the commissioner.

Subd. 9. **Technical advisory committee; membership.** (a) The commissioner must establish and appoint members to the technical advisory committee to assist in the development of criteria governing the award of grants under this section. The technical advisory committee must have expertise in energy research and development, energy conservation, clean energy technology development, economic development, or energy project financing.

(b) The commissioner must appoint members to the technical advisory committee who collectively reflect the geographic and ethnic diversity of Minnesota.

(c) Members of the technical advisory committee must comply with the conflicts of interest provisions under section 43A.38.

Subd. 10. **Investment committee; duties; membership.** (a) The commissioner, in consultation with the commissioner of employment and economic development, must establish and appoint members to an investment committee to review and recommend applications for grant and loan awards under this section.

(b) The investment committee must consist of seven members with expertise and experience in investments and finance. The commissioner or the commissioner's designee, and the commissioner of employment and economic development or the commissioner of employment and economic development's designee, must serve as members of the investment committee. The commissioner or the commissioner's designee serves as chair of the investment committee.

(c) The commissioner must appoint members of the investment committee who collectively reflect the geographic and ethnic diversity of Minnesota.

(d) Members of the investment committee must comply with the conflicts of interest provisions under section 43A.38. Entities represented by members of the investment committee are ineligible to receive grants under this section.

Subd. 11. **Annual report; audit.** On or before February 15, 2024, and by February 15 each year thereafter, the commissioner must report on the activities of the fund for the preceding calendar year to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over energy finance and policy and economic development finance. The report must include but is not limited to information specifying:

(1) the number of applications for funding received;

(2) the number of applications selected for grants and loans;

(3) the total amount of grants and loans issued in the previous year and to date, itemized by project type; and

(4) a complete operating and financial statement covering the fund's operations for the preceding year.

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

Sec. 14. **[216C.47] GRANTS FOR RENEWABLE INTEGRATION AND DEMONSTRATION.**

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

(b) "Grid modernization" means:

(1) enhancing electric grid service quality and reliability;

(2) improving the security of the electric grid and critical infrastructure against cyberthreats and physical threats; and

(3) increasing energy conservation opportunities by facilitating communication between the utility and the utility's customers through the use of two-way meters, control technologies, energy storage and microgrids, technologies that enable demand flexibility, and other innovative technologies.

(c) "Renewable energy" has the meaning given in section 216B.2422, subdivision 1, paragraph (c).

Subd. 2. **Establishment; purpose.** A grants for renewable integration and demonstration program is established in the department. The purpose of the program is to provide grants for projects to:

(1) stimulate research, deployment, and grid integration of renewable electric energy technologies;

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

(3) stimulate other innovative energy projects that (i) reduce demand, and (ii) increase system efficiency and flexibility to benefit customers of the utility that owns nuclear generating units in Minnesota.

Subd. 3. **Program account.** A grants for renewable integration and demonstration program account is established as a separate account in the special revenue fund in the state treasury.

Subd. 4. **Expenditures.** Money in the account may be used only:

(1) for grant awards made under this section;

(2) for costs to procure technical evaluation services; and

(3) to pay reasonable costs incurred by the department to administer this section.

Subd. 5. **Eligibility.** The commissioner must determine whether a project is eligible for a grant under this section. When evaluating a project for approval, the commissioner must consider:

(1) diversity, equity, and inclusion;

(2) greenhouse gas emissions;

(3) resiliency value;

(4) grid security;

(5) jobs and economic development; and

(6) other potential benefits to Minnesota citizens and businesses, ratepayers receiving electric service from the utility that owns a nuclear-powered electric generating plant in Minnesota, the Prairie Island Indian community, or Prairie Island Indian community members.

Subd. 6. **Reporting.** (a) A project that receives money from a grant approved under this section 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 Minnesota and the public utility's ratepayers.

(b) Final reports, any project status reports, and grants for renewable integration and demonstration program balances must be posted on a public website designated by the commissioner.

(c) 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.

(d) By February 15 each year, the commissioner must report to the chairs and ranking minority members of the legislative committees with primary jurisdiction over energy regarding: (1) grants issued under this section during the previous calendar year; and (2) any remaining balance available under this section.

Subd. 7. **Gifts; grants; donations.** The program may accept gifts and grants on behalf of the state that constitute donations to the state. Money received under this subdivision is appropriated to the commissioner of commerce to support the program under this section.

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

Sec. 15. Minnesota Statutes 2020, section 216E.03, subdivision 7, is amended to read:

Subd. 7. **Considerations in designating sites and routes.** (a) The commission's site and route permit determinations must be guided by the state's goals to conserve resources, minimize environmental impacts, minimize human settlement and other land use conflicts, and ensure the state's electric energy security through efficient, cost-effective power supply and electric transmission infrastructure.

(b) To facilitate the study, research, evaluation, and designation of sites and routes, the commission shall be guided by, but not limited to, the following considerations:

(1) evaluation of research and investigations relating to the effects on land, water and air resources of large electric power generating plants and high-voltage transmission lines and the effects of water and air discharges and electric and magnetic fields resulting from such facilities on public health and welfare, vegetation, animals, materials and aesthetic values, including baseline studies, predictive modeling, and evaluation of new or improved methods for minimizing adverse impacts of water and air discharges and other matters pertaining to the effects of power plants on the water and air environment;

(2) environmental evaluation of sites and routes proposed for future development and expansion and their relationship to the land, water, air and human resources of the state;

(3) evaluation of the effects of new electric power generation and transmission technologies and systems related to power plants designed to minimize adverse environmental effects;

(4) evaluation of the potential for beneficial uses of waste energy from proposed large electric power generating plants;

(5) analysis of the direct and indirect economic impact of proposed sites and routes including, but not limited to, productive agricultural land lost or impaired;

(6) evaluation of adverse direct and indirect environmental effects that cannot be avoided should the proposed site and route be accepted;

(7) evaluation of alternatives to the applicant's proposed site or route proposed pursuant to subdivisions 1 and 2;

(8) evaluation of potential routes that would use or parallel existing railroad and highway rights-of-way;

(9) evaluation of governmental survey lines and other natural division lines of agricultural land so as to minimize interference with agricultural operations;

(10) evaluation of the future needs for additional high-voltage transmission lines in the same general area as any proposed route, and the advisability of ordering the construction of structures capable of expansion in transmission capacity through multiple circuiting or design modifications;

(11) evaluation of irreversible and irretrievable commitments of resources should the proposed site or route be approved; ~~and~~

(12) when appropriate, consideration of problems raised by other state and federal agencies and local entities~~.~~;

(13) evaluation of the benefits of the proposed facility with respect to protecting and enhancing environmental quality, and to the reliability of state and regional energy supplies;

(14) evaluation of the proposed facility's impact on socioeconomic factors; and

(15) evaluation of the proposed facility's employment and economic impacts in the vicinity of the facility site and throughout the state, including the quantity and quality of construction and permanent jobs and the jobs' compensation levels. 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 factors under this clause.

(c) If the commission's rules are substantially similar to existing regulations of a federal agency to which the utility in the state is subject, the federal regulations must be applied by the commission.

(d) No site or route shall be designated which violates state agency rules.

(e) The commission must make specific findings that it has considered locating a route for a high-voltage transmission line on an existing high-voltage transmission route and the use of parallel existing highway right-of-way and, to the extent those are not used for the route, the commission must state the reasons.

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

Sec. 16. Minnesota Statutes 2020, section 216E.03, subdivision 10, is amended to read:

Subd. 10. **Final decision.** (a) No site permit shall be issued in violation of the site selection standards and criteria established in this section and in rules adopted by the commission. When the commission designates a site, it shall issue a site permit to the applicant with any appropriate conditions. The commission shall publish a notice of its decision in the State Register within 30 days of issuance of the site permit.

(b) No route permit shall be issued in violation of the route selection standards and criteria established in this section and in rules adopted by the commission. When the commission designates a route, it shall issue a permit for the construction of a high-voltage transmission line specifying the design, routing, right-of-way preparation, and facility construction it deems necessary, and with any other appropriate conditions. The commission may order the construction of high-voltage transmission line facilities that are capable of expansion in transmission capacity through multiple circuiting or design modifications. The commission shall publish a notice of its decision in the State Register within 30 days of issuance of the permit.

(c) No site permit may be issued under this chapter for a large electric power generating plant, including the modification of a site permit for a repowering project, as defined in section 216B.243, subdivision 8, paragraph (b), unless the applicant certifies to the commission in writing that all employees who perform construction work on the large electric power generating plant, including the employees of contractors and subcontractors, are paid no less than the prevailing wage, as defined in section 177.42.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to a site permit, or the modification of a site permit for a repowering project, whose application is filed with the commission on or after that date.

Sec. 17. Minnesota Statutes 2020, section 216F.04, is amended to read:

216F.04 SITE PERMIT.

(a) No person may construct an LWECS without a site permit issued by the Public Utilities Commission.

(b) Any person seeking to construct an LWECS shall submit an application to the commission for a site permit in accordance with this chapter and any rules adopted by the commission. The permitted site need not be contiguous land.

(c) The commission shall make a final decision on an application for a site permit for an LWECS within 180 days after acceptance of a complete application by the commission. The commission may extend this deadline for cause.

(d) The commission may place conditions in a permit and may deny, modify, suspend, or revoke a permit.

(e) No site permit may be issued for an LWECS with a combined nameplate capacity of 25,000 kilowatts or more under this chapter, including the modification of a site permit for a repowering project, as defined in section 216B.243, subdivision 8, paragraph (b), unless the applicant certifies in writing to the commission that all employees who perform construction work on the LWECS, including the employees of contractors and subcontractors, are paid no less than the prevailing wage, as defined in section 177.42.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to a site permit, or the modification of a site permit for a repowering project, whose application is filed with the commission on or after that date.

ARTICLE 24
GREENHOUSE GAS EMISSIONS

Section 1. Minnesota Statutes 2020, section 216B.2422, subdivision 3, is amended to read:

Subd. 3. **Environmental costs.** (a) The commission shall, ~~to the extent practicable~~ using the best available scientific and economic information and data, quantify and establish a range of environmental costs associated with each method of electricity generation. The commission must (1) adopt and apply the interim cost of greenhouse gas emissions valuations presented in Technical Support Document: Social Cost of Carbon, Methane, and Nitrous Oxide Interim Estimates, released by the federal government in February 2021, adopting the 300-year time horizon and the full range of discount rates from 2.5 to five percent, with three percent as the central estimate; and (2) update the parameters as necessary to conform with updates released by the federal Interagency Working Group on the Social Cost of Greenhouse Gases, or the working group's successors, that are above the February 2021 interim valuations.

(b) When evaluating and selecting resource options in all proceedings before the commission, including but not limited to proceedings regarding power purchase agreements, resource plans, and certificates of need, a utility ~~shall~~ must use the values established by the commission ~~in conjunction with other external factors, including socioeconomic costs, when evaluating and selecting resource options in all proceedings before the commission, including resource plan and certificate of need proceedings.~~ under this subdivision to quantify and monetize greenhouse gas and other emissions from the full lifecycle of fuels used for in-state or imported electricity generation, including extraction, processing, transport, and combustion.

(c) When evaluating resource options, the commission must include and consider the environmental cost values adopted under this subdivision. When considering the costs of a nonrenewable energy facility under this section, the commission must consider only nonzero values for the environmental costs analyzed under this subdivision, including both the low and high values of any cost range adopted by the commission.

~~(b) The commission shall establish interim environmental cost values associated with each method of electricity generation by March 1, 1994. These values expire on the date the commission establishes environmental cost values under paragraph (a).~~

EFFECTIVE DATE. This section is effective August 1, 2022, and applies to dockets initiated at the Public Utilities Commission on or after that date.

Sec. 2. **BUY CLEAN TASK FORCE.**

(a) No later than June 30, 2022, the commissioners of administration and transportation must establish an environmental standards procurement task force to examine issues surrounding the implementation of a program requiring vendors of certain construction materials purchased by the state to:

(1) submit environmental product declarations that assess the lifecycle environmental impacts of the construction materials to state officials as part of the procurement process; and

(2) meet standards established by the commissioner of administration that limit greenhouse gas emissions impacts of the construction materials.

(b) The task force must examine, at a minimum, the following issues:

(1) which construction materials should be subject to the program requirements;

(2) what factors should be considered in establishing greenhouse gas emissions standards;

(3) a schedule to develop standards for specific materials and incorporate the standards into the purchasing process;

(4) the development and use of financial incentives to reward vendors for developing products whose greenhouse gas emissions are below the standards;

(5) the provision of grants to defer a vendor's cost to obtain environmental product declarations;

(6) how the issues in clauses (1) to (5) are addressed by existing programs in other states and countries; and

(7) any other issues the task force deems relevant.

(c) The advisory committee must include two members of the house of representatives appointed by the speaker of the house of representatives and two members of the senate appointed by the senate majority leader. The commissioners of administration and transportation must appoint additional members of the advisory committee, who must include but may not be limited to representatives of:

(1) the Departments of Administration and Transportation;

(2) the Center for Sustainable Building Research at the University of Minnesota;

(3) manufacturers of eligible materials;

(4) suppliers of eligible materials;

(5) building and transportation construction firms;

(6) organized labor in the construction trades;

(7) organized labor representing materials manufacturing workers; and

(8) environmental advocacy organizations.

(d) The Department of Administration must provide meeting space and serve as staff to the advisory committee.

(e) The commissioner of administration, or the commissioner's designee, shall serve as chair of the advisory committee. The advisory committee must meet at least four times annually and must convene additional meetings at the call of the chair.

(f) The commissioner of administration must summarize the findings and recommendations of the task force in a report submitted to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over state government, transportation, and energy no later than January 1, 2023.

(g) The advisory committee is subject to section 15.059, subdivision 6.

(h) For the purposes of this section, "environmental product declaration" means a supply-chain-specific type III environmental product declaration that:

(1) contains a lifecycle assessment of the environmental impacts of manufacturing a specific product by a specific firm, including the impacts of extracting and producing the raw materials and components that compose the product;

(2) is verified and registered by a third party; and

(3) meets the ISO 14025 standard developed and maintained by the International Organization for Standardization (ISO).

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

Sec. 3. **LOCAL CLIMATE ACTION GRANT PROGRAM.**

Subdivision 1. **Definitions.** For the purpose of this section, the following terms have the meanings given:

(1) "climate change" means a change in global or regional climate patterns associated with increased levels of greenhouse gas emissions entering the atmosphere largely as a result of human activity;

(2) "commissioner" means the commissioner of the Pollution Control Agency;

(3) "greenhouse gas emission" means an emission of carbon dioxide, methane, nitrous oxide, chlorofluorocarbons, hydrofluorocarbons, sulfur hexafluoride, and other gases that trap heat in the atmosphere; and

(4) "political subdivision" means a county, home rule charter or statutory city, town, or school district.

Subd. 2. **Establishment.** The commissioner must establish a local climate action grant program in the Pollution Control Agency. The purpose of the program is to provide grants to encourage political subdivisions to address climate change by developing and implementing plans of action or creating new organizations and institutions to devise policies and programs that:

(1) seek to mitigate the impacts of climate change on the political subdivision; or

(2) reduce the political subdivision's contributions to the causes of climate change.

Subd. 3. **Application.** (a) Application for a grant under this section must be made to the commissioner on a form developed by the commissioner. The commissioner must develop procedures to (1) solicit and review applications, and (2) award grants under this section.

(b) Eligible applicants for a grant under this section must be located in or conduct the preponderance of the applicant's work in the locality where the grant activities are to take place. Eligible applicants include political subdivisions, organizations that are exempt from taxation under section 501(c)(3) of the Internal Revenue Code, and educational institutions.

Subd. 4. **Awarding grants.** When awarding grants under this section, the commissioner must give preference to proposals that seek to involve a broad array of community residents, organizations, and institutions in the political subdivision's efforts to address climate change.

Subd. 5. **Grant amounts.** (a) A grant awarded under this section must not exceed $50,000.

(b) A grant awarded under this section for activities taking place at a county-wide level or in a city or town with a population that exceeds 20,000 must be matched 100 percent with local funding.

(c) A grant awarded under this section for activities taking place in a city or town with a population that is less than 20,000 or in a school district must be matched a minimum of five percent with local funding or equivalent in-kind services.

Subd. 6. **Eligible expenditures.** Appropriations made to support the activities of this section may be used only to:

(1) provide grants under this section; and

(2) reimburse the reasonable expenses incurred by the Pollution Control Agency to administer the grant program.

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

ARTICLE 25
MISCELLANEOUS

Section 1. Minnesota Statutes 2020, 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.

(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 following any year in which the commission has acted on recommendations submitted by the advisory group and the public utility. 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) 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 money 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) 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) 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) Of the amount in the renewable development account, priority must be given to making the payments required under section 216C.417.

Sec. 2. **[216C.391] MINNESOTA STATE COMPETITIVENESS FUND.**

Subdivision 1. **Establishment; purpose.** (a) A state competitiveness fund account is created in the special revenue fund of the state treasury. The commissioner must credit to the account appropriations and transfers to the account. Earnings, such as 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 expended. The commissioner must manage the account.

(b) The money in the account must be used to:

(1) meet requirements to match federal funds awarded to the state by the United States Department of Energy or another federal entity;

(2) increase Minnesota's ability to successfully compete for federal funds;

(3) assist eligible entities to access available federal funds; or

(4) pay the reasonable costs incurred by the department to:

(i) pursue and administer energy-related federal funds; and

(ii) assist eligible grantees in the pursuit and management of energy-related federal funds.

(c) State matching grants may be awarded to eligible entities, as defined by the federal fund source, with priority given in the following order:

(1) federal formula funds directed to the state that require a match;

(2) federal formula or competitive funds in which a state match allows disadvantaged communities, utilities, or businesses to be competitive in the pursuit of funding; and

(3) all other competitive or formula grant opportunities in which matching state funds enhance or enable federal dollars to be leveraged.

(d) By August 1, 2022, the department must establish and convene a Minnesota State Competitiveness Fund Advisory Task Force.

(e) By October 1, 2022, the advisory task force must develop administrative procedures governing the determination of state grants so that the grant money is prioritized, to the extent practicable, in an equitable manner.

Subd. 2. **Advisory task force; membership.** (a) The Minnesota State Competitiveness Fund Advisory Task Force is established and consists of 13 members as follows:

(1) the commissioner of commerce or the commissioner's designee, who serves as a nonvoting chair of the advisory task force;

(2) the chair of the house of representatives committee having jurisdiction over energy finance and policy or the chair's designee;

(3) the chair of the senate committee having jurisdiction over energy finance and policy or the chair's designee;

(4) the chair of the Public Utilities Commission or the chair's designee, as a nonvoting member; and

(5) nine members determined by the commissioner and chairs that represent the following interests and entities:

(i) two members representing Minnesota utilities;

(ii) one member representing labor;

(iii) two members representing energy justice, rural, low-income, or historically disadvantaged communities;

(iv) one member representing clean energy businesses;

(v) one member representing manufacturing;

(vi) one member representing higher education; and

(vii) one member with policy or implementation expertise on workforce development for displaced energy workers or persons from low-income or environmental justice communities.

(b) A voting member serving on the Minnesota State Competitiveness Fund Advisory Task Force and the voting member's respective organization are ineligible from receiving state matching funds authorized under this section. A nominal stipend may be provided from grant funds to participating members who would otherwise be unable to attend.

Subd. 3. **Report; audit.** Beginning February 15, 2024, and each year thereafter until February 15, 2035, the commissioner must report to the chairs and ranking minority members of the legislative committees with jurisdiction over energy finance and policy regarding: (1) grants and amounts awarded under this section during the previous year; and (2) the remaining balance available under this section and any additional funding opportunities that require additional funding beyond the remaining balance.

Sec. 3. **[216C.45] RESIDENTIAL ELECTRIC PANEL UPGRADE GRANTS; PILOT PROGRAM.**

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

(b) "Contractor" means a person licensed under section 326B.33 to perform work required under this section, or the licensed person's employer.

(c) "Electric panel" means a panel, including any subpanels, that consists of a main circuit breaker that regulates several other circuit breakers to prevent overloading and distributes electricity throughout a building.

(d) "Income eligible" means:

(1) a single-family residence whose residents received assistance from the federal Low-Income Home Energy Assistance Program during the most recent program year or who the commissioner determines are eligible to receive assistance under the federal Low-Income Home Energy Assistance Program; or

(2) a multifamily building in which at least 66 percent of the units are occupied by households whose income is 60 percent or less of the state median individual or household income, as applicable.

(e) "Multifamily building" means a building that contains two or more units.

(f) "Phase I" means the phase of the program established in this section that begins when the first grant application is received by the department and ends the later of one year after the date the first grant application is received or when 40 percent of funds appropriated to the program have been expended.

(g) "Phase II" means the phase of the program established in this section that begins when Phase I terminates and ends when the appropriation made under article 1, section 2, subdivision 2, paragraph (d), is exhausted.

(h) "Single-family residence" means a building that contains one unit or a manufactured home, as defined in section 327.31, subdivision 6.

(i) "Unit" means a residential living space occupied by an individual or a household.

(j) "Upgrade" means:

(1) for a single-family residence:

(i) the installation of equipment or devices required to bring an electrical panel to a total rating of not less than 200 amperes; and

(ii) the repair or replacement of the wiring attached to the equipment or devices in item (i) to ensure safe operation; or

(2) for a multifamily building:

(i) the installation of equipment or devices required to bring an electrical panel to a rating that allows for full electrification of the building, as described in National Electrical Code Section 220; and

(ii) the repair or replacement of the wiring attached to the equipment or devices in item (i) to ensure safe operation.

Subd. 2. **Program establishment.** A residential electric panel upgrade grant program is established as a pilot program in the department to provide financial assistance to owners of single-family residences and multifamily buildings to upgrade a residence's electric panel.

Subd. 3. **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 how eligibility is determined, applications are reviewed, and grants are awarded. The commissioner is the fiscal agent for the grant program and is responsible for reviewing applications and awarding grants under this section. The commissioner may contract with a third party to conduct some or all of the pilot program's operations.

Subd. 4. **Eligibility.** (a) In Phase I, an owner of a single-family residence that is income-eligible is eligible to receive a grant under this section.

(b) In Phase I, an owner of a multifamily building that is income-eligible is eligible to receive a grant under this section.

(c) In Phase II, all owners of single-family residences and multifamily buildings are eligible to receive a grant under this section, regardless of the income of the occupants of the building.

Subd. 5. **Grant awards.** (a) A grant may be awarded under this section to:

(1) an owner of a single-family residence or multifamily building;

(2) a contractor performing an upgrade, provided that the contractor submits to the commissioner written consent from the owner of the single-family residence or multifamily building receiving the upgrade to receive a grant on behalf of the owner; or

(3) a third party, provided that the third party submits to the commissioner written consent from the owner of the single-family residence or multifamily building receiving the upgrade to receive a grant on behalf of the owner.

(b) At the discretion of the commissioner, a grant may be awarded for a single-family home or multifamily building that is not income eligible under this section to reimburse the cost of an upgrade that has previously been installed.

Subd. 6. **Grant amount.** (a) A grant issued under this section must be used only to pay the full equipment and installation costs of an upgrade made by an owner, subject to the limits established in this subdivision.

(b) The maximum grant amount under this section that may be awarded per single-family residence that is:

(1) income eligible is $10,000; and

(2) not income eligible is $1,000.

(c) The grant amount under this section that may be awarded per multifamily building that is:

(1) income eligible is the sum of (i) $9,500, plus (ii) $500 multiplied by the number of units containing a separate electric panel that received an upgrade in the multifamily building, not to exceed $50,000 per multifamily building; and

(2) not income eligible is the sum of (i) $1,000, plus (ii) $500 multiplied by the number of units containing a separate electric panel that received an upgrade in the multifamily building, not to exceed $10,000 per multifamily building.

Subd. 7. **Limitation.** No more than one grant may be awarded to an owner under this section for work conducted at the same single-family residence or multifamily building.

Subd. 8. **Outreach.** The department must publicize the availability of grants under this section to, at a minimum:

(1) income-eligible households;

(2) community action agencies and other public and private nonprofit organizations that provide weatherization and other energy services to income-eligible households; and

(3) multifamily property owners and property managers.

Subd. 9. **Report.** (a) No later than 120 days after the date each of Phases I and II of the pilot program ends, the department must submit a report to the chairs and ranking minority members of the legislative committees with primary jurisdiction over climate and energy policy.

(b) The report must summarize program outcomes and must report separately, at a minimum:

(1) the number of units in multifamily buildings and the number of single-family residences whose owners received grants;

(2) the median income of the households in multifamily buildings and in single-family residences whose owners received grants; and

(3) the average amount of grants awarded in multifamily buildings and in single-family residences.

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

Sec. 4. **[216C.51] UTILITY DIVERSITY REPORTING.**

Subdivision 1. **Policy.** It is the policy of the state of Minnesota to encourage each utility that serves Minnesota residents to focus on and improve the diversity of the utility's workforce and suppliers.

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

(b) "Certification" means official recognition by a governmental unit that a business is a preferred vendor as a result of the characteristics of the business owner or owners or the location of the business.

(c) "Utility" has the meaning given in section 216C.06, subdivision 18.

Subd. 3. **Annual report.** (a) Beginning March 15, 2023, and each March 15 thereafter, each utility authorized to do business in Minnesota must file an annual diversity report to the commissioner on:

(1) the utility's goals and efforts to increase diversity in the workplace, including current workforce representation numbers and percentages; and

(2) all procurement goals and actual spending for female-owned, minority-owned, veteran-owned, and small business enterprises during the previous calendar year.

(b) The goals under paragraph (a), clause (2), must be expressed as a percentage of the total work performed by the utility submitting the report. The actual spending for female-owned, minority-owned, veteran-owned, and small business enterprises must also be expressed as a percentage of the total work performed by the utility submitting the report.

Subd. 4. **Report elements.** Each utility required to report under this section must include the following in the annual report:

(1) an explanation of the plan to increase diversity in the utility's workforce and suppliers during the next year;

(2) an explanation of the plan to increase the goals;

(3) an explanation of the challenges faced to increase workforce and supplier diversity, including suggestions regarding actions the department could take to help identify potential employees and vendors;

(4) a list of the certifications the company recognizes;

(5) a point of contact for a potential employee or vendor that wishes to work for or do business with the utility; and

(6) a list of successful actions taken to increase workforce and supplier diversity, in order to encourage other companies to emulate best practices.

Subd. 5. **State data.** Each annual report must include as much state-specific data as possible. If a utility does not submit state-specific data, the utility must include any relevant national data the utility possesses, explain why the utility could not submit state-specific data, and explain how the utility intends to include state-specific data in future reports, if possible.

Subd. 6. **Publication; retention.** The department must publish an annual report on the department's website and must maintain each annual report for at least five years.

Sec. 5. Minnesota Statutes 2020, section 216E.03, subdivision 1, is amended to read:

Subdivision 1. **Site permit.** No person may construct a large electric power generating plant without a site permit from the commission. A large electric generating plant may be constructed only on a site approved by the commission. 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 to the transmission system and whose need is certified under section 216B.243.

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

Sec. 6. **DECOMMISSIONING AND DEMOLITION PLAN FOR COAL-FIRED PLANT.**

As a part of the next resource plan filing under Minnesota Statutes, section 216B.2422, subdivision 2, but no later than December 31, 2025, the public utility that owns an electric generation facility that is powered by coal, scheduled for retirement in 2028, and located within the St. Croix National Scenic Riverway must provide, to the extent known, the public utility's plan and detailed timeline to decommission and demolish the electric generation facility and remediate pollution at the electric generation facility site. The public utility must also provide a copy of the plan and timeline to the governing body of the municipality where the electric generation facility is located on the same date the plan and timeline are submitted to the Public Utilities Commission. If a resource plan is not filed or required before December 31, 2025, the plan and timeline must be submitted to the Public Utilities Commission and the municipality as a separate filing by December 31, 2025.

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

Sec. 7. **TRIBAL ADVOCACY COUNCIL ON ENERGY; DEPARTMENT OF COMMERCE SUPPORT.**

(a) The Department of Commerce must provide technical support and subject matter expertise to help facilitate efforts taken by the 11 federally recognized Indian Tribes in Minnesota to establish and operate a Tribal advocacy council on energy.

(b) When requested by a Tribal advocacy council on energy, the Department of Commerce must assist the council to:

(1) assess and evaluate common Tribal energy issues, including:

(i) identifying and prioritizing energy issues;

(ii) facilitating idea sharing among the Tribes to generate solutions to energy issues; and

(iii) assisting decision making with respect to resolving energy issues;

(2) develop new statewide energy policies or proposed legislation, including:

(i) organizing stakeholder meetings;

(ii) gathering input and other relevant information;

(iii) assisting with policy proposal development, evaluation, and decision making; and

(iv) helping facilitate actions taken to submit, and obtain approval for or have enacted, policies or legislation approved by the council;

(3) make efforts to raise awareness of and provide educational opportunities with respect to Tribal energy issues among Tribal members by:

(i) identifying information resources;

(ii) gathering feedback on issues and topics the council identifies as areas of interest; and

(iii) identifying topics for and helping to facilitate educational forums; and

(4) identify, evaluate, disseminate, and implement successful energy-related practices.

(c) Nothing in this section requires or otherwise obligates the 11 federally recognized Indian Tribes in Minnesota to establish a Tribal advocacy council on energy, nor does it require or obligate a federally recognized Indian Tribe in Minnesota to participate in or implement a decision or support an effort made by a Tribal advocacy council on energy.

(d) Any support provided by the Department of Commerce to a Tribal advocacy council on energy under this section must be provided only upon request of the council and is limited to issues and areas where the Department of Commerce's expertise and assistance is requested.

Sec. 8. **REPEALER.**

Laws 2017, chapter 5, section 1, is repealed.

ARTICLE 26
SUPPLEMENTAL 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 "2022" and "2023" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2022, or June 30, 2023, respectively. "The first year" is fiscal year 2022. "The second year" is fiscal year 2023. "The biennium" is fiscal years 2022 and 2023. If an appropriation in this act is enacted more than once in the 2022 legislative session, the appropriation must be given effect only once. Appropriations for the fiscal year ending June 30, 2022, are effective the day following final enactment. The appropriations made under this article supplement, and do not supersede or replace, the appropriations made under Laws 2021, First Special Session chapter 4, article 1.

	APPROPRIATIONS Available for the Year Ending June 30	
	2022	**2023**
Sec. 2. **DEPARTMENT OF COMMERCE**		
Subdivision 1. **Total Appropriation**	**$-0-**	**$6,153,000**

Appropriations by Fund

	2022	2023
General	-0-	5,653,000
Special Revenue	-0-	500,000

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

Subd. 2. **Administrative Services**	-0-	392,000

$301,000 in fiscal year 2023 is for the senior fraud prevention program.

$91,000 in fiscal year 2023 is for the licensing disqualification and preliminary application requirements under Minnesota Statutes, section 214.035.

Subd. 3. **Financial Services** -0- 533,000

$300,000 in fiscal year 2023 is for additional securities staff. The base for this appropriation is $281,000 in fiscal year 2024 and $281,000 in fiscal year 2025.

$233,000 in fiscal year 2023 is to establish and operate a student loan advocate under Minnesota Statutes, section 58B.011. The base for this appropriation is $233,000 in fiscal year 2024 and $233,000 in fiscal year 2025.

Subd. 4. **Insurance** -0- 633,000

$108,000 in fiscal year 2023 is for a study and report on disparities in geographic rating areas in individual and small group market health insurance under article 3, section 34. This is a onetime appropriation.

$525,000 in fiscal year 2023 is for additional staff in the insurance division. The additional staff must focus on property- and casualty-related insurance products.

Subd. 5. **Enforcement** -0- 4,576,000

$4,076,000 in fiscal year 2023 is for the automobile theft prevention program under Minnesota Statutes, section 65B.84. This is a onetime appropriation.

$500,000 in fiscal year 2023 is appropriated from the auto theft prevention account in the special revenue fund to the commissioner of commerce to reimburse law enforcement agencies for investigation and enforcement activities to combat automobile theft. This appropriation does not cancel and remains available until expended. This is a onetime appropriation.

Sec. 3. **BOARD OF ACCOUNTANCY** **$-0-** **$6,000**

Licensing Disqualifications; Preliminary Applications.

$6,000 in fiscal year 2023 is to the Board of Accountancy for the licensing disqualification and preliminary application requirements under Minnesota Statutes, section 214.035. This is a onetime appropriation.

Sec. 4. **ATTORNEY GENERAL** **$-0-** **$24,000**

Licensing Disqualifications; Preliminary Applications.

$24,000 in fiscal year 2023 is to the attorney general for the licensing disqualification and preliminary application requirements under Minnesota Statutes, section 214.035.

Sec. 5. **PROFESSIONAL EDUCATOR LICENSING AND STANDARDS BOARD** **$-0-** **$514,000**

Licensing Disqualifications; Preliminary Applications.

$514,000 in fiscal year 2023 is to the Professional Educator Licensing and Standards Board for the licensing disqualification and preliminary application requirements under Minnesota Statutes, section 214.035. The base for this appropriation is $142,000 in fiscal year 2024 and $142,000 in fiscal year 2025.

Sec. 6. **DEPARTMENT OF REVENUE** **$-0-** **$19,000**

Licensing Disqualifications; Preliminary Applications.

$19,000 in fiscal year 2023 is to the Department of Revenue for the licensing disqualification and preliminary application requirements under Minnesota Statutes, section 214.035. The base for this appropriation is $3,000 in fiscal year 2024 and $3,000 in fiscal year 2025.

Sec. 7. **GAMBLING CONTROL BOARD** **$-0-** **$3,000**

Licensing Disqualifications; Preliminary Applications.

$3,000 in fiscal year 2023 is from the lawful gambling regulation account in the special revenue fund to the Gambling Control Board for the licensing disqualification and preliminary application requirements under Minnesota Statutes, section 214.035.

Sec. 8. **DEPARTMENT OF EDUCATION** **$-0-** **$22,000**

Licensing Disqualifications; Preliminary Applications.

$22,000 in fiscal year 2023 is to the Department of Education for the licensing disqualification and preliminary application requirements under Minnesota Statutes, section 214.035.

Sec. 9. **COMMERCE FRAUD BUREAU; TRANSFER.**

$870,000 in fiscal year 2023 is transferred from the general fund to the insurance fraud prevention account for five additional peace officers in the Commerce Fraud Bureau. The base for this transfer is $811,000 in fiscal year 2024 and $811,000 in fiscal year 2025.

ARTICLE 27
COMMERCE POLICY

Section 1. Minnesota Statutes 2020, section 45.0135, subdivision 2a, is amended to read:

Subd. 2a. **Authorization.** (a) The commissioner may appoint peace officers, as defined in section 626.84, subdivision 1, paragraph (c), and establish a law enforcement agency, as defined in section 626.84, subdivision 1, paragraph (f), known as the Commerce Fraud Bureau, to conduct investigations, and to make arrests under sections 629.30 and 629.34. The primary jurisdiction of the law enforcement agency is limited to offenses ~~related to insurance fraud~~ with a nexus to insurance-related crimes or financial crimes.

(b) Upon request and at the commissioner's discretion, the Commerce Fraud Bureau may respond to a law enforcement agency's request to exercise law enforcement duties in cooperation with the law enforcement agency that has jurisdiction over the particular matter.

(c) The Commerce Fraud Bureau must allocate at least 70 percent of its work to insurance-related crimes.

Sec. 2. Minnesota Statutes 2020, section 45.0135, subdivision 2b, is amended to read:

Subd. 2b. **Duties.** The Commerce Fraud Bureau shall:

(1) review notices and reports ~~of insurance fraud~~ within the Commerce Fraud Bureau's primary jurisdiction submitted by authorized insurers, their employees, and agents or producers;

(2) respond to notifications or complaints ~~of suspected insurance fraud~~ within the Commerce Fraud Bureau's primary jurisdiction generated by other law enforcement agencies, state or federal governmental units, or any other person;

(3) initiate inquiries and conduct investigations when the bureau has reason to believe that ~~insurance fraud~~ an offense within the Commerce Fraud Bureau's primary jurisdiction has been or is being committed; and

(4) report ~~incidents of alleged insurance fraud~~ crimes disclosed by ~~its~~ the Commerce Fraud Bureau's investigations to appropriate law enforcement agencies, including, but not limited to, the attorney general, county attorneys, or any other appropriate law enforcement or regulatory agency, and shall assemble evidence, prepare charges, and otherwise assist any law enforcement authority having jurisdiction.

Sec. 3. Minnesota Statutes 2020, section 45.25, is amended by adding a subdivision to read:

Subd. 9a. **Live course.** "Live course" means any learning experience that is actively led by an instructor, either online or in a classroom setting, that offers person-to-person, real-time feedback. A live course offered online must:

(1) specify the minimum system requirements;

(2) provide encryption that ensures that all personal information, including the student's name, address, and credit card number, cannot be read as it passes across the Internet;

(3) include technology to guarantee seat time;

(4) include the ability for the student to get technical support within a reasonable amount of time;

(5) include a statement that the student's information will not be sold or distributed to any third party without the prior written consent of the student. Taking the course does not constitute consent; and

(6) include a process to authenticate the student's identity.

Sec. 4. Minnesota Statutes 2020, section 45.25, is amended by adding a subdivision to read:

Subd. 9b. **On-demand course.** "On-demand course" means a learning experience that enables a student to review learning material at a time and location that is convenient for the student. On-demand course includes but is not limited to asynchronous online courses, text-based courses, and other courses not offered live that include prerecorded videos, class recordings, documents, or other learning activities.

Sec. 5. Minnesota Statutes 2020, section 45.25, subdivision 12, is amended to read:

Subd. 12. **Proctor.** (a) "Proctor" means a ~~disinterested third party with no conflict of interest~~ person who (1) verifies a student's identity, and (2) processes an affidavit testifying that the student received no outside assistance with the course or examination.

(b) A proctor must be 18 years of age or older. A proctor must not have a financial or other conflict of interest with respect to a student's successful completion of the course or the examination. A proctor must not be:

(1) a relative of the student;

(2) the student's supervisor at work;

(3) a person the student supervises at work; or

(4) a student who is completing the same course.

Sec. 6. Minnesota Statutes 2020, section 45.25, subdivision 13, is amended to read:

Subd. 13. **Professional designation.** "Professional designation" means ~~a written, proctored, and graded examination, the passage of which leads to a bona fide~~ an industry-recognized professional designation used by ~~licensees~~ a licensee after completing a series of courses and passing a graded, proctored examination.

Sec. 7. **[45.301] ON-DEMAND CONTINUING EDUCATION; REQUIREMENTS.**

Subdivision 1. **On-demand course requirements.** An on-demand continuing education course offered online must:

(1) specify the minimum system requirements;

(2) provide encryption that ensures that all personal information, including the student's name, address, and credit card number, cannot be read as it passes across the Internet;

(3) include technology to guarantee seat time;

(4) include a high level of interactivity;

(5) include graphics that reinforce the content;

(6) include the ability for the student to contact an instructor within a reasonable amount of time;

(7) include the ability for the student to get technical support within a reasonable amount of time;

(8) include a statement that the student's information will not be sold or distributed to any third party without prior written consent of the student. Taking the course does not constitute consent;

(9) be available 24 hours a day, seven days a week, excluding minimal down time for updating and administration;

(10) provide viewing access to the online course at all times to the commissioner, excluding minimal down time for updating and administration;

(11) include a process to authenticate the student's identity;

(12) inform the student and the commissioner how long a course is accessible after the course is purchased;

(13) inform the student that license education credit is not awarded for taking the course after the course loses status as an approved course;

(14) provide clear instructions on how to navigate through the course;

(15) provide automatic bookmarking at any point in the course;

(16) provide questions after each unit or chapter that must be answered before the student can proceed to the next unit or chapter;

(17) include a reinforcement response when a quiz question is answered correctly;

(18) include a response when a quiz question is answered incorrectly;

(19) include a final examination;

(20) allow the student to return to and review any unit at any time, except during the final examination;

(21) provide a course evaluation at the end of the course. At a minimum, the evaluation must ask the student to report any difficulties caused by the online education delivery method; and

(22) provide a completion certificate when the course and exam have been completed and the provider has verified the completion. An electronic certificate is sufficient.

Subd. 2. **Final examination.** The final examination must be either an encrypted online examination or a paper examination that is monitored by a proctor who certifies that the student took the examination. The student must not be allowed to review the course content once the examination has begun.

Sec. 8. Minnesota Statutes 2020, section 45.31, subdivision 2, is amended to read:

Subd. 2. **Approval.** (a) ~~The commissioner must approve as a coordinator a person meeting one or more of the following criteria: at least three years of full-time experience in the administration of an education program during the five-year period immediately before the date of application, or a degree in education plus two years experience during the immediately preceding five-year period in one of the regulated industries for which courses are being approved, or a minimum of five years experience within the previous six years in the regulated industry for which courses are held.~~ A person applying for approval as a course coordinator must:

(1) be qualified or have experience in the applicable subject matter of courses offered by the education provider or have experience administering an education program; and

(2) make available upon request such records and data required by the commissioner to administer the provisions and further the purposes of this chapter.

(b) Coordinator approval may not be transferred to an individual who has not already been approved as an additional coordinator for the applicable license type for the providership in question. An individual must be approved as a coordinator by the commissioner before acting on behalf of an approved education provider.

Sec. 9. Minnesota Statutes 2020, section 45.31, subdivision 3, is amended to read:

Subd. 3. **Responsibilities.** ~~A coordinator~~ An education provider is responsible for:

(1) assuring compliance with all laws and rules relating to educational offerings governed by the commissioner;

(2) assuring that students are provided with current and accurate information relating to the laws and rules governing their licensed activity;

(3) supervising and evaluating courses and instructors. Supervision includes assuring, especially when a course will be taught by more than one instructor, that all areas of the curriculum are addressed without redundancy and that continuity is present throughout the entire course;

(4) ensuring that instructors are qualified to teach the course offering;

(5) furnishing the commissioner, upon request, with copies of course and instructor evaluations and qualifications of instructors. Evaluations must be completed by students and coordinators;

(6) investigating complaints related to course offerings and instructors and forwarding a copy of the written complaints to the Department of Commerce;

(7) maintaining accurate records relating to course offerings, instructors, tests taken by students, and student attendance for a period of three years from the date on which the course was completed. These records must be made available to the commissioner upon request. In the event that an education provider ceases operation for any reason, the coordinator is responsible for maintaining the records or providing a custodian for the records acceptable to the commissioner. The coordinator must notify the commissioner of the name and address of that person. In order to be acceptable to the commissioner, custodians must agree to make copies of acknowledgments available to students at a reasonable fee. Under no circumstances will the commissioner act as custodian of the records;

(8) ensuring that the coordinator is available to instructors and students throughout course offerings and providing to the students and instructor the name of the coordinator and a telephone number at which the coordinator can be reached;

(9) attending workshops or instructional programs as reasonably required by the commissioner;

(10) providing course completion certificates within ten days of, but not before, completion of the entire course. Course completion certificates must be completed in their entirety. It is not necessary to provide a written course completion certificate if the course completion certificate has been electronically delivered to the department or its designated licensing contractor. A coordinator may require payment of the course tuition as a condition for receiving the course completion certificate;

(11) notifying the commissioner immediately of any change in an application for the course, coordinator, or instructor approval application; and

(12) in conjunction with the instructor, assuring and certifying attendance of students enrolled in courses.

Sec. 10. Minnesota Statutes 2020, section 46.131, subdivision 2, is amended to read:

Subd. 2. **Assessment authority.** Each ~~bank, trust company, savings bank, savings association, regulated lender, industrial loan and thrift company, credit union, motor vehicle sales finance company, debt management services provider, debt settlement services provider, insurance premium finance company, and residential PACE administrator, as defined in section 216C.435, subdivision 10a,~~ financial institution governed by chapters 46 to 59A, 216C, and 332 to 332B that is organized under the laws of this state or required to be administered by the commissioner of commerce shall pay into the state treasury its proportionate share of the cost of maintaining the Department of Commerce. This subdivision does not apply to student loan servicers or collection agencies.

Sec. 11. Minnesota Statutes 2020, section 46.131, subdivision 4, is amended to read:

Subd. 4. **General assessment basis.** (a) Assessments shall be made by the commissioner against each institution within the industry on an equitable basis, according to the total assets or business volume of each institution as of the end of the previous calendar year.

(b) Assessments against residential PACE administrators, as defined in section 216C.435, subdivision 10a, must be made by the commissioner according to the total business volume as of the end of the previous calendar year.

Sec. 12. Minnesota Statutes 2020, section 46.131, subdivision 11, is amended to read:

Subd. 11. **Financial institutions account; appropriation.** (a) The financial institutions account is created as a separate account in the special revenue fund. Earnings, including interest, dividends, and any other earnings arising from account assets, must be credited to the account.

(b) The account consists of funds received from assessments under subdivision 7, examination fees under subdivision 8, and funds received pursuant to subdivision 10 and the following provisions: sections 46.04; 46.041; 46.048, subdivision 1; 47.101; 47.54, subdivision 1; 47.60, subdivision 3; 47.62, subdivision 4; 48.61, subdivision 7, paragraph (b); 49.36, subdivision 1; 52.203; 53B.09; 53B.11, subdivision 1; 53C.02; 56.02; 58.10; 58A.045, subdivision 2; ~~and~~ 59A.03; 216C.437, subdivision 12; 332A.04; and 332B.04.

(c) Funds in the account are annually appropriated to the commissioner of commerce for activities under this section.

Sec. 13. Minnesota Statutes 2020, section 47.08, is amended to read:

47.08 ARTICLES OF INCORPORATION FILED WITH COMMISSIONER.

All persons proposing to incorporate and organize any financial institution, whether defined or described as such by the laws of the state, shall, before doing any business in the state as a corporation, ~~and before filing their articles of incorporation with the secretary of state or with any other officer with whom the law requires such articles to be filed or recorded,~~ file a copy of ~~such~~ the proposed articles of incorporation with the commissioner of commerce.

Sec. 14. Minnesota Statutes 2020, section 47.16, subdivision 1, is amended to read:

Subdivision 1. **Filing.** The certificate of a corporation must be filed for record with the ~~secretary of state~~ commissioner of commerce. If the ~~secretary of state~~ commissioner of commerce finds that it conforms to law and that the required fee has been paid, the ~~secretary of state~~ commissioner of commerce must record it and certify that fact on it. ~~The secretary of state may not accept a certificate for filing unless the certificate also contains the endorsement of the commissioner of commerce.~~

Sec. 15. Minnesota Statutes 2020, section 47.16, subdivision 2, is amended to read:

Subd. 2. **Certificate of authority.** If the commissioner of commerce is satisfied that the corporation has been organized for legitimate purposes, and under such conditions as to merit and have public confidence, and that all provisions of law applicable to every branch of business in which, by the terms of its certificate, it is authorized to engage, have been complied with, the commissioner shall so certify. When the original ~~certificate and the~~ certificate of incorporation ~~from the secretary of state~~ is filed with the commissioner of commerce, the commissioner shall, within 60 days thereafter, execute and deliver to it a certificate of authority.

Sec. 16. Minnesota Statutes 2020, section 47.172, subdivision 2, is amended to read:

Subd. 2. **Effect.** The certificate to be filed to accomplish a restated certificate of incorporation must be entitled "restated certificate of incorporation of (name of financial corporation)" and must contain a statement that the restated certificate supersedes and takes the place of the existing certificate of incorporation and all amendments to it. The restated certificate of incorporation when executed, filed and recorded in the manner prescribed for certificate of amendment supersedes and takes the place of an existing certificate of incorporation and amendments to it. ~~The secretary of state upon request must certify the restated certificate of incorporation.~~

Sec. 17. Minnesota Statutes 2020, section 47.28, subdivision 3, is amended to read:

Subd. 3. **Recording.** Upon receipt of the fees required for filing and recording amended articles of incorporation of savings banks, the ~~secretary of state~~ commissioner of commerce shall record the amended articles of incorporation and certify that fact thereon, whereupon the conversion of such savings bank into a savings association shall become final and complete and thereafter said corporation shall have the powers and be subject to the duties and obligations prescribed by the laws of this state applicable to savings associations.

Sec. 18. Minnesota Statutes 2020, section 47.30, subdivision 5, is amended to read:

Subd. 5. **Recording.** Upon receipt of the fees required for filing and recording amended articles of incorporation of savings associations, the ~~secretary of state~~ commissioner of commerce shall record the amended articles of incorporation and certify that fact thereon, whereupon the conversion of such savings association into a savings bank shall become final and complete and thereafter the signers of said amended articles and their successors shall be a corporation, and have the powers and be subject to the duties and obligations prescribed by the laws of this state applicable to savings banks.

Sec. 19. Minnesota Statutes 2020, section 48A.15, subdivision 1, is amended to read:

Subdivision 1. **Authorization.** (a) A trust company organized under the laws of this state or a state bank and trust may, after completing the notification procedure required by this subdivision, establish and maintain a trust service office at any office in this state or of any other state or national bank. A state bank may, after completing the notification procedure required by this subdivision, permit a trust company organized under the laws of this state or a state bank and trust or a national bank in this state that is authorized to exercise trust powers to establish and maintain a trust service office at any of its banking offices.

(b) The trust company or state bank and trust and a state bank at which a trust service office is to be established according to this section shall jointly file, on forms provided by the commissioner, a notification of intent to establish a trust service office. The notification must be accompanied by a filing fee of $100 payable to the commissioner, to be deposited in the ~~general fund of the state~~ financial institutions account under section 46.131, subdivision 11. No trust service office shall be established according to this section if disallowed by order of the commissioner within 30 days of the filing of a complete and acceptable notification of intent to establish a trust service office. An order of the commissioner to disallow the establishment of a trust service office under this section is subject to judicial review under sections 14.63 to 14.69.

Sec. 20. Minnesota Statutes 2020, section 53.03, subdivision 1, is amended to read:

Subdivision 1. **Application, fee, notice.** Any corporation hereafter organized as an industrial loan and thrift company, shall, after compliance with the requirements set forth in sections 53.01 and 53.02, file a written application with the Department of Commerce for a certificate of authorization. A corporation that will not sell or issue thrift certificates for investment as permitted by this chapter need not comply with subdivision 2b. The application must be in the form prescribed by the Department of Commerce. The application must be made in the

name of the corporation, executed and acknowledged by an officer designated by the board of directors of the corporation, requesting a certificate authorizing the corporation to transact business as an industrial loan and thrift company, at the place and in the name stated in the application. At the time of filing the application the applicant shall pay $1,500 filing fee if the corporation will not sell or issue thrift certificates for investment, and a filing fee of $8,000 if the corporation will sell or issue thrift certificates for investment. The fees must be ~~turned over by the commissioner to the commissioner of management and budget and credited to the general fund~~ collected by the commissioner and deposited in the financial institutions account under section 46.131, subdivision 11. The applicant shall also submit a copy of the bylaws of the corporation, its articles of incorporation and all amendments thereto at that time. An application for powers under subdivision 2b must also require that a notice of the filing of the application must be published once within 30 days of the receipt of the form prescribed by the Department of Commerce, at the expense of the applicant, in a qualified newspaper published in the municipality in which the proposed industrial loan and thrift company is to be located, or, if there be none, in a qualified newspaper likely to give notice in the municipality in which the company is proposed to be located. If the Department of Commerce receives a written objection to the application from any person within 15 days of the notice having been fully published, the commissioner shall proceed in the same manner as required under section 46.041, subdivisions 3 and 4, relating to state banks.

Sec. 21. Minnesota Statutes 2020, section 53.03, subdivision 5, is amended to read:

Subd. 5. **Place of business.** Not more than one place of business may be maintained under any certificate of authorization issued subsequent to the enactment of Laws 1943, chapter 67, pursuant to the provisions of this chapter, but the Department of Commerce may issue more than one certificate of authorization to the same corporation upon compliance with all the provisions of this chapter governing an original issuance of a certificate of authorization. To the extent that previously filed applicable information remains unchanged, the applicant need not refile this information, unless requested. The filing fee for a branch application shall be $500 and the investigation fee $250. An industrial loan and thrift corporation with deposit liabilities may change one or more of its locations upon the written approval of the commissioner of commerce. A fee of $100 must accompany each application to the commissioner for approval to change the location of an established office. An industrial loan and thrift corporation that does not sell and issue thrift certificates for investment may change one or more locations by giving 30 days' written notice to the Department of Commerce which shall promptly amend the certificate of authorization accordingly. No change in place of business of a company to a location outside of its current trade area or more than 25 miles from its present location, whichever distance is greater, shall be permitted under the same certificate unless all of the applicable requirements of this section have been met. All money collected by the commissioner under this chapter must be deposited into the financial institutions account under section 46.131, subdivision 11.

Sec. 22. Minnesota Statutes 2020, section 53C.02, is amended to read:

53C.02 SALES FINANCE COMPANY; LICENSE, FEES, REFUND.

(a) No person shall engage in the business of a sales finance company in this state without a license therefor as provided in sections 53C.01 to 53C.14 provided, however, that no bank, trust company, savings bank, savings association, or credit union, whether state or federally chartered, industrial loan and thrift company, or licensee under the Minnesota Regulated Loan Act authorized to do business in this state shall be required to obtain a license under sections 53C.01 to 53C.14.

(b) The application for a license shall be in writing, under oath and in the form prescribed by the commissioner. The application shall contain the name of the applicant; date of incorporation, if incorporated; the address where the business is or is to be conducted and similar information as to any branch office of the applicant; the name and resident address of the owner or partners, or, if a corporation or association, of the directors, trustees and principal officers, and other pertinent information the commissioner requires.

(c) The licensee fee for the fiscal year beginning July 1 and ending June 30 of the following year, or any part thereof shall be the sum of $250 for the principal place of business of the licensee, and the sum of $125 for each branch of the licensee. Any licensee who proves to the satisfaction of the commissioner, by affidavit or other proof satisfactory to the commissioner, that during the 12 calendar months of the immediately preceding fiscal year, for which the license has been paid that the licensee has not held retail installment contracts exceeding $15,000 in amount, shall be entitled to a refund of that portion of each license fee paid in excess of $25. The commissioner shall certify ~~to the commissioner of management and budget~~ that the licensee is entitled to a refund, and payment ~~thereof~~ of the refund shall be made by the commissioner ~~of management and budget~~. The amount necessary to pay for the refundment of the license fee is appropriated ~~out of the general fund~~ from the financial institutions account under section 46.131, subdivision 11. All license fees received by the commissioner under sections 53C.01 to 53C.14 shall be deposited with the commissioner of management and budget.

(d) Each license shall specify the location of the office or branch and must be conspicuously displayed there. In case the location be changed, the commissioner shall endorse the change of location on the license.

(e) Upon the filing of such application, and the payment of the fee, the commissioner shall issue a license to the applicant to engage in the business of a sales finance company under and in accordance with the provisions of sections 53C.01 to 53C.14 for a period which shall expire the last day of June next following the date of its issuance. The license shall not be transferable or assignable. No licensee shall transact any business provided for by sections 53C.01 to 53C.14 under any other name.

(f) Section 58A.04, subdivisions 2 and 3, apply to this section.

Sec. 23. Minnesota Statutes 2020, section 55.10, subdivision 1, is amended to read:

Subdivision 1. **Permitting access, removal, or delivery.** When a safe deposit box shall have been hired from any licensed safe deposit company in the name of two or more persons, including ~~husband and wife~~ a married couple, with the right of access being given to either, or with access to either or the survivor or survivors of the person, or property is held for safekeeping by any licensed safe deposit company for two or more persons, including ~~husband and wife~~ a married couple, with the right of delivery being given to either, or with the right of delivery to either of the survivor or survivors of these persons, any one or more of these persons, whether the other or others be living or not, shall have the right of access to the safe deposit box and the right to remove all, or any part, of the contents thereof, or to have delivered to all or any one of them, or any part of the valuable personal property so held for safekeeping; and, in case of this access, removal, or delivery, the safe deposit company shall be exempt from any liability for permitting the access, removal, or delivery.

Sec. 24. Minnesota Statutes 2020, section 56.02, is amended to read:

56.02 APPLICATION FEE.

(a) Application for license shall be in writing, under oath, and in the form prescribed by the commissioner, and contain the name and the address, both of the residence and place of business, of the applicant and, if the applicant is a copartnership or association, of every member thereof, and if a corporation, of each officer and director thereof; also the county and municipality, with street and number, if any, where the business is to be conducted, and such further information as the commissioner may require. The applicant at the time of making application, shall pay to the commissioner the sum of $500 as a fee for investigating the application, and the additional sum of $250 as an annual license fee for a period terminating on the last day of the current calendar year. In addition to the annual license fee, every licensee hereunder shall pay to the commissioner the actual costs of each examination, as provided for in section 56.10. All ~~moneys~~ money collected by the commissioner under this chapter shall be ~~turned over to the commissioner of management and budget and credited by the commissioner of management and budget to the general fund of the state~~ deposited in the financial institutions account under section 46.131, subdivision 11.

(b) Every applicant shall also prove, in form satisfactory to the commissioner, that the applicant has available for the operation of the business at the location specified in the application, liquid assets of at least $50,000.

(c) Section 58A.04, subdivisions 2 and 3, apply to this section.

Sec. 25. Minnesota Statutes 2020, section 60A.033, subdivision 8, is amended to read:

Subd. 8. **Costs.** All bills for examination costs being charged to an insurance company pursuant to subdivision 5 or section 60A.031, subdivision 3, paragraph (c), must:

(1) be itemized and, with respect to examiner billings, contain activity detail on a quarterly hourly basis by an individual examiner and disclose the applicable hourly billing rates, together with per-charge detail for related travel or other expenses; and

(2) provide a due date no less than ~~30~~ 60 days from receipt of the bill.

Sec. 26. Minnesota Statutes 2020, section 60A.033, subdivision 9, is amended to read:

Subd. 9. **Completion of examination.** An examination under section 60A.031 must not exceed 18 months from the date the commissioner receives the insurance company's first submission pursuant to a scheduling order, unless:

(1) the commissioner determines that there has been a material lack of cooperation by the insurance company and advises the company in writing of the specific instances demonstrating a lack of cooperation;

(2) the examination is a multistate examination; or

(3) the commissioner determines that additional time is necessary to complete the examination and the commissioner notifies the insurance company in writing of the reasons why the examination requires additional time.

Sec. 27. Minnesota Statutes 2020, section 60A.033, is amended by adding a subdivision to read:

Subd. 11. **Informal disposition.** (a) The commissioner must make an attempt to informally resolve any alleged violations of law identified during the examination or investigation. An attempt to informally resolve a violation may consist of a consent order, nonpublic letter of reprimand, or other informal resolution or disposition.

(b) The terms of a consent order or other informal disposition that prescribes compliance requirements must be consistent with the requirements of Minnesota law.

Sec. 28. Minnesota Statutes 2020, section 60A.033, is amended by adding a subdivision to read:

Subd. 12. **Report to the legislature.** Each year by February 1, the commissioner must report the following information to the chairs and ranking minority members of the house of representatives and senate committees having jurisdiction over commerce:

(1) a listing of the number of pending market conduct exams and the year the exams were commenced;

(2) the number of exams closed during the prior year and the current total of costs charged to the companies for each exam;

(3) whether the exam is being conducted, in whole or in part, by third-party examiners; and

(4) other information that the chairs or ranking minority members may reasonably request, subject to the limitations of section 60A.031, subdivision 4, paragraph (f).

Sec. 29. Minnesota Statutes 2020, section 60A.954, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** An insurer shall institute, implement, and maintain an antifraud plan. For the purpose of this section, the term insurer does not include reinsurers, the Workers' Compensation Reinsurance Association, self-insurers, and excess insurers. Within 30 days after instituting or materially modifying an antifraud plan, the insurer shall notify the commissioner in writing. The notice must include the name of the person responsible for administering the plan. An antifraud plan shall establish procedures to:

(1) prevent insurance fraud, including: internal fraud involving the insurer's officers, employees, or agents; fraud resulting from misrepresentations on applications for insurance; and claims fraud;

(2) report insurance fraud to appropriate law enforcement authorities; and

(3) cooperate with the prosecution of insurance fraud cases.

Sec. 30. Minnesota Statutes 2020, section 65B.84, subdivision 1, is amended to read:

Subdivision 1. **Program described; commissioner's duties; appropriation.** (a) The commissioner of commerce shall:

(1) develop and sponsor the implementation of statewide plans, programs, and strategies to combat automobile theft, improve the administration of the automobile theft laws, and provide a forum for identification of critical problems for those persons dealing with automobile theft;

(2) coordinate the development, adoption, and implementation of plans, programs, and strategies relating to interagency and intergovernmental cooperation with respect to automobile theft enforcement;

(3) annually audit the plans and programs that have been funded in whole or in part to evaluate the effectiveness of the plans and programs and withdraw funding should the commissioner determine that a plan or program is ineffective or is no longer in need of further financial support from the fund;

(4) develop a plan of operation including:

(i) an assessment of the scope of the problem of automobile theft, including areas of the state where the problem is greatest;

(ii) an analysis of various methods of combating the problem of automobile theft;

(iii) a plan for providing financial support to combat automobile theft;

(iv) a plan for eliminating car hijacking; and

(v) an estimate of the funds required to implement the plan; and

(5) distribute money, in consultation with the commissioner of public safety, pursuant to subdivision 3 from the automobile theft prevention special revenue account for automobile theft prevention activities, including:

(i) paying the administrative costs of the program;

(ii) providing financial support to the State Patrol and local law enforcement agencies for automobile theft enforcement teams;

(iii) providing financial support to state or local law enforcement agencies for programs designed to reduce the incidence of automobile theft and for improved equipment and techniques for responding to automobile thefts;

(iv) providing financial support to local prosecutors for programs designed to reduce the incidence of automobile theft;

(v) providing financial support to judicial agencies for programs designed to reduce the incidence of automobile theft;

(vi) providing financial support for neighborhood or community organizations or business organizations for programs designed to reduce the incidence of automobile theft and to educate people about the common methods of automobile theft, the models of automobiles most likely to be stolen, and the times and places automobile theft is most likely to occur; and

(vii) providing financial support for automobile theft educational and training programs for state and local law enforcement officials, driver and vehicle services exam and inspections staff, and members of the judiciary.

(b) The commissioner may not spend in any fiscal year more than ~~ten~~ 7.5 percent of the money in the fund for the program's administrative and operating costs. The commissioner is annually appropriated and must distribute the amount of the proceeds credited to the automobile theft prevention special revenue account each year, less the transfer of $1,300,000 each year to the insurance fraud prevention account described in section 297I.11, subdivision 2.

(c) At the end of each fiscal year, the commissioner may transfer any unobligated balances in the auto theft prevention account to the insurance fraud prevention account under section 45.0135, subdivision 6.

Sec. 31. Minnesota Statutes 2020, section 65B.84, subdivision 2, is amended to read:

Subd. 2. **Annual report.** By ~~January 15 of~~ September 30 each year, the commissioner shall report to the governor and the chairs and ranking minority members of the house of representatives and senate committees having jurisdiction over the Departments of Commerce and Public Safety on the activities and expenditures in the preceding year.

Sec. 32. Minnesota Statutes 2020, section 80A.61, is amended to read:

80A.61 SECTION 406; REGISTRATION BY BROKER-DEALER, AGENT, FUNDING PORTAL, INVESTMENT ADVISER, AND INVESTMENT ADVISER REPRESENTATIVE.

(a) **Application for initial registration by broker-dealer, agent, investment adviser, or investment adviser representative.** A person shall register as a broker-dealer, agent, investment adviser, or investment adviser representative by filing an application and a consent to service of process complying with section 80A.88, and paying the fee specified in section 80A.65 and any reasonable fees charged by the designee of the administrator for processing the filing. The application must contain:

(1) the information or record required for the filing of a uniform application; and

(2) upon request by the administrator, any other financial or other information or record that the administrator determines is appropriate.

(b) **Amendment.** If the information or record contained in an application filed under subsection (a) is or becomes inaccurate or incomplete in a material respect, the registrant shall promptly file a correcting amendment.

(c) **Effectiveness of registration.** If an order is not in effect and a proceeding is not pending under section 80A.67, registration becomes effective at noon on the 45th day after a completed application is filed, unless the registration is denied. A rule adopted or order issued under this chapter may set an earlier effective date or may defer the effective date until noon on the 45th day after the filing of any amendment completing the application.

(d) **Registration renewal.** A registration is effective until midnight on December 31 of the year for which the application for registration is filed. Unless an order is in effect under section 80A.67, a registration may be automatically renewed each year by filing such records as are required by rule adopted or order issued under this chapter, by paying the fee specified in section 80A.65, and by paying costs charged by the designee of the administrator for processing the filings.

(e) **Additional conditions or waivers.** A rule adopted or order issued under this chapter may impose such other conditions, not inconsistent with the National Securities Markets Improvement Act of 1996. An order issued under this chapter may waive, in whole or in part, specific requirements in connection with registration as are in the public interest and for the protection of investors.

(f) **Funding portal registration.** A funding portal that has its principal place of business in the state of Minnesota shall register with the state of Minnesota by filing with the administrator a copy of the information or record required for the filing of an application for registration as a funding portal in the manner established by the Securities and Exchange Commission and/or the Financial Institutions Regulatory Authority (FINRA), along with any rule adopted or order issued, and any amendments thereto.

(g) **Application for investment adviser representative registration.**

(1) The application for initial registration as an investment adviser representative pursuant to section 80A.58 is made by completing Form U-4 (Uniform Application for Securities Industry Registration or Transfer) in accordance with the form instructions and by filing the form U-4 with the IARD. The application for initial registration must also include the following:

(i) proof of compliance by the investment adviser representative with the examination requirements of:

(A) the Uniform Investment Adviser Law Examination (Series 65); or

(B) ~~the General Securities Representative Examination (Series 7) and~~ the Uniform Combined State Law Examination (Series 66);

(ii) any other information the administrator may reasonably require.

(2) The application for the annual renewal registration as an investment adviser representative shall be filed with the IARD.

(3)(i) The investment adviser representative is under a continuing obligation to update information required by Form U-4 as changes occur;

(ii) An investment adviser representative and the investment adviser must file promptly with the IARD any amendments to the representative's Form U-4; and

(iii) An amendment will be considered to be filed promptly if the amendment is filed within 30 days of the event that requires the filing of the amendment.

(4) An application for initial or renewal of registration is not considered filed for purposes of section 80A.58 until the required fee and all required submissions have been received by the administrator.

(5) The application for withdrawal of registration as an investment adviser representative pursuant to section 80A.58 shall be completed by following the instructions on Form U-5 (Uniform Termination Notice for Securities Industry Registration) and filed upon Form U-5 with the IARD.

Sec. 33. Minnesota Statutes 2020, section 80C.05, subdivision 2, is amended to read:

Subd. 2. **Commissioner's powers.** The commissioner shall have power to place such conditions, limitations, and restrictions on any registration as may be necessary to carry out the purposes of sections 80C.01 to 80C.22. Upon compliance with the provisions of sections 80C.01 to 80C.22 and other requirements of the commissioner, and if the commissioner finds no ground for denial of the registration, the commissioner shall register the franchise. Registration ~~shall be by entry in a book called Register of Franchises, which entry~~ shall show the franchise registered and for whom registered, and shall specify the conditions, limitations, and restrictions upon such registration, if any, or shall make proper reference to a formal order of the commissioner on file showing such conditions, limitations, and restrictions. The registration shall become effective upon issuance by the commissioner of an order for registration.

Sec. 34. Minnesota Statutes 2020, section 80C.08, subdivision 1, is amended to read:

Subdivision 1. **Filing; fee.** ~~Within 120 days after the fiscal year end of the registrant, the registrant shall~~ A registration is effective for 12 months from the date the commissioner's order is issued. A registrant must file a report in the form prescribed by rule of the commissioner before the end of the registration effective period. A fee of $200 shall accompany the annual report.

EFFECTIVE DATE; APPLICABILITY. This section is effective January 1, 2023, and applies to initial registrations filed on or after that date.

Sec. 35. Minnesota Statutes 2020, section 80G.01, subdivision 3, is amended to read:

Subd. 3. **Dealer.** (a) Subject to the exceptions in paragraph (b), a "dealer" means any person who buys, sells, solicits, or markets bullion products or investments in bullion products to consumers and~~:~~ conducts Minnesota transactions.

~~(1) is incorporated, registered, domiciled, or otherwise located in this state;~~

~~(2) has a dealer representative located in this state; or~~

~~(3) does business with a consumer at a location in this state, or delivers or ships a bullion product or makes a payment to a consumer at an address in this state, unless the transaction occurs when the consumer is at a business location outside of this state.~~

(b) A dealer does not include any of the following persons:

(1) a person who engages only in wholesale bullion product transactions with other persons who engage only in wholesale bullion product transactions or with dealers who buy or sell at retail and are properly registered under this chapter;

(2) a person who engages only in transactions at occasional garage or yard sales held at the seller's residence, farm auctions held at the seller's residence, or estate sales held at the decedent's residence;

(3) a person who is properly registered pursuant to chapter 80A, or the federal Securities Exchange Act of 1934 and rules promulgated thereunder as a securities broker dealer or broker dealer agent;

(4) an auctioneer who auctions bullion products on behalf of an owner, if the auctioneer does not take title or ownership of the bullion products, or the operator of an Internet website that allows users to offer the sale of bullion products through that website, does not set the price, is not the seller of record, and does not take possession of any bullion products to be offered; or

~~(5) a person who engages only in transactions at no more than 12 trade shows per year in this state where the consumer is present and the transaction is made at the trade show; or~~

~~(6)~~ (5) a federally or state-chartered bank, bank and trust, savings bank, savings association, or credit union or any operating subsidiary of them.

Sec. 36. Minnesota Statutes 2020, section 80G.01, is amended by adding a subdivision to read:

Subd. 5a. **Minnesota transaction.** "Minnesota transaction" means a bullion product transaction conducted:

(1) by a dealer that is incorporated, registered, domiciled, or otherwise located in Minnesota;

(2) by a dealer representative at a location in Minnesota;

(3) between a dealer and a consumer who lives in Minnesota; or

(4) between a dealer and a Minnesota consumer when the transaction involves:

(i) delivering or shipping a bullion product to an address in Minnesota;

(ii) delivering to or shipping from a precious metal depository on behalf of a Minnesota resident; or

(iii) making payment to a consumer or receiving a payment from a consumer at an address in Minnesota, unless the transaction occurs when the consumer is at a business location outside of Minnesota.

Sec. 37. Minnesota Statutes 2020, section 80G.02, subdivision 1, is amended to read:

Subdivision 1. **Registration required.** It is unlawful for a dealer or dealer representative to ~~solicit, market, buy, sell, or deliver bullion products or investments in bullion products to a consumer~~ conduct a Minnesota transaction without being registered by the commissioner as provided for in this chapter. A dealer must submit an application to register itself and each of its dealer representatives within 45 days of reaching $25,000 in the aggregate of ~~bullion product transactions with consumers~~ Minnesota transactions between July 1 and June 30 of any year, as determined by the transactions' sale or purchase prices. Once a dealer is required to register itself and its dealer representatives, the dealer must thereafter renew its registration and the registration of each of its dealer representatives in accordance with this chapter~~, regardless of the aggregate annual amount of transactions,~~ unless the person ceases to be a dealer. A dealer representative may not buy, sell, solicit, or market bullion products or investments in bullion products on behalf of a dealer unless the dealer is properly registered with the commissioner under this section.

Sec. 38. Minnesota Statutes 2020, section 80G.02, subdivision 4, is amended to read:

Subd. 4. **Notice of change in registration information.** A registered dealer must provide the commissioner written notice of a change in the dealer's name, assumed names, doing business as names, business addresses, including all business addresses at which it or its dealer representatives conduct business, owners, e-mail addresses, website domain names, or primary telephone number used by it or its dealer representatives to buy, sell, solicit, or market to consumers bullion products or investments in bullion products no later than 30 days after the change occurs.

Sec. 39. Minnesota Statutes 2020, section 80G.03, subdivision 2, is amended to read:

Subd. 2. **Dealer responsibility for actions of dealer representatives.** The commissioner may take action against a dealer for any violations of this chapter by its dealer representatives conducting ~~activities~~ Minnesota transactions on behalf of or at the direction of the dealer. The commissioner may also take action against the dealer representative.

Sec. 40. Minnesota Statutes 2020, section 80G.04, subdivision 1, is amended to read:

Subdivision 1. **Dealer registration precluded.** The commissioner must deny an application for registration or renewal of a dealer, or revoke such registration, if the bullion ~~coin~~ product dealer or its owners or officers have within the last ten years been convicted in any court of any financial crime or other crime involving fraud or theft.

Sec. 41. Minnesota Statutes 2020, section 80G.05, subdivision 1, is amended to read:

Subdivision 1. **Screening process required.** Each registered dealer must establish procedures to screen each of its owners and officers and each of its dealer representatives prior to submitting the application to the commissioner for initial registration and at each renewal. The results of such screenings shall be kept on file by the dealer and, if requested by the commissioner, provided to the commissioner as part of the initial registration and all renewal registrations.

Sec. 42. Minnesota Statutes 2021 Supplement, section 80G.06, subdivision 1, is amended to read:

Subdivision 1. **Surety bond requirement.** (a) Every dealer shall maintain a current, valid surety bond issued by a surety company admitted to do business in Minnesota in an amount based on the Minnesota transactions ~~conducted with Minnesota consumers (purchases from and sales to consumers at retail)~~ during the 12-month period prior to registration, or renewal, whichever is applicable.

(b) The amount of the surety bond shall be as specified in the table below:

Transaction Amount in Preceding 12-month Period	Surety Bond Required
~~$0~~ $25,000 to $200,000	$25,000
$200,000.01 to $500,000	$50,000
$500,000.01 to $1,000,000	$100,000
$1,000,000.01 to $2,000,000	$150,000
Over $2,000,000	$200,000

Sec. 43. Minnesota Statutes 2020, section 80G.06, subdivision 2, is amended to read:

Subd. 2. **Action on bond permitted.** A consumer involved in a Minnesota transaction who is injured in money or property by a dealer's or dealer representative's failure to ~~provide bullion products that the consumer has paid for or failure to remit money or goods owed to the consumer in connection with the consumer's sale of bullion products~~ comply with this chapter may file a claim with the surety and if the claim is not paid, is authorized to bring an action based on the bond and recover against the surety. The commissioner or attorney general may also file a claim and bring an action on the bond and recover against the surety on behalf of a consumer so injured.

Sec. 44. Minnesota Statutes 2020, section 80G.07, subdivision 1, is amended to read:

Subdivision 1. **Sales practices.** ~~No~~ When conducting a Minnesota transaction, a dealer or dealer representative ~~shall~~ must not:

(1) prior to a transaction regarding bullion products, or concurrent with the delivery thereof, fail to provide to the consumer an invoice, which, in a clear and conspicuous manner, discloses the dealer's registration number, the Department of Commerce's e-mail address and telephone number, the sale or purchase price, the quantity of the bullion products, and specifically identifies and describes the bullion products, as well as their precious metal content, but only if it differs from the precious metal content specified by a government mint issuing the product and struck on the product, or if the product is not issued by a government mint;

(2) fail to investigate any consumer complaint and retain records of all consumer complaints, the results of its investigations, and the dealer's response and resolution of the complaint;

(3) fail to deliver by common carrier bullion products to a consumer within the time agreed upon with the consumer or, if no such agreement exists, within 30 days after the consumer has paid for the bullion products;

(4) fail to pay a consumer for purchased bullion products within the time agreed upon with the consumer or, if no such agreement exists, within 30 days after the consumer has provided the bullion products;

(5) misrepresent the delivery date of bullion products or payment for bullion products, or the dealer or representative's professional qualifications, affiliations, or registration;

(6) misrepresent any material aspect of a bullion product, including its performance, efficacy, nature, investment value, central characteristics, liquidity, earnings potential, or profitability;

(7) misrepresent the manner in which any bullion products a consumer provides will be stored or otherwise handled once received;

(8) renegotiate the terms of a sale or purchase after receiving a consumer's payment or bullion products without first obtaining the consumer's agreement to renegotiate and offering the consumer the option to have the payment fully refunded or the entirety of the bullion products returned;

(9) fail to respond within three business days to a consumer inquiry about the delivery status of bullion products that the consumer has paid for but not yet received or the status of a payment for bullion products that the consumer has already provided;

(10) telephone or solicit a consumer, or sell or provide the consumer's name to any other dealer or dealer representative, after the consumer requests not to be contacted;

(11) violate a subpoena or order of the commissioner or a court;

(12) make any communication to a potential buyer or seller of bullion products that misrepresents the relationship, if any, between the dealer or dealer representative and any government agency or mint;

(13) improperly withhold, misappropriate, or convert any money or properties received in the course of buying, selling, soliciting, or marketing bullion products or investments in bullion products to consumers;

(14) misrepresent the terms of an actual or proposed purchase or sale of bullion products or investment in bullion products to a consumer; or

(15) violate any other federal, state, or local law or rule related to selling, purchasing, soliciting, or marketing of bullion products, investments in bullion products, or precious metals, or any federal, state, or local law related to fraudulent, coercive, or dishonest practices, or federal, state, or local law related to taxation or labor standards.

Sec. 45. Minnesota Statutes 2021 Supplement, section 80G.11, is amended to read:

80G.11 NOTIFICATION TO COMMISSIONER.

A registered dealer must notify the commissioner of any dealer representative termination within ten days of the termination if the termination is based in whole or in part on a violation of this chapter.

Sec. 46. Minnesota Statutes 2020, section 82B.03, is amended by adding a subdivision to read:

Subd. 4. **Minimum damage acquisition report.** A real estate appraiser may provide a minimum damage acquisition report for purposes of section 117.036. When providing a minimum damage acquisition report, a real estate appraiser is not engaged in real estate appraisal activity and is not subject to this chapter.

EFFECTIVE DATE. This section is effective September 1, 2022.

Sec. 47. Minnesota Statutes 2020, section 82B.19, is amended by adding a subdivision to read:

Subd. 5. **Out-of-state continuing education credit.** (a) For purposes of this subdivision, the following terms have the meanings given:

(1) "asynchronous educational offering" has the meaning given in the most recent version of the Real Property Appraiser Qualification Criteria, as established by the Appraiser Qualifications Board; and

(2) "synchronous educational offering" has the meaning given in the most recent version of the Real Property Appraiser Qualification Criteria, as established by the Appraiser Qualifications Board, and includes an educational process based on live or real-time instruction where there is no geographic separation of instructor and student.

(b) Notwithstanding section 45.30, subdivisions 1 and 6, a real estate appraiser may submit, in a form prescribed by the commissioner, an application for continuing education credit for a synchronous educational offering that has not been submitted for prior approval in Minnesota. The commissioner must grant a real estate appraiser continuing education credit if:

(1) the application is submitted on or before August 1 of the year in which the real estate appraiser license is due for renewal;

(2) the synchronous educational offering has been approved for continuing education credit by the regulator of real estate appraisers in at least one other state or United States territory; and

(3) an application is submitted by the real estate appraiser to the commissioner within 30 days of successful completion of the synchronous education offering.

(c) The application must include a certificate of successful completion from the synchronous education offering provider. The commissioner must grant a real estate appraiser the same number of continuing education credits for the successful completion of the synchronous educational offering as was approved for the offering by the out-of-state real estate appraiser regulatory authority. The commissioner must grant a real estate appraiser continuing education credit within 60 days of the submission of the completed application for out-of-state continuing education credit.

(d) The commissioner may charge a fee to a real estate appraiser, in an amount determined by the commissioner, to submit an application under this subdivision.

(e) This subdivision does not apply to asynchronous educational offerings.

EFFECTIVE DATE. This section is effective September 1, 2022.

Sec. 48. Minnesota Statutes 2021 Supplement, section 82B.25, subdivision 2, is amended to read:

Subd. 2. **Education.** ~~Within two years of receiving a license under this chapter and as required by the Appraiser Qualifications Board,~~ A real property appraiser shall provide to the commissioner evidence of satisfactory completion of a continuing education course on the valuation bias of real property. An appraiser licensed after September 1, 2021, must complete the course required by this section prior to the appraiser's first license renewal.

EFFECTIVE DATE. This section is effective September 1, 2022.

Sec. 49. Minnesota Statutes 2020, section 82C.17, subdivision 2, is amended to read:

Subd. 2. **Evidence.** (a) An appraisal management company can evidence that the fees paid to an appraiser were reasonable and customary through:

(1) objective third-party information, including, but not limited to, government agency fee schedules or academic studies. An academic study used must exclude appraisal assignments ordered by an appraisal management company~~. The commissioner may establish a fee scheduled for use by an appraisal management company~~; or

(2) reviewing each of the following factors and making adjustments to recent fees paid for appraisal services performed in the market area:

(i) the type of property appraised;

(ii) the scope of the appraisal work;

(iii) the time in which the appraisal service must be performed;

(iv) appraiser qualifications;

(v) appraiser experience and professional record; and

(vi) appraiser work quality.

(b) The fees paid for a complex appraisal assignment shall reflect the increased time, difficulty, and scope of work required.

(c) An appraisal management company shall maintain written documentation describing and substantiating all methods and information used to determine the customary and reasonable fees required by this section.

EFFECTIVE DATE. This section is effective September 1, 2022.

Sec. 50. **[214.035] LICENSING DISQUALIFICATIONS; PRELIMINARY APPLICATIONS; REPORTS.**

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

(b) "Conviction" has the meaning given in section 609.02, subdivision 5.

(c) "Criminal record" means a record of an arrest, prosecution, criminal proceeding, or conviction.

(d) "State licensor" or "licensor" means a state agency or examining and licensing board that issues an occupational or professional license, registration, or certificate and considers before issuing the license, registration, or certificate any criminal record or conviction of an applicant that may make an applicant ineligible to receive the license, registration, or certificate.

Subd. 2. **Scope.** (a) This section does not apply to a license, registration, or certificate issued by a state licensor if the license, registration, or certificate does not require an applicant to report to the state licensor as part of the application process the applicant's criminal record or does not require an applicant to obtain a criminal background check or study as part of the application process to obtain the license, registration, or certificate.

(b) This section does not apply to a license, registration, or certificate issued by the Department of Health, Department of Human Services, or any health-related licensing board, as defined in section 214.01, subdivision 2.

(c) The preliminary application process described under this section may only be utilized by an individual who has a criminal record.

Subd. 3. **Preliminary applications.** (a) Notwithstanding any law to the contrary, all state licensors shall permit an individual to submit a preliminary application for a determination pursuant to this section as to whether a criminal record or conviction that may be considered by the state licensor under state law would make the individual ineligible to receive an occupational or professional license, registration, or certificate issued by the state licensor.

(b) An applicant shall submit a preliminary application and any other supporting documents to the appropriate state licensor in a form and manner approved by the licensor. The state licensor may require that the applicant provide information about the applicant's criminal record in the form and manner approved by the licensor.

(c) A state licensor may charge a fee to cover any expenses incurred in connection with processing a preliminary application, provided the fee does not exceed the actual cost to the state licensor of processing the application or the initial fee for the applicable license, registration, or certificate. If the applicant subsequently applies for the license, registration, or certificate, the amount of the preliminary application fee paid by the applicant must be credited toward the applicant's initial fee for the license, registration, or certificate. An applicant may request a waiver of this fee. A fee collected under this paragraph for the expenses incurred by the state licensor shall be deposited in the fund in the state treasury in which the state licensor deposits fees collected for issuing occupational or professional licenses, registrations, or certificates. If the state licensor does not collect a fee for issuing occupational or professional licenses, registrations, or certificates, any fee collected under this paragraph shall be deposited pursuant to section 214.06, subdivision 1.

(d) Upon receipt of a completed preliminary application and any necessary supporting documents, the state licensor must determine under state law whether a criminal record or conviction that may be considered under state law would make the applicant ineligible to receive a professional or occupational license, registration, or certificate from the licensor. The state licensor must issue a written decision within 60 days of receiving a completed preliminary application. If the state licensor determines that a criminal record or conviction would make the applicant ineligible to receive a professional or occupational license, registration, or certificate, the written decision must:

(1) state all reasons the professional or occupational license, registration, or certificate would be denied, including the standard used to make the decision;

(2) notify the applicant of the right to appeal the decision or seek reconsideration of the results of a background check or background study, if applicable; and

(3) inform the applicant of any action or additional steps the applicant could take to qualify for a professional or occupational license, registration, or certificate.

(e) If a state licensor determines that no criminal records or convictions would make the applicant ineligible to receive a professional or occupational license, registration, or certificate, that decision is binding on the licensor unless the decision is clearly erroneous under state law or:

(1) the applicant is convicted of a crime or commits any other disqualifying act that may be considered by the state licensor under state law after submission of the preliminary application;

(2) the applicant provided incomplete information in the preliminary application;

(3) the applicant provided inaccurate or fraudulent information in the preliminary application; or

(4) changes to state law were enacted after the date the decision was issued, making the applicant ineligible under state law to receive a license, registration, or certificate.

(f) Nothing in this section precludes a licensor from issuing a license, registration, or certificate to an applicant that includes limitations or conditions on the license, registration, or certificate based on a criminal conviction or alleged misconduct of the applicant.

(g) By August 1 of each year, each state licensor shall submit to the commissioner of management and budget the number of applicants who submitted preliminary applications to the licensor in accordance with this section and the number of applicants who subsequently applied for a license, registration, or certificate for the previous fiscal year. The state licensor shall also submit the total amount of initial application fees that were not paid by these applicants pursuant to paragraph (c), or, if the licensor does not collect a fee for issuing a license, registration, or certificate, the cost of processing the preliminary application fee that was not covered pursuant to paragraph (c). Each fiscal year, an amount necessary to pay each state licensor the rest of each initial application fee or the rest of the cost of processing each preliminary application if an initial application fee was not collected by the licensor is appropriated from the general fund to the appropriate state licensor.

(h) This section does not apply to a state licensor that does not require an applicant to provide a criminal record, complete a background check, or complete a background study.

Subd. 4. **Reports.** (a) By January 15 of each year, every state licensor shall report to the Department of Employment and Economic Development on:

(1) the number of individuals who applied for a professional or occupational license, registration, or certificate from the licensor;

(2) the number of individuals described in clause (1) who were found to be ineligible due to a criminal record or conviction;

(3) the number of individuals who submitted a preliminary application under this section; and

(4) the number of individuals described in clause (3) who were found to be ineligible due to a criminal record or conviction.

(b) On or before February 15 of each year, the commissioner of employment and economic development shall compile the reports received under paragraph (a) and provide the compiled reports to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over employment. The commissioner of employment and economic development must make the report readily available on the department's public website.

Sec. 51. Minnesota Statutes 2020, section 239.761, subdivision 3, is amended to read:

Subd. 3. **Gasoline.** (a) Gasoline that is not blended with biofuel must not be contaminated with water or other impurities and must comply with ASTM specification D4814-11b. Gasoline that is not blended with biofuel must also comply with the volatility requirements in Code of Federal Regulations, title 40, part ~~80~~ 1090.

(b) After gasoline is sold, transferred, or otherwise removed from a refinery or terminal, a person responsible for the product:

(1) may blend the gasoline with agriculturally derived ethanol as provided in subdivision 4;

(2) shall not blend the gasoline with any oxygenate other than biofuel;

(3) shall not blend the gasoline with other petroleum products that are not gasoline or biofuel;

(4) shall not blend the gasoline with products commonly and commercially known as casinghead gasoline, absorption gasoline, condensation gasoline, drip gasoline, or natural gasoline; and

(5) may blend the gasoline with a detergent additive, an antiknock additive, or an additive designed to replace tetra-ethyl lead, that is registered by the EPA.

Sec. 52. Minnesota Statutes 2020, section 239.761, subdivision 4, is amended to read:

Subd. 4. **Gasoline blended with ethanol; general.** (a) Gasoline may be blended with agriculturally derived, denatured ethanol that complies with the requirements of subdivision 5.

(b) A gasoline-ethanol blend must:

(1) comply with the volatility requirements in Code of Federal Regulations, title 40, part ~~80~~ 1090;

(2) comply with ASTM specification D4814-11b, or the gasoline base stock from which a gasoline-ethanol blend was produced must comply with ASTM specification D4814-11b; and

(3) not be blended with casinghead gasoline, absorption gasoline, condensation gasoline, drip gasoline, or natural gasoline after the gasoline-ethanol blend has been sold, transferred, or otherwise removed from a refinery or terminal.

Sec. 53. Minnesota Statutes 2020, section 239.791, subdivision 2a, is amended to read:

Subd. 2a. **Federal Clean Air Act waivers; conditions.** (a) Before a waiver granted by the United States Environmental Protection Agency under United States Code, title 42, section 7545, may alter the minimum content level required by subdivision 1, paragraph (a), clause (1), item (ii), the waiver must:

(1) apply to all gasoline-powered motor vehicles irrespective of model year; and

(2) allow for special regulatory treatment of Reid vapor pressure under Code of Federal Regulations, title 40, ~~section 80.27~~ part 1090.215, paragraph ~~(d)~~ (b), for blends of gasoline and ethanol up to the maximum percent of denatured ethanol by volume authorized under the waiver.

(b) The minimum biofuel requirement in subdivision 1, paragraph (a), clause (1), item (ii), shall, upon the grant of the federal waiver, be effective the day after the commissioner of commerce publishes notice in the State Register. In making this determination, the commissioner shall consider the amount of time required by refiners, retailers, pipeline and distribution terminal companies, and other fuel suppliers, acting expeditiously, to make the operational and logistical changes required to supply fuel in compliance with the minimum biofuel requirement.

Sec. 54. Minnesota Statutes 2020, section 296A.01, subdivision 23, is amended to read:

Subd. 23. **Gasoline.** (a) "Gasoline" means:

(1) all products commonly or commercially known or sold as gasoline regardless of their classification or uses, except casinghead gasoline, absorption gasoline, condensation gasoline, drip gasoline, or natural gasoline that under the requirements of section 239.761, subdivision 3, must not be blended with gasoline that has been sold, transferred, or otherwise removed from a refinery or terminal; and

(2) any liquid prepared, advertised, offered for sale or sold for use as, or commonly and commercially used as, a fuel in spark-ignition, internal combustion engines, and that when tested by the Weights and Measures Division meets the specifications in ASTM specification D4814-11b.

(b) Gasoline that is not blended with ethanol must not be contaminated with water or other impurities and must comply with both ASTM specification D4814-11b and the volatility requirements in Code of Federal Regulations, title 40, part ~~80~~ 1090.

(c) After gasoline is sold, transferred, or otherwise removed from a refinery or terminal, a person responsible for the product:

(1) may blend the gasoline with agriculturally derived ethanol, as provided in subdivision 24;

(2) must not blend the gasoline with any oxygenate other than denatured, agriculturally derived ethanol;

(3) must not blend the gasoline with other petroleum products that are not gasoline or denatured, agriculturally derived ethanol;

(4) must not blend the gasoline with products commonly and commercially known as casinghead gasoline, absorption gasoline, condensation gasoline, drip gasoline, or natural gasoline; and

(5) may blend the gasoline with a detergent additive, an antiknock additive, or an additive designed to replace tetra-ethyl lead, that is registered by the EPA.

Sec. 55. Minnesota Statutes 2020, section 332.33, subdivision 3, is amended to read:

Subd. 3. **Term.** Licenses issued or renewed and registrations received by the commissioner of commerce under sections 332.31 to 332.44 shall expire on June 30. Each collection agency license shall plainly state the name and business address of the licensee, and shall be posted in a conspicuous place in the office where the business is transacted. The fee for each collection agency license is $500, and renewal is $400. The fee for each collector registration and renewal is $10, which entitles the individual collector to work at a licensee's business location or in another location as provided under subdivision 5b. An additional branch license is not required for a location used under subdivision 5b. A collection agency licensee who desires to carry on business in more than one place shall procure a license for each place where the business is to be conducted.

EFFECTIVE DATE. This section is effective June 1, 2022.

Sec. 56. Minnesota Statutes 2020, section 332.33, is amended by adding a subdivision to read:

Subd. 5b. **Work from home.** An employee of a licensed collection agency may work from a location other than the licensee's business location if the licensee and employee comply with all requirements under this section that would apply if the employee were working at the business location.

EFFECTIVE DATE. This section is effective June 1, 2022.

Sec. 57. Minnesota Statutes 2020, section 336.9-510, is amended to read:

336.9-510 EFFECTIVENESS OF FILED RECORD.

(a) **Filed record effective if authorized.** A filed record is effective only to the extent that it was filed by a person that may file it under section 336.9-509 or by the filing office under section 336.9-5135.

(b) **Authorization by one secured party of record.** A record authorized by one secured party of record does not affect the financing statement with respect to another secured party of record.

(c) **Continuation statement not timely filed.** A continuation statement that is not filed within the six-month period prescribed by section 336.9-515(d) is ineffective.

Sec. 58. **[336.9-5135] TERMINATION OF WRONGFULLY FILED FINANCING STATEMENT; REINSTATEMENT.**

(a) **Intent to harass.** "Intent to harass" means that from the totality of the information provided in the record, it appears obvious to the filing office that there is no valid basis for the filing of the record.

(b) **Affidavit of wrongful filing.** A person identified as the debtor in a filed financing statement may deliver to the filing office a notarized affidavit that identifies the financing statement by file number, indicates the person's mailing address, and states that the person believes the filed record identifying the person as the debtor was not authorized to be filed and was communicated or caused to be communicated to the office with the intent to harass or defraud the person identified as the debtor. The office may reject an affidavit that is incomplete or that the office believes was delivered with the intent to harass or defraud the secured party. The secretary of state must provide a form of affidavit for use under this section.

(c) **Termination statement by filing office.** If an affidavit is delivered to the filing office under subsection (b) and is not rejected under subsection (b), the office must promptly file a termination statement with respect to the financing statement identified in the affidavit. The termination statement must identify by its file number the initial financing statement it relates to and must indicate that it was filed pursuant to this section. A termination statement filed under this subsection is not effective until 20 days after the date it is filed.

(d) **No fee charged or refunded.** The filing office must not charge a fee to file an affidavit under subsection (b) or a termination statement under subsection (c). The office must not return any fee paid to file the financing statement identified in the affidavit, whether or not the financing statement is reinstated under subsection (g).

(e) **Notice of termination statement.** Within two business days of the date a filing office files a termination statement under subsection (c), it must send to the secured party of record for the financing statement the termination statement relates to a notice stating the termination statement has been filed and becomes effective 20 days after the date the termination statement was filed. The notice must be sent by certified mail, return receipt requested, to the address provided for the secured party of record in the financing statement, with a copy sent by e-mail to the e-mail address provided by the secured party of record, if any.

(f) **Administrative review; action for reinstatement.** If a secured party believes in good faith the filed record identified in an affidavit and delivered to the filing office under subsection (b) was authorized to be filed and was not communicated or caused to be communicated to the filing office with the intent to harass or defraud, the secured party may do the following:

(1) before the termination statement takes effect, request that the filing office conduct an expedited review of the filed record and any documentation provided by the secured party. The filing office may, as a result of the review, remove from the record the termination statement the filing office filed under subsection (c) before the termination statement takes effect; or

(2) at any time, commence an action against the filing office seeking reinstatement of the financing statement the filed record relates to. The action must be commenced before the expiration of six months after the date the termination statement was filed under subsection (c) becomes effective. If the person identified as the debtor is not named as a defendant in the action, the secured party must send a copy of the complaint to the person identified as the debtor at the address indicated in the affidavit. The exclusive venue for the action is the district court for the county where the filing office in which the financing statement was filed is located. The action must be considered by the court on an expedited basis.

(g) **Office to file notice of action for reinstatement.** Within ten days after the date the filing office is served with process in an action under subsection (f), the filing office must file in the central filing system a notice indicating the action has been commenced. The notice must indicate the file number of the initial financing statement it relates to.

(h) **Action for reinstatement successful.** In an action under subsection (f), if the court determines the financing statement was authorized to be filed and was not communicated or caused to be communicated to the filing office with the intent to harass or defraud the person identified as the debtor, the court must order that the financing statement is reinstated. If a reinstatement order is issued by the court, the filing office must promptly file a record that identifies by its file number the initial financing statement the record relates to and indicates the financing statement has been reinstated.

(i) **Effect of reinstatement.** Upon the filing of a record reinstating a financing statement under subsection (h), the effectiveness of the financing statement is reinstated and the financing statement is considered to never have been terminated under this section. A continuation statement filed under section 336.9-515(d) after the effective date of a termination statement filed under subsection (c) becomes effective if the financing statement is reinstated.

(j) **Liability for wrongful filing.** In an action under subsection (f), if the court determines the filed record identified in an affidavit delivered to the filing office under subsection (b) was not authorized to be filed and was communicated or caused to be communicated to the filing office with the intent to harass or defraud the person identified as the debtor, the filing office and the person identified as the debtor may recover from the secured party that filed the action the costs and expenses, including reasonable attorney fees, that the filing office and the person identified as the debtor incurred in the action. The recovery is under this subsection in addition to any recovery the person identified as the debtor is entitled to under section 336.9-625.

Sec. 59. Minnesota Statutes 2020, section 336.9-516, is amended to read:

336.9-516 WHAT CONSTITUTES FILING; EFFECTIVENESS OF FILING.

(a) **What constitutes filing.** Except as otherwise provided in subsection (b), communication of a record to a filing office and tender of the filing fee or acceptance of the record by the filing office constitutes filing.

(b) **Refusal to accept record; filing does not occur.** Filing does not occur with respect to a record that a filing office refuses to accept because:

(1) the record is not communicated by a method or medium of communication authorized by the filing office. For purposes of filing office authorization, transmission of records using the Extensible Markup Language (XML) format is authorized by the filing office after the later of July 1, 2007, or the determination of the secretary of state that the central filing system is capable of receiving and processing these records;

(2) an amount equal to or greater than the applicable filing fee is not tendered;

(3) the filing office is unable to index the record because:

(A) in the case of an initial financing statement, the record does not provide a name for the debtor;

(B) in the case of an amendment or information statement, the record:

(i) does not identify the initial financing statement as required by section 336.9-512 or 336.9-518, as applicable; or

(ii) identifies an initial financing statement whose effectiveness has lapsed under section 336.9-515;

(C) in the case of an initial financing statement that provides the name of a debtor identified as an individual or an amendment that provides a name of a debtor identified as an individual which was not previously provided in the financing statement to which the record relates, the record does not identify the debtor's surname; or

(D) in the case of a record filed or recorded in the filing office described in section 336.9-501 (a)(1), the record does not provide a sufficient description of the real property to which it relates;

(4) in the case of an initial financing statement or an amendment that adds a secured party of record, the record does not provide a name and mailing address for the secured party of record;

(5) in the case of an initial financing statement or an amendment that provides a name of a debtor which was not previously provided in the financing statement to which the amendment relates, the record does not:

(A) provide a mailing address for the debtor; or

(B) indicate whether the name provided as the name of the debtor is the name of an individual or an organization;

(6) in the case of an assignment reflected in an initial financing statement under section 336.9-514 (a) or an amendment filed under section 336.9-514 (b), the record does not provide a name and mailing address for the assignee; ~~or~~

(7) in the case of a continuation statement, the record is not filed within the six-month period prescribed by section 336.9-515 (d)~~.~~; or

(8) in the case of an initial financing statement or an amendment that provides a name of a debtor not previously provided in the financing statement to which the amendment relates, the office reasonably believes the record was communicated or caused to be communicated (i) with the intent to harass or defraud the person identified as the debtor, or (ii) for another unlawful purpose. The office has no duty to form a belief as to whether a record was communicated or caused to be communicated with the intent to harass or defraud the person identified as the debtor or for another unlawful purpose, and has no duty to investigate or ascertain facts relevant to whether the intent or purpose was present. The secretary of state is not required to return an image of a filing rejected under this clause.

(c) **Rules applicable to subsection (b).** For purposes of subsection (b):

(1) a record does not provide information if the filing office is unable to read or decipher the information; and

(2) a record that does not indicate that it is an amendment or identify an initial financing statement to which it relates, as required by section 336.9-512, 336.9-514, or 336.9-518, is an initial financing statement.

(d) **Refusal to accept record; record effective as filed record.** A record that is communicated to the filing office with tender of the filing fee, but which the filing office refuses to accept for a reason other than one set forth in subsection (b), is effective as a filed record except as against a purchaser of the collateral which gives value in reasonable reliance upon the absence of the record from the files.

(e) **Effectiveness of record; purchaser in good faith.** A record that the filing office initially refuses to accept under subsection (b)(8) but later accepts after receiving additional information is effective as if the office had not initially refused to accept the record, except as against a purchaser of the collateral that gives value in reasonable reliance upon the absence of the record from the files.

Sec. 60. Minnesota Statutes 2020, section 515B.3-102, is amended to read:

515B.3-102 POWERS OF UNIT OWNERS' ASSOCIATION.

(a) Except as provided in subsections (b), (c), (d), ~~and~~ (e), (f), (g), and (h) and subject to the provisions of the declaration or bylaws, the association shall have the power to:

(1) adopt, amend and revoke rules and regulations not inconsistent with the articles of incorporation, bylaws and declaration, as follows: (i) regulating the use of the common elements; (ii) regulating the use of the units, and conduct of unit occupants, which may jeopardize the health, safety or welfare of other occupants, which involves noise or other disturbing activity, or which may damage the common elements or other units; (iii) regulating or prohibiting animals; (iv) regulating changes in the appearance of the common elements and conduct which may damage the common interest community; (v) regulating the exterior appearance of the common interest community, including, for example, balconies and patios, window treatments, and signs and other displays, regardless of whether inside a unit; (vi) implementing the articles of incorporation, declaration and bylaws, and exercising the powers granted by this section; and (vii) otherwise facilitating the operation of the common interest community;

(2) adopt and amend budgets for revenues, expenditures and reserves, and levy and collect assessments for common expenses from unit owners;

(3) hire and discharge managing agents and other employees, agents, and independent contractors;

(4) institute, defend, or intervene in litigation or administrative proceedings (i) in its own name on behalf of itself or two or more unit owners on matters affecting the common elements or other matters affecting the common interest community or, (ii) with the consent of the owners of the affected units on matters affecting only those units;

(5) make contracts and incur liabilities;

(6) regulate the use, maintenance, repair, replacement, and modification of the common elements and the units;

(7) cause improvements to be made as a part of the common elements, and, in the case of a cooperative, the units;

(8) acquire, hold, encumber, and convey in its own name any right, title, or interest to real estate or personal property, but (i) common elements in a condominium or planned community may be conveyed or subjected to a security interest only pursuant to section 515B.3-112, or (ii) part of a cooperative may be conveyed, or all or part of a cooperative may be subjected to a security interest, only pursuant to section 515B.3-112;

(9) grant or amend easements for public utilities, public rights-of-way or other public purposes, and cable television or other communications, through, over or under the common elements; grant or amend easements, leases, or licenses to unit owners for purposes authorized by the declaration; and, subject to approval by a vote of unit owners other than declarant or its affiliates, grant or amend other easements, leases, and licenses through, over or under the common elements;

(10) impose and receive any payments, fees, or charges for the use, rental, or operation of the common elements, other than limited common elements, and for services provided to unit owners;

(11) impose interest and late charges for late payment of assessments and, after notice and an opportunity to be heard before the board or a committee appointed by it, levy reasonable fines for violations of the declaration, bylaws, and rules and regulations of the association;

(12) impose reasonable charges for the review, preparation and recordation of amendments to the declaration, resale certificates required by section 515B.4-107, statements of unpaid assessments, or furnishing copies of association records;

(13) provide for the indemnification of its officers and directors, and maintain directors' and officers' liability insurance;

(14) provide for reasonable procedures governing the conduct of meetings and election of directors;

(15) exercise any other powers conferred by law, or by the declaration, articles of incorporation or bylaws; and

(16) exercise any other powers necessary and proper for the governance and operation of the association.

(b) Notwithstanding subsection (a) the declaration or bylaws may not impose limitations on the power of the association to deal with the declarant which are more restrictive than the limitations imposed on the power of the association to deal with other persons.

(c) An association levying a fine pursuant to subsection (a)(11), or an assessment pursuant to section 515B.3-115(g) or 515B.3-1151(g), must provide written notice to a unit owner that:

(1) if applicable, indicates the amount, date, and reason for the levy;

(2) identifies the violation for which a fine is being levied and the specific section of the declaration, bylaws, or rules and regulations allegedly violated;

(3) states that all unpaid fines and assessments are liens which, if not satisfied, could lead to foreclosure of the unit;

(4) describes the right of the unit owner to be heard by the board or a committee appointed by the board;

(5) states that if the assessment, fees, charges, or fine is not paid, the amount owed may increase as a result of the imposition of attorney fees and other costs of collection; and

(6) informs the unit owner that homeownership assistance is available from, and includes the contact information for, the Minnesota Homeownership Center.

(d) No further collection or enforcement action may be taken by the association for the 15-day period following delivery of the notice required under paragraph (c).

(e) No attorney fees are chargeable or may be collected from a unit owner who disputes the levy or assessment and prevails at a hearing held by the board or a committee appointed by the board.

~~(c)~~ (f) Notwithstanding subsection (a), powers exercised under this section must comply with section 500.215.

~~(d)~~ (g) Notwithstanding subsection (a)(4) or any other provision of this chapter, the association, before instituting litigation or arbitration involving construction defect claims against a development party, shall:

(1) mail or deliver written notice of the anticipated commencement of the action to each unit owner at the addresses, if any, established for notices to owners in the declaration and, if the declaration does not state how notices are to be given to owners, to the owner's last known address. The notice shall specify the nature of the construction defect claims to be alleged, the relief sought, and the manner in which the association proposes to fund the cost of pursuing the construction defect claims; and

(2) obtain the approval of owners of units to which a majority of the total votes in the association are allocated. Votes allocated to units owned by the declarant, an affiliate of the declarant, or a mortgagee who obtained ownership of the unit through a foreclosure sale are excluded. The association may obtain the required approval by a vote at an annual or special meeting of the members or, if authorized by the statute under which the association is created and taken in compliance with that statute, by a vote of the members taken by electronic means or mailed ballots. If the association holds a meeting and voting by electronic means or mailed ballots is authorized by that statute, the association shall also provide for voting by those methods. Section 515B.3-110(c) applies to votes taken by electronic means or mailed ballots, except that the votes must be used in combination with the vote taken at a meeting and are not in lieu of holding a meeting, if a meeting is held, and are considered for purposes of determining whether a quorum was present. Proxies may not be used for a vote taken under this paragraph unless the unit owner executes the proxy after receipt of the notice required under subsection ~~(d)~~ (g) (1) and the proxy expressly references this notice.

~~(e)~~ (h) The association may intervene in a litigation or arbitration involving a construction defect claim or assert a construction defect claim as a counterclaim, crossclaim, or third-party claim before complying with subsections ~~(d)~~ (g) (1) and ~~(d)~~ (g) (2) but the association's complaint in an intervention, counterclaim, crossclaim, or third-party claim shall be dismissed without prejudice unless the association has complied with the requirements of subsection ~~(d)~~ (g) within 90 days of the association's commencement of the complaint in an intervention or the assertion of the counterclaim, crossclaim, or third-party claim.

EFFECTIVE DATE. This section is effective January 1, 2023.

Sec. 61. Minnesota Statutes 2020, section 549.30, subdivision 3, is amended to read:

Subd. 3. **Applicable law.** "Applicable law" means: (1) the laws of the United States; (2) the laws of this state, including principles of equity applied in the courts of this state; and (3) the laws of any other jurisdiction: (i) which is the domicile of the payee ~~or any other interested party~~; (ii) under whose laws a structured settlement agreement was approved by a court or responsible administrative authority; or (iii) in whose courts a settled claim was pending when the parties entered into a structured settlement agreement.

Sec. 62. Minnesota Statutes 2020, section 549.30, is amended by adding a subdivision to read:

Subd. 3a. **Assignee.** "Assignee" means a person acquiring or proposing to acquire structured settlement payment rights from a transferee.

Sec. 63. Minnesota Statutes 2020, section 549.30, is amended by adding a subdivision to read:

Subd. 5a. **Effective equivalent annual interest rate.** "Effective equivalent annual interest rate" means the annualized rate of interest on the net advance amount, calculated by treating the transferred settlement payments as if the transferred settlement payments were installment payments on a loan, with each payment applied first to the accrued unpaid interest and then to the principal.

Sec. 64. Minnesota Statutes 2020, section 549.30, subdivision 6, is amended to read:

Subd. 6. **Independent professional advice.** "Independent professional advice" means advice of an attorney, certified public accountant, actuary, financial adviser, or other licensed professional adviser: (1) who is engaged by a payee to render advice concerning the legal, tax, and financial implications of a transfer of structured settlement payment rights; (2) to whom the payee is not referred directly or indirectly and who is not in any manner affiliated with or compensated by the transferee of the transfer; and (3) whose compensation for providing the advice is not affected by whether a transfer occurs or does not occur.

Sec. 65. Minnesota Statutes 2020, section 549.30, subdivision 15, is amended to read:

Subd. 15. **Structured settlement payment rights.** "Structured settlement payment rights" means rights to receive periodic payments, including lump-sum payments, under a structured settlement, whether from the settlement obligor or the annuity issuer, where: (1) the payee ~~or any other interested party~~ is domiciled in the state; (2) the structured settlement agreement was approved by a court or responsible administrative authority in the state; or (3) the settled claim was pending before the courts of this state when the parties entered into the structured settlement agreement.

Sec. 66. Minnesota Statutes 2020, section 549.30, subdivision 19, is amended to read:

Subd. 19. **Transferee.** "Transferee" means a person ~~who is receiving or will receive~~ acquiring or proposing to acquire structured settlement payment rights ~~resulting from a transfer~~.

Sec. 67. Minnesota Statutes 2020, section 549.31, is amended to read:

549.31 CONDITIONS TO TRANSFERS OF STRUCTURED SETTLEMENT PAYMENT RIGHTS AND STRUCTURED SETTLEMENT AGREEMENTS.

Subdivision 1. **Generally.** No direct or indirect transfer of structured settlement payment rights is effective and no structured settlement obligor or annuity issuer is required to make a payment directly or indirectly to a transferee of structured settlement payment rights unless the transfer has been authorized in advance in a final order of a court of competent jurisdiction or responsible administrative authority, based on the court's or responsible administrative authority's written express findings, after notice and hearing, that:

(a) the transfer complies with the requirements of sections 549.31 to 549.34 and will not contravene other applicable law;

(b) not less than ten days before the date on which the payee first incurred an obligation with respect to the transfer, the transferee has provided to the payee, an attorney representing the payee or advising the payee, or any other professional known to be advising the payee a disclosure statement in bold type, no smaller than 14 points, specifying:

(1) the amounts and due dates of the structured settlement payments to be transferred;

(2) the aggregate amount of the payments;

(3) the discounted present value of the payments, together with the discount rate used in determining the discounted present value;

(4) the gross amount payable to the payee in exchange for the payments;

(5) an itemized listing of all brokers' commissions, service charges, application fees, processing fees, closing costs, filing fees, referral fees, administrative fees, legal fees, notary fees, and other commissions, fees, costs, expenses, and any other charges payable by the payee or deductible from the gross amount otherwise payable to the payee, and verification that the total fees and charges do not exceed two percent of the total compensation payable to the payee;

(6) the net amount payable to the payee after deduction of all commissions, fees, costs, expenses, and charges described in clause (5);

(7) the quotient, expressed as a percentage, obtained by dividing the net payment amount by the discounted present value of the payments; ~~and~~

(8) the amount of any penalty and the aggregate amount of any liquidated damages, including penalties, payable by the payee in the event of a breach of the transfer agreement by the payee;

(9) the effective equivalent annual interest rate, disclosed in the following form: "Based on the net amount that you will receive from us and the amounts and timing of the structured settlement payments you are transferring to us, in effect you will be paying us at an interest rate of .....% per year"; and

(10) that the payee is advised to obtain independent professional advice about the transfer, disclosed in the following form: "Before agreeing to sell any of your payment rights, you should seek guidance from an attorney, accountant, actuary, financial adviser, or tax or other licensed professional adviser who is not associated with the buyer. It is illegal for the buyer to refer you to anyone for this advice and for anyone associated with or paid for by the buyer to give you advice.";

(c) based on the files, records, disclosures, and evidence presented at the hearing, the ~~payee~~ court has established that the financial terms of the proposed transfer are fair and reasonable and the proposed transfer is in the best interests of the payee and the payee's dependents~~;~~, after considering:

(1) the payee's age, legal knowledge, and apparent maturity level, and any other relevant factors and the stated purpose of the transfer;

(2) whether the payee has the capacity to fully understand the financial terms and implications of the transfer agreement;

(3) whether the payee is employed or employable;

(4) the payee's ability to meet (i) ongoing and known future living expenses, including medical expenses, and (ii) the current and future financial obligations of the payee and the payee's dependents, including child support and spousal maintenance;

(5) whether the payee completed previous transactions involving the payee's structured settlement payments, and the timing, size, stated purpose, and actual use of the proceeds;

(6) the impact of the proposed transfer on current or future eligibility of the payee or the payee's dependents for public benefits; and

(7) any other factors or facts the court determines are relevant and should be considered;

(d) the payee has or has not received independent professional advice regarding the legal, tax, and financial implications of the transfer;

(e) the transferee has given written notice of the transferee's name, address, and taxpayer identification number to the annuity issuer and the structured settlement obligor and has filed a copy of the notice with the court or responsible administrative authority; and

(f) that the transfer agreement provides that any disputes between the parties will be governed, interpreted, construed, and enforced in accordance with the laws of this state and that the domicile state of the payee is the proper place of venue to bring any cause of action in district court arising out of a breach of the agreement. The transfer agreement must also provide that the parties agree to the jurisdiction of any court of competent jurisdiction located in this state and that no predispute arbitration is required by the agreement.

~~If the transfer would contravene the terms of the structured settlement, upon the filing of a written objection by any interested party and after considering the objection and any response to it, the court or responsible administrative authority may grant, deny, or impose conditions upon the proposed transfer as the court or responsible administrative authority deems just and proper under the facts and circumstances in accordance with established principles of law.~~ Any order approving a transfer must require that the transferee indemnify the annuity issuer and the structured settlement obligor for any liability including reasonable costs and attorney fees arising from compliance by the issuer or obligor with the order of the court or responsible administrative authority.

Subd. 1a. **Appointment of evaluator.** The court may, in its discretion in any case, appoint an attorney to make an independent assessment and advise the court whether the financial terms of the proposed transfer agreement are fair and reasonable, and whether the transfer is in the best interests of the payee and the payee's dependents. The evaluator must present the findings of the evaluation to the court at or prior to a hearing on the application. All costs and reasonable fees for the evaluator shall be borne by the transferee.

Subd. 1b. **Obligations of annuity issuers and structured settlement obligors; liability of transferees.** (a) The annuity issuer and the structured settlement obligor may rely on the court order approving the transfer of structured settlement payment rights in redirecting periodic payments and, as to all parties except the transferee or an assignee, be discharged and released from any and all liability for the redirected payments. The failure of any party to the transfer to comply with sections 549.30 to 549.34 or with the court order approving the transfer has no effect on the discharge and release.

(b) The transferee is liable to the structured settlement obligor and annuity issuer:

(1) if the transfer contravenes the terms of the structured settlement, and for any taxes incurred by the structured settlement obligor or annuity issuer resulting from the transfer; or

(2) for any other liabilities or costs, including reasonable attorney fees, arising from compliance by the annuity issuer or the structured settlement obligor with the court order approving the transfer, or from the failure of any party to the transfer to comply with sections 549.30 to 549.34.

(c) Compliance with the requirements in sections 549.30 to 549.34 regarding any transfer of structured settlement payment rights is solely the responsibility of the transferee, and neither the annuity issuer nor the structured settlement obligor bears any responsibility for, or any liability arising from, the failure to comply with the requirements or failure to fulfill the conditions of the transfer.

(d) Neither the annuity issuer nor the structured settlement obligor is required to divide any periodic payment between the payee and any transferee or assignee or between two or more transferees or assignees.

Subd. 2. **Unenforceable confessions of judgment.** A provision in a transfer agreement giving a transferee power to confess judgment against a payee is unenforceable ~~to the extent the amount of the judgment would exceed the amount paid by the transferee to the payee, less any payments received from the structured settlement obligor or the payee~~.

Subd. 3. **Initial disclosure of structured settlement terms.** In negotiating a structured settlement of claims brought by or on behalf of a claimant who is domiciled in this state, the structured settlement obligor shall disclose in writing to the claimant or the claimant's legal representative all of the following information that is not otherwise specified in the structured settlement agreement:

(1) the amounts and due dates of the periodic payments to be made under the structured settlement agreement. In the case of payments that will be subject to periodic percentage increases, the amounts of future payments may be disclosed by identifying the base payment amount, the amount and timing of scheduled increases, and the manner in which increases will be compounded;

(2) the amount of the premium payable to the annuity issuer;

(3) the discounted present value of all periodic payments that are not life-contingent, together with the discount rate used in determining the discounted present value;

(4) the nature and amount of any cost that may be deducted from any of the periodic payments;

(5) where applicable, that any transfer of the periodic payments is prohibited by the terms of the structured settlement and may otherwise be prohibited or restricted under applicable law; and

(6) that any transfer of the periodic payments by the claimant may subject the claimant to serious adverse tax consequences.

Sec. 68. **[549.315] DISCOUNT RATE.**

The discount rate used in determining the net amount payable to the payee under the transfer agreement may not exceed an annual percentage rate of prime plus five percentage points calculated as if the net amount payable to the payee was the principal of a consumer loan made by the transferee to the payee, and if the structured settlement payments to be transferred to the transferee were the payee's payments of principal plus interest on such loan. For purposes of this subdivision, the prime rate shall be as reported by the Federal Reserve Statistical Release H.15 on the first Monday of the month in which the transfer agreement is signed by both the payee and the transferee, except when the transfer agreement is signed prior to the first Monday of that month then the prime rate shall be as reported by the Federal Reserve Statistical Release H.15 on the first Monday of the preceding month.

Sec. 69. Minnesota Statutes 2020, section 549.32, is amended to read:

549.32 ~~JURISDICTION~~ APPLICATION; PROCEDURE FOR APPROVAL OF TRANSFERS.

Subdivision 1. **Jurisdiction; venue.** ~~The district court has nonexclusive jurisdiction over~~ (a) An application for authorization under section 549.31 of a transfer of structured settlement payment rights must be filed in the district court in the county in which the payee resides.

(b) The payee must appear in person at the hearing unless the court determines that good cause exists to excuse the payee from appearing in person.

Subd. 2. **Notice.** Not less than 20 days before the scheduled hearing on an application for authorization of a transfer of structured settlement payment rights under section 549.31, the transferee shall file with the court or responsible administrative authority and serve on: any other government authority that previously approved the structured settlement; and all interested parties, a notice of the proposed transfer and the application for its authorization. The notice must include:

(1) a copy of the transferee's application to the court or responsible administrative authority, which must contain the payee's name and age;

(2) a copy of the transfer agreement;

(3) a copy of the disclosure statement required under section 549.31, subdivision 1, paragraph (b), and proof that the disclosure statement has been delivered to the payee, to an attorney representing or advising the payee, and to any other professional known to be advising the payee;

(4) notification that an interested party is entitled to support, oppose, or otherwise respond to the transferee's application, either in person or by counsel, by submitting written comments to the court or responsible administrative authority or by participating in the hearing;

(5) notification of the time and place of the hearing and notification of the manner in which and the time by which written responses to the application must be filed, in order to be considered by the court or responsible administrative authority. Written responses to the application must be filed within 15 days after service of the transferee's notice; and

(6) notification of the date and ~~judicial district~~ court, and details of any prior application for transfer filed by the transferee, an affiliate or assignee of the transferee, or any other transferee relating to a prior proposed transfer with the payee, including whether the prior application was granted or denied. If any prior application was granted, the notice shall provide the amount and due dates of any structured settlement payments that were transferred, the aggregate amount of the payments, the discounted present value of the payments, and the gross amount that was payable to the payee in exchange for the payments.

Sec. 70. **[549.325] PROHIBITED PRACTICES.**

Subdivision 1. **Prohibitions.** No transferee shall:

(1) represent the payee;

(2) intervene in a pending structured settlement transfer proceeding, if the transferee is not a party to such proceeding or an interested party relative to the proposed transfer that is the subject of the pending structured settlement transfer proceeding;

(3) offer or provide any gift, loan, extension of credit, or advance as an inducement to enter into a transfer agreement or pay a fee to any person to refer a potential payee to the transferee or any affiliate of the transferee;

(4) communicate with a payee or a person associated with the payee with excessive frequency, at unusual hours, or in any other manner as reasonably may be expected to abuse or harass the payee in connection with a proposed transfer;

(5) solicit a prospective payee through the conveyance of a document in any way resembling a check or other form of payment;

(6) provide in a transfer agreement or related document that gives to the transferee the first choice or option to purchase any remaining structured settlement rights belonging to the payee; or

(7) solicit or petition for a transfer of a structured settlement from a minor or a parent or guardian of a minor.

Subd. 2. **Enforcement.** A violation of this section is a deceptive practice in violation of section 325F.69.

Sec. 71. Minnesota Statutes 2020, section 549.34, is amended to read:

549.34 CONSTRUCTION.

(a) Nothing contained in sections 549.30 to 549.34 may be construed to authorize the transfer of workers' compensation payment rights in contravention of applicable law or to give effect to the transfer of workers' compensation payment rights that is invalid under applicable law.

(b) No transfer of structured settlement payment rights shall extend to any payments that are life contingent unless, prior to the date on which the payee signs the transfer agreement, the transferee has established and has agreed to maintain procedures reasonably satisfactory to the annuity issuer and the structured settlement obligor for:

(1) periodically confirming the payee's survival; and

(2) giving the annuity issuer and the structured settlement obligor prompt written notice in the event of the payee's death.

Sec. 72. **REVISOR INSTRUCTION.**

(a) The revisor of statutes shall change the term "self-study course" to "on-demand course" wherever it appears in Minnesota Statutes, chapter 45. The revisor shall also make grammatical changes related to the change in term.

(b) The revisor of statutes shall change the term "classroom course" to "live course" wherever it appears in Minnesota Statutes, chapter 45. The revisor shall also make grammatical changes related to the change in term.

Sec. 73. **REPEALER.**

(a) Minnesota Statutes 2020, section 45.25, subdivisions 2a and 14, are repealed.

(b) Minnesota Statutes 2020, section 60A.033, subdivision 3, is repealed.

ARTICLE 28
INSURANCE

Section 1. Minnesota Statutes 2020, section 61A.02, is amended by adding a subdivision to read:

Subd. 7. **Regulatory flexibility.** (a) Notwithstanding any other requirement of this section, the commissioner may authorize long-term care insurance to be sold as part of or in conjunction with life insurance, if the proposed policy:

(1) is not permitted under current law;

(2) represents an innovative and reasonable approach to provide both life insurance and long-term care insurance;

(3) provides reasonable coverage; and

(4) is in the best interest of insureds.

(b) The insurer filing for authorization under this section must demonstrate that the proposed policy satisfies the requirements of paragraph (a).

Sec. 2. Minnesota Statutes 2021 Supplement, section 62J.26, subdivision 2, is amended to read:

Subd. 2. **Evaluation process and content.** (a) The commissioner, in consultation with the commissioners of health and management and budget, must evaluate all mandated health benefit proposals as provided under subdivision 3.

(b) The purpose of the evaluation is to provide the legislature with a complete and timely analysis of all ramifications of any mandated health benefit proposal. The evaluation must include, in addition to other relevant information, the following to the extent applicable:

(1) scientific and medical information on the mandated health benefit proposal, on the potential for harm or benefit to the patient, and on the comparative benefit or harm from alternative forms of treatment, and must include the results of at least one professionally accepted and controlled trial comparing the medical consequences of the proposed therapy, alternative therapy, and no therapy;

(2) public health, economic, and fiscal impacts of the mandated health benefit proposal on persons receiving health services in Minnesota, on the relative cost-effectiveness of the proposal, and on the health care system in general;

(3) the extent to which the treatment, service, equipment, or drug is generally utilized by a significant portion of the population;

(4) the extent to which insurance coverage for the mandated health benefit proposal is already generally available;

(5) the extent to which the mandated health benefit proposal, by health plan category, would apply to the benefits offered to the health plan's enrollees;

(6) the extent to which the mandated health benefit proposal will increase or decrease the cost of the treatment, service, equipment, or drug;

(7) the extent to which the mandated health benefit proposal may increase enrollee premiums; and

(8) if the proposal applies to a qualified health plan as defined in section 62A.011, subdivision 7, the cost to the state to defray the cost of the mandated health benefit proposal using commercial market reimbursement rates in accordance with Code of Federal Regulations, title 45, section 155.70.

(c) The commissioner shall consider actuarial analysis done by health plan companies and any other proponent or opponent of the mandated health benefit proposal in determining the cost of the proposal.

(d) The commissioner must summarize the nature and quality of available information on these issues, and, if possible, must provide preliminary information to the public. The commissioner may conduct research on these issues or may determine that existing research is sufficient to meet the informational needs of the legislature. The commissioner may seek the assistance and advice of researchers, community leaders, or other persons or organizations with relevant expertise.

(e) The commissioner shall not make public any information submitted under this section if that information is trade secret information under section 13.37, subdivision 1, paragraph (b). Trade secret information submitted by a health plan company or other proponent or opponent of the mandated health benefit proposal must be clearly and specifically identified as trade secret information. If the commissioner disagrees with the classification of the information as trade secret, the commissioner must notify in writing the health plan company or other proponent or opponent of the mandated health benefit proposal that the information will be made public at least 30 days prior to the information being made public.

(f) When requesting information from a health plan company or other proponent or opponent of the mandated health benefit proposal pursuant to this section, the commissioner must provide at least 60 days' notice.

Sec. 3. Minnesota Statutes 2020, section 62Q.733, subdivision 1, is amended to read:

Subdivision 1. **Applicability.** For purposes of sections 62Q.732 to ~~62Q.739~~ 62Q.7391, the following definitions apply.

Sec. 4. Minnesota Statutes 2020, section 62Q.735, subdivision 1, is amended to read:

Subdivision 1. **Contract disclosure.** (a) Before requiring a health care provider to sign a contract, a health plan company shall give to the provider a complete copy of the proposed contract, including:

(1) all attachments and exhibits;

(2) operating manuals;

(3) a general description of the health plan company's health service coding guidelines and requirement for procedures and diagnoses with modifiers, and multiple procedures; and

(4) all guidelines and treatment parameters incorporated or referenced in the contract.

(b) The health plan company shall make available to the provider the fee schedule or a method or process that allows the provider to determine the fee schedule for each health care service to be provided under the contract.

(c) ~~Notwithstanding paragraph (b), a health plan company that is a dental plan organization, as defined in section 62Q.76, shall disclose information related to the individual contracted provider's expected reimbursement from the dental plan organization.~~ Nothing in this section requires a dental plan organization to disclose the plan's aggregate maximum allowable fee table used to determine other providers' fees. The contracted provider must not release this information in any way that would violate any state or federal antitrust law.

Sec. 5. Minnesota Statutes 2020, section 62Q.735, subdivision 5, is amended to read:

Subd. 5. **Fee schedules.** ~~(a)~~ A health plan company shall provide, upon request, any additional fees or fee schedules relevant to the particular provider's practice beyond those provided with the renewal documents for the next contract year to all participating providers, excluding claims paid under the pharmacy benefit. Health plan companies may fulfill the requirements of this section by making the full fee schedules available through a secure web portal for contracted providers.

~~(b) A dental organization may satisfy paragraph (a) by complying with section 62Q.735, subdivision 1, paragraph (c).~~

Sec. 6. **[62Q.7391] HEALTH CARE PROVIDER CONTRACT TERMINATION.**

Subdivision 1. **Termination for cause.** (a) A contract between a health care provider and a health plan company may be terminated by the health plan company for cause only if the contract includes an appeal process for the provider to appeal the termination. The health plan company must provide the provider with written notice of termination that includes:

(1) the reasons for the termination;

(2) the date upon which the termination is effective; and

(3) a statement that the provider has the right to appeal the termination decision and a description of the appeal process available to the provider to request an appeal.

(b) The process must permit the provider with the opportunity to request an appeal and present any relevant documents and arguments against termination. The process must also include (1) an internal review, and (2) an external review that occurs if the internal review upholds the decision to terminate. The external review must be conducted by an independent external review entity agreed to by the provider. The decision of the external review entity is final. If the external review entity determines that the reason for termination is not supported the provider's contract with the health plan company must be reinstated.

(c) A health plan company regulated by the commissioner of commerce must submit to the commissioner of commerce for approval the appeal process required under this subdivision. A health plan company regulated by the commissioner of health must submit to the commissioner of health for approval the appeal process required under this subdivision. If the health plan company fails to submit the process or the appeal process is not approved, the commissioner of commerce or commissioner of health, as appropriate, may take regulatory action against the health plan company.

Subd. 2. **Termination not for cause.** A health plan company is prohibited from terminating a contract with a health care provider without cause.

Sec. 7. Minnesota Statutes 2020, section 62Q.76, is amended by adding a subdivision to read:

Subd. 9. **Third party.** "Third party" means a person or entity that enters into a contract with a dental organization or with another third party to gain access to the dental care services or contractual discounts under a dental provider contract. Third party does not include an enrollee of a dental organization or an employer or other group for whom the dental organization provides administrative services.

EFFECTIVE DATE. This section is effective January 1, 2023, and applies to dental plans and dental provider agreements offered, issued, or renewed on or after that date.

Sec. 8. Minnesota Statutes 2020, section 62Q.78, is amended by adding a subdivision to read:

Subd. 7. **Network leasing.** (a) A dental organization may grant a third party access to a dental provider contract, or a provider's dental care services or contractual discounts provided pursuant to a dental provider contract, if at the time the dental provider contract is entered into or renewed the dental organization allows a dentist to choose not to participate in third-party access to the dental provider contract, without any penalty to the dentist. The third-party access provision of the dental provider contract must be clearly identified. A dental organization must not grant a third party access to the dental provider contract of any dentist who does not participate in third-party access to the dental provider contract.

(b) Notwithstanding paragraph (a), if a dental organization exists solely for the purpose of recruiting dentists for dental provider contracts that establish a network to be leased to third parties, the dentist waives the right to choose whether to participate in third-party access.

(c) A dental organization may grant a third party access to a dental provider contract, or a dentist's dental care services or contractual discounts under a dental provider contract, if the following requirements are met:

(1) the dental organization lists all third parties that may have access to the dental provider contract on the dental organization's website, which must be updated at least once every 90 days;

(2) the dental provider contract states that the dental organization may enter into an agreement with a third party that would allow the third party to obtain the dental organization's rights and responsibilities as if the third party were the dental organization, and the dentist chose to participate in third-party access at the time the dental provider contract was entered into; and

(3) the third party accessing the dental provider contract agrees to comply with all applicable terms of the dental provider contract.

(d) A dentist is not bound by and is not required to perform dental care services under a dental provider contract granted to a third party in violation of this section.

(e) This subdivision does not apply when:

(1) the dental provider contract is for dental services provided under a public health plan program, including but not limited to medical assistance, MinnesotaCare, Medicaid, or Medicare Advantage; or

(2) access to a dental provider contract is granted to a dental organization, an entity operating in accordance with the same brand licensee program as the dental organization or other entity, or to an entity that is an affiliate of the dental organization, provided the entity agrees to substantially similar terms and conditions of the originating dental provider contract between the dental organization and the dentist or dental clinic. A list of the dental organization's affiliates must be posted on the dental organization's website.

Sec. 9. Minnesota Statutes 2020, section 62Q.79, is amended by adding a subdivision to read:

Subd. 7. **Method of payments.** A dental provider contract must include a method of payment for dental care services in which no fees associated with the method of payment, including credit card fees and fees related to payment in the form of digital or virtual currency, are incurred by the dentist or dental clinic. Any fees that may be incurred from a payment must be disclosed to a dentist prior to entering into or renewing a dental provider contract. For purposes of this section, fees related to a provider's electronic claims processing vendor, financial institution, or other vendor used by a provider to facilitate the submission of claims are excluded.

Sec. 10. Minnesota Statutes 2020, section 72A.20, is amended by adding a subdivision to read:

Subd. 41. **Discrimination based on status as a living organ or bone marrow donor prohibited.** A life insurance, long-term care insurance, or disability insurance carrier is prohibited from declining or limiting coverage of an insured or otherwise discriminating in the premium rating, offering, issuance, cancellation, amount of coverage, or any other condition based solely upon the status of an insured as a living organ or bone marrow donor and without additional actuarial risks.

EFFECTIVE DATE. This section is effective for insurance policies issued and renewed on or after August 1, 2022.

Sec. 11. Minnesota Statutes 2020, section 72A.2031, is amended by adding a subdivision to read:

Subd. 3a. **Cash compensation.** "Cash compensation" means any discount, concession fee, service fee, commission, sales charge, loan, override, or cash benefit received by an insurance producer from an insurer, intermediary, or consumer in connection with recommending or selling an annuity.

Sec. 12. Minnesota Statutes 2020, section 72A.2031, is amended by adding a subdivision to read:

Subd. 3b. **Consumer profile information.** "Consumer profile information" means information that is reasonably appropriate to determine whether a recommendation addresses the consumer's financial situation, insurance needs, and financial objectives, including at a minimum the following:

(1) age;

(2) annual income and anticipated material changes in annual income;

(3) financial situation and needs, including debts and other obligations, and anticipated material changes in financial situation and needs;

(4) financial experience;

(5) insurance needs;

(6) financial objectives;

(7) intended use of the annuity;

(8) financial time horizon;

(9) existing assets or financial products, including investment, annuity, and insurance holdings, and anticipated material changes in existing assets;

(10) liquidity needs and anticipated material changes in liquidity needs;

(11) liquid net worth and anticipated material changes in liquid net worth;

(12) risk tolerance, including but not limited to willingness to accept nonguaranteed elements in the annuity;

(13) financial resources used to fund the annuity;

(14) tax status; and

(15) whether or not the consumer has a reverse mortgage.

Sec. 13. Minnesota Statutes 2020, section 72A.2031, subdivision 8, is amended to read:

Subd. 8. **Insurance producer.** "Insurance producer" means a person required to be licensed under the laws of this state to sell, solicit, or negotiate insurance, including annuities. For purposes of sections 72A.203 to 72A.2036, insurance producer includes an insurer where no insurance producer is involved.

Sec. 14. Minnesota Statutes 2020, section 72A.2031, is amended by adding a subdivision to read:

Subd. 8a. **Intermediary.** "Intermediary" means an entity contracted directly with an insurer or with another entity contracted with an insurer to facilitate the sale of the insurer's annuities by insurance producers.

Sec. 15. Minnesota Statutes 2020, section 72A.2031, is amended by adding a subdivision to read:

Subd. 8b. **Material conflict of interest.** "Material conflict of interest" means a financial interest of the insurance producer in the sale of an annuity that a reasonable person would expect to influence the impartiality of a recommendation. The payment of compensation, including both cash and noncash compensation, does not in and of itself constitute a material conflict of interest.

Sec. 16. Minnesota Statutes 2020, section 72A.2031, is amended by adding a subdivision to read:

Subd. 8c. **Noncash compensation.** "Noncash compensation" means any form of compensation that is not cash compensation, including but not limited to health insurance, office rent, office support, and retirement benefits.

Sec. 17. Minnesota Statutes 2020, section 72A.2031, is amended by adding a subdivision to read:

Subd. 8d. **Nonguaranteed elements.** "Nonguaranteed elements" means the premiums and credited interest rates, including any bonus, benefits, values, dividends, noninterest-based credits, charges, or elements of formulas used to determine any of the elements in this subdivision, that are subject to company discretion and are not guaranteed at issue. An element is considered nonguaranteed if any of the underlying nonguaranteed elements are used in the element's calculation.

Sec. 18. Minnesota Statutes 2020, section 72A.2031, is amended by adding a subdivision to read:

Subd. 8e. **Recommendation.** "Recommendation" means advice provided by an insurance producer to an individual consumer that was intended to result or does result in a purchase, exchange, or replacement of an annuity in accordance with the advice rendered. Recommendation does not include a general communication to the public, generalized customer services, assistance or administrative support, general educational information and tools, prospectuses, or other product and sales material.

Sec. 19. Minnesota Statutes 2020, section 72A.2031, subdivision 10, is amended to read:

Subd. 10. **Replacement.** "Replacement" means a transaction in which a new ~~policy or contract~~ annuity is to be purchased~~,~~ and it is known or should be known to the proposing insurance producer~~,~~ or the proposing insurer, whether or not ~~there is~~ an insurance producer is involved, that by reason of the transaction~~,~~ an existing annuity or other insurance policy ~~or contract~~ has been or is to be any of the following:

(1) lapsed, forfeited, surrendered or partially surrendered, assigned to the replacing insurer, or otherwise terminated;

(2) converted to reduced paid-up insurance, continued as extended term insurance, or otherwise reduced in value by the use of nonforfeiture benefits or other policy values;

(3) amended so as to effect either a reduction in benefits or in the term for which coverage would otherwise remain in force or for which benefits would be paid;

(4) reissued with any reduction in cash value; or

(5) used in a financed purchase.

Sec. 20. Minnesota Statutes 2020, section 72A.2032, is amended by adding a subdivision to read:

Subd. 1a. **Best interest obligations.** An insurance producer, when recommending an annuity, shall act in the best interest of the consumer under the circumstances known at the time the recommendation is made. An insurance producer shall not place the insurance producer's or the insurer's financial interest ahead of the consumer's interest. An insurance producer has acted in the best interest of the consumer if the insurance producer has satisfied obligations regarding care, disclosure, conflict of interest, and documentation specified in subdivisions 1b, 1c, 1d, and 1e.

Sec. 21. Minnesota Statutes 2020, section 72A.2032, is amended by adding a subdivision to read:

Subd. 1b. **Care obligation.** (a) The insurance producer, in making a recommendation, shall exercise reasonable diligence, care, and skill to:

(1) know the consumer's financial situation, insurance needs, and financial objectives;

(2) understand the available recommendation options after making a reasonable inquiry into the options available to the insurance producer;

(3) have a reasonable basis to believe the recommended option effectively addresses the consumer's financial situation, insurance needs, and financial objectives over the life of the product, as evaluated in light of the consumer profile information; and

(4) communicate the basis or rationale supporting the recommendation.

(b) The requirements under paragraph (a) include making reasonable efforts to obtain consumer profile information from the consumer prior to recommending an annuity.

(c) Paragraph (a) requires an insurance producer to consider the types of products the insurance producer is authorized and licensed to recommend or sell that address the consumer's financial situation, insurance needs, and financial objectives. This paragraph does not require an insurance producer to analyze or consider (1) any products outside the insurance producer's authority and license, or (2) other possible alternative products or strategies available in the market at the time of the recommendation. Insurance producers shall be held to standards applicable to insurance producers with similar authority and licensure.

(d) This subdivision does not create a fiduciary obligation or relationship and only creates a statutory obligation under sections 72A.203 to 72A.2036.

(e) The consumer profile information; characteristics of the insurer; and product costs, rates, benefits, and features are the factors generally relevant in determining whether an annuity effectively addresses the consumer's financial situation, insurance needs, and financial objectives. The level of importance of each factor under paragraph (a) may vary depending on the facts and circumstances of a particular case. Each factor must not be considered in isolation.

(f) The requirements under paragraph (a) include having a reasonable basis to believe the consumer benefits from certain features of the annuity, including but not limited to annuitization, death or living benefit, or other insurance-related features.

(g) Paragraph (a) applies to the particular annuity as a whole and the underlying subaccounts to which funds are allocated at the time of the purchase or exchange of an annuity, riders, and similar product enhancements, if any.

(h) Paragraph (a) does not require that the annuity with the lowest onetime or multiple-occurrence compensation structure must be recommended.

(i) Paragraph (a) does not require the insurance producer to assume ongoing monitoring obligations. An ongoing monitoring obligation may be separately owed under the terms of a fiduciary, consulting, investment advising, or financial planning agreement between the consumer and the insurance producer.

(j) When an annuity is being exchanged or replaced, the insurance producer shall consider the whole transaction, which includes considering whether:

(1) the consumer incurs a surrender charge; is subject to the commencement of a new surrender period; loses existing benefits such as death, living, or other contractual benefits; or is subject to increased fees, investment advisory fees, or charges for riders and similar product enhancements;

(2) the replacing product substantially benefits the consumer in comparison to the replaced product over the life of the product; and

(3) the consumer had another annuity exchange or replacement and, in particular, an annuity exchange or replacement within the preceding 60 months.

(k) If a person is 65 years of age or older, neither an insurance producer nor an insurer shall recommend replacing or exchanging an annuity that requires the insured to pay a surrender charge for the annuity being replaced or exchanged if the replacement or exchange does not confer a substantial financial benefit over the life of the annuity to the consumer, so that a reasonable person would believe the purchase is unnecessary.

(l) Nothing in sections 72A.203 to 72A.2036 requires an insurance producer to obtain any license other than an insurance producer license with the appropriate line of authority to sell, solicit, or negotiate insurance in Minnesota, including but not limited to any securities license in order to fulfill the duties and obligations contained in sections 72A.203 to 72A.2036, provided that the insurance producer does not give advice or provide services that are subject to other securities law or engage in any other activity requiring other professional licenses.

Sec. 22. Minnesota Statutes 2020, section 72A.2032, is amended by adding a subdivision to read:

Subd. 1c. **Disclosure obligation.** (a) Prior to recommending and selling an annuity, the insurance producer shall prominently disclose to the consumer the information required under this paragraph on a form prescribed by the commissioner. The form prescribed by the commissioner must contain:

(1) a description of (i) the scope and terms of the relationship with the consumer, and (ii) the role of the insurance producer in the transaction;

(2) an affirmative statement indicating whether the insurance producer is licensed and authorized to sell the following products:

(i) fixed annuities;

(ii) fixed indexed annuities;

(iii) variable annuities;

(iv) life insurance;

(v) mutual funds;

(vi) stocks and bonds; and

(vii) certificates of deposit;

(3) an affirmative statement describing the insurers that the insurance producer is authorized, contracted, appointed, or otherwise able to sell insurance products for, using the following descriptions:

(i) from one insurer;

(ii) from two or more insurers; or

(iii) from two or more insurers, although primarily contracted with one insurer;

(4) a description of the sources and types of cash and noncash compensation received by the insurance producer, including whether the insurance producer is (i) compensated for the sale of a recommended annuity by commission as part of a premium, or (ii) receives other remuneration from the insurer, intermediary, or other insurance producer or by fee as a result of a contract for advice or consulting service; and

(5) a notice of the consumer's right to request additional information regarding cash compensation.

(b) Upon request of the consumer or the consumer's designated representative, the insurance producer shall disclose:

(1) a reasonable estimate of the amount of cash compensation received by the insurance producer, which may be stated as a range of amounts or percentages; and

(2) whether the cash compensation is a onetime or multiple-occurrence amount and, if a multiple-occurrence amount, the frequency and amount of the occurrence, which may be stated as a range of amounts or percentages.

(c) Prior to or at the time an annuity is recommended or sold, the insurance producer shall have a reasonable basis to believe the consumer has been reasonably informed of various features of the annuity, including the potential surrender period and surrender charge; potential tax penalty if the consumer sells, exchanges, surrenders, redeems, or annuitizes the annuity; mortality and expense fees; investment advisory fees; annual fees; potential charges for and features of riders or other options of the annuity; limitations on interest returns; potential changes in nonguaranteed elements of the annuity; insurance and investment components; and market risk.

Sec. 23. Minnesota Statutes 2020, section 72A.2032, is amended by adding a subdivision to read:

Subd. 1d. **Conflict of interest obligation.** An insurance producer shall identify and avoid or reasonably manage and disclose material conflicts of interest, including a material conflict of interest related to an ownership interest.

Sec. 24. Minnesota Statutes 2020, section 72A.2032, is amended by adding a subdivision to read:

Subd. 1e. **Documentation obligation.** An insurance producer shall, at the time of recommendation or sale:

(1) make a written record of any recommendation and the basis for the recommendation, subject to sections 72A.203 to 72A.2036;

(2) obtain a signed statement, on a form prescribed by the commissioner, that includes:

(i) a customer's refusal to provide the consumer profile information, if any; and

(ii) a customer's understanding of the ramifications of not providing the customer's consumer profile information or providing insufficient consumer profile information; and

(3) a consumer-signed statement, on a form prescribed by the commissioner, that acknowledges the annuity transaction is not recommended if the customer decides to enter into an annuity transaction that is not based on the insurance producer's recommendation.

Sec. 25. Minnesota Statutes 2020, section 72A.2032, is amended by adding a subdivision to read:

Subd. 1f. **Application of best interest obligation.** Any requirement applicable to an insurance producer under this section applies to every insurance producer who (1) exercises control or influence in making a recommendation, and (2) has received direct compensation as a result of the recommendation or sale, regardless of whether the insurance producer had any direct contact with the consumer. Providing or delivering marketing or educational materials, product wholesaling or other back office product support, and general supervision of an insurance producer do not, in and of themselves, constitute material control or influence.

Sec. 26. Minnesota Statutes 2020, section 72A.2032, subdivision 4, is amended to read:

Subd. 4. ~~**Exception**~~ **Transactions not based on recommendation.** (a) Except as provided under paragraph (b), an insurance producer~~,~~ or an insurer~~,~~ does not have any obligation to a consumer under subdivision ~~1 or 3~~ 1a related to an annuity transaction if:

(1) no recommendation is made;

~~(1)~~ (2) a recommendation was made and was later found to have been prepared based on materially inaccurate information provided by the consumer; ~~or~~

~~(2)~~ (3) a consumer refuses to provide relevant ~~suitability~~ consumer profile information and the annuity transaction is not recommended~~.~~; or

(4) a consumer decides to enter into an annuity transaction that is not based on a recommendation made by the insurance producer.

(b) An insurer's issuance of an annuity subject to paragraph (a) shall be reasonable under all the circumstances actually known~~, or which after reasonable inquiry should be known~~ to the insurer or the insurance producer~~,~~ at the time the annuity is issued.

Sec. 27. Minnesota Statutes 2020, section 72A.2032, subdivision 6, is amended to read:

Subd. 6. ~~**Supervision system**~~ **Insurer duties.** (a) Except as permitted under subdivision 4, an insurer shall not issue an annuity recommended to a consumer unless there is a reasonable basis to believe the annuity effectively addresses the particular consumer's financial situation, insurance needs, and financial objectives based on the consumer's consumer profile information.

~~(a)~~ (b) An insurer shall establish and maintain a supervision system that is reasonably designed to achieve the insurer's and its insurance producers' compliance with sections 72A.203 to 72A.2036, including, but not limited to, all of the following:

(1) the insurer shall establish and maintain reasonable procedures to inform its insurance producers of the requirements of sections 72A.203 to 72A.2036 and shall incorporate the requirements of sections 72A.203 to 72A.2036 into relevant insurance producer training programs and manuals;

(2) the insurer shall establish and maintain standards for insurance producer product training and shall establish and maintain reasonable procedures to require its insurance producers to comply with the requirements of section 72A.2033;

(3) the insurer shall provide product-specific training and training materials which explain all material features of its annuity products to its insurance producers;

(4) the insurer shall establish and maintain procedures for the review of each recommendation before issuance of an annuity that are designed to ensure ~~that~~ there is a reasonable basis to determine ~~that a recommendation is suitable~~ the recommended annuity effectively addresses the particular consumer's financial situation, insurance needs, and financial objectives. The review procedures shall apply a screening system for the purpose of identifying selected transactions for additional review and may be accomplished electronically or through other reasonable means including, but not limited to, physical review. The electronic or other system shall be designed to require an elevated individual review for those transactions involving consumers 65 years of age or older on the basis of the review procedure's thresholds for liquidity, liquid net worth, income, and anticipated material changes in their financial situation and needs and the elevated review shall be conducted by a natural person or persons;

(5) the insurer shall establish and maintain reasonable procedures to detect recommendations that are not ~~suitable~~ in compliance with subdivisions 1a to 1f, 4, 7, and 8. This may include~~,~~ but is not limited to~~,~~ confirmation of ~~consumer suitability~~ the consumer's profile information, systematic customer surveys, insurance producer and consumer interviews, confirmation letters, insurance producer attestations, and programs of internal monitoring. Nothing in this clause prevents an insurer from complying with this clause by applying sampling procedures, or by confirming ~~suitability~~ consumer profile information or other required information under this subdivision after issuance or delivery of the annuity; ~~and~~

(6) the insurer shall establish and maintain reasonable procedures to assess, prior to or upon issuance or delivery of an annuity, whether an insurance producer has provided to the consumer the information required under this subdivision;

(7) the insurer shall establish and maintain reasonable procedures to identify and address suspicious consumer refusals to provide consumer profile information;

(8) the insurer shall establish and maintain reasonable procedures to identify and eliminate any sales contests, sales quotas, bonuses, and noncash compensation that are based on the sales of specific annuities within a limited period of time. This clause does not prohibit the receipt of health insurance, office rent, office support, retirement benefits, or other employee benefits, as long as the benefits are not based on the volume of sales of a specific annuity within a limited period of time; and

~~(6)~~ (9) the insurer shall annually provide a written report to senior management, including to the senior manager responsible for audit functions, which details a review, with appropriate testing, reasonably designed to determine the effectiveness of the supervision system, the exceptions found, and corrective action taken or recommended, if any.

~~(b)(1)~~ (c)(1) Nothing in this subdivision restricts an insurer from contracting for performance of a function, including maintenance of procedures, required under paragraph ~~(a)~~ (b). An insurer is responsible for taking appropriate corrective action and may be subject to sanctions and penalties pursuant to section 72A.2034 regardless of whether the insurer contracts for performance of a function and regardless of the insurer's compliance with ~~subdivision 2~~ clause (2), and an insurer is responsible for the compliance of an insurance producer with the provisions of sections 72A.203 to 72A.2036 regardless of whether the insurer contracts for performance of a function required under this paragraph; and

(2) an insurer's supervision system under paragraph ~~(a)~~ (b) must include supervision of contractual performance under this clause. This includes, but is not limited to, the following:

(i) monitoring and, as appropriate, conducting audits to assure that the contracted function is properly performed; and

(ii) annually obtaining a certification from a senior manager who has responsibility for the contracted function that the manager has a reasonable basis to represent, and does represent, that the function is properly performed.

~~(c)~~ (d) An insurer is not required to include in its system of supervision an insurance producer's recommendations to consumers of products other than the annuities offered by the insurer, or consideration of or comparison to options available to the insurance producer or compensation relating to the options other than annuities or other products offered by the insurer.

Sec. 28. Minnesota Statutes 2020, section 72A.2032, subdivision 7, is amended to read:

Subd. 7. **~~Undue influence~~ Prohibited practices.** An insurance producer or insurer shall not dissuade, or attempt to dissuade, a consumer from:

(1) providing ~~suitability~~ consumer profile information to the insurance producer or insurer and truthfully responding to an insurer's request for confirmation of ~~suitability~~ consumer profile information;

(2) filing a complaint; or

(3) cooperating with the investigation of a complaint.

Sec. 29. Minnesota Statutes 2020, section 72A.2032, subdivision 8, is amended to read:

Subd. 8. **~~FINRA~~ Comparable standards; compliance.** (a) Recommendations and sales of annuities made ~~by broker-dealers~~ in compliance with comparable standards satisfy the requirements under sections 72A.203 to 72A.2036~~, so long as:~~. This subdivision applies to recommendations and sales of annuities made by financial professionals in compliance with business rules, controls, and procedures that satisfy a comparable standard even if the standard would not otherwise apply to the product or recommendation at issue. Nothing in this subdivision limits the commissioner's ability to investigate and enforce sections 72A.203 to 72A.2036.

~~(1) those sales comply with FINRA requirements pertaining to suitability and supervision of annuity transactions; and~~

~~(2) a registered principal reviews and approves the transaction based on review criteria that include consideration of the customer's age, income, liquidity needs, and financial situation.~~

~~(b) The insurer remains responsible for the suitability of every transaction and must take reasonably appropriate corrective action for any consumer harmed by violation of law and is subject to the penalty provisions described in section 72A.2034, subdivision 1.~~

~~(c)~~ (b) For paragraph (a) to apply, an insurer shall:

(1) monitor the ~~FINRA member broker-dealer~~ relevant conduct of the financial professional seeking to rely on paragraph (a) or the entity responsible for supervising the financial professional, including the financial professional's broker-dealer or an investment adviser registered under federal or state securities law using information collected in the normal course of the insurer's business; and

(2) provide to the ~~FINRA member broker-dealer~~ entity responsible for supervising the financial professional seeking to rely on paragraph (a), including the financial professional's broker-dealer or investment adviser registered under federal or state securities law, information and reports that are reasonably appropriate to assist ~~the FINRA member broker-dealer~~ the entity to maintain its supervision system.

~~(d) Nothing in this subdivision limits:~~ (c) For purposes of this subdivision, "financial professional" means an insurance producer that is regulated and acting as:

(1) ~~the responsibilities of the insurer to monitor the broker-dealer as provided in this subdivision; and~~ a broker-dealer registered under federal or state securities law or a registered representative of a broker-dealer;

(2) ~~the commissioner of commerce's ability to enforce the provisions of sections 72A.203 to 72A.2036 with respect to sales made in compliance with FINRA requirements and federal law.~~ an investment adviser registered under federal or state securities law, or an investment adviser representative associated with the federal or state registered investment adviser; or

(3) a plan fiduciary under the Employee Retirement Income Security Act of 1974 (ERISA), United States Code, title 29, section 1001; Code of Federal Regulations, title 29, part 2510.3-21; fiduciary under the Internal Revenue Code, section 4975(e)(3); or any amendments or successor statutes.

(d) For purposes of this subdivision, "comparable standards" means:

(1) with respect to broker-dealers and registered representatives of broker-dealers, applicable United States Securities and Exchange Commission and FINRA rules pertaining to best interest obligations and supervision of annuity recommendations and sales, including but not limited to regulation best interest and any amendments or successor regulations;

(2) with respect to investment advisers registered under federal or state securities law or investment adviser representatives, the fiduciary duties and all other requirements imposed on the investment advisers or investment adviser representatives by contract or under the Investment Advisers Act of 1940 or applicable state securities law, including but not limited to Form ADV and interpretations; and

(3) with respect to plan fiduciaries or fiduciaries, the duties, obligations, prohibitions, and all other requirements attendant to status under ERISA or the Internal Revenue Code and any amendments or successor statutes.

Sec. 30. Minnesota Statutes 2020, section 72A.2033, is amended to read:

72A.2033 INSURANCE PRODUCER TRAINING.

Subdivision 1. **Requirement.** An insurance producer shall not solicit the sale of an annuity product unless the insurance producer has adequate knowledge of the product to recommend the annuity and the insurance producer is in compliance with the insurer's standards for product training. An insurance producer may rely on insurer-provided product-specific training standards and materials to comply with this ~~subdivision~~ section.

Subd. 2. **Initial training.** (a) An insurance producer who is otherwise entitled to engage in the sale of annuity products shall complete a onetime four-credit training course approved by the commissioner and provided by a continuing education provider approved by the commissioner prior to commencing the transaction of annuities.

Insurance producers who hold a life insurance line of authority on ~~June 1, 2013~~ December 31, 2022, and who desire to sell annuities shall complete the requirements of this subdivision no later than six months after January 1, ~~2014~~ 2023. Individuals who obtain a life insurance line of authority on or after January 1, ~~2014~~ 2023, may not engage in the sale of annuities until the annuity training course required under this subdivision has been completed.

(b) The length of the training required under this subdivision must be four continuing education hours.

(c) The training required under this subdivision must include information on the following topics:

(1) the types of annuities and various classifications of annuities;

(2) identification of the parties to an annuity;

(3) how fixed, variable, and indexed annuity contract provisions affect consumers;

(4) the application of income taxation of qualified and nonqualified annuities;

(5) the primary uses of annuities;

(6) appropriate ~~and lawful~~ standards of conduct, sales practices, replacement, and disclosure requirements~~, and suitability information and whether an annuity is suitable for a consumer~~; and

(7) the recognition of indicators that a prospective insured may lack the short-term memory or judgment to knowingly purchase an insurance product.

(d) Providers of courses intended to comply with this subdivision shall cover all topics listed in the prescribed outline and shall not present any marketing information or provide training on sales techniques or provide specific information about a particular insurer's products.

(e) A provider of an annuity training course intended to comply with this subdivision must be an approved continuing education provider in this state and comply with the requirements applicable to insurance producer continuing education courses.

(f) An insurance producer licensed by December 31, 2022, who holds a life insurance line of authority and has previously completed the training in subdivision 2, paragraph (a), shall, by July 1, 2023, complete either:

(1) a new four-credit training course approved by the Department of Commerce after July 1, 2022; or

(2) an additional onetime one-credit training course approved by the Department of Commerce by July 1, 2022, and provided by a Department of Commerce-approved education provider on appropriate sales practices and replacement and disclosure requirements under sections 72A.203 to 72A.2036.

~~(f)~~ Annuity training courses may be conducted and completed by classroom or self-study methods in accordance with chapter 45. In order to assist compliance with this section, all courses approved by the commissioner for the purposes of this section shall be given the course title "~~Annuity Suitability and Disclosure~~ Best Interest Standards of Conduct for Annuity Sales." Only courses satisfying the requirements of this section shall use this course title after ~~June~~ July 1, ~~2013~~ 2023.

(g) Providers of annuity training shall comply with the course completion reporting requirements of chapter 45.

(h) The satisfaction of the training requirements of another state that are substantially similar to the provisions of this subdivision satisfies the training requirements of this subdivision in this state~~, but does not satisfy any of the continuing education requirements of chapter 60K unless the training requirements of the other state are satisfied through one or more continuing education courses approved by the commissioner~~.

(i) The satisfaction of the components of the training requirements of any course or courses with components substantially similar to the provisions of this subdivision satisfy the training requirements of this subdivision.

~~(i)~~ (j) An insurer shall verify that an insurance producer has completed the annuity training course required under this subdivision before allowing the insurance producer to sell an annuity product for that insurer. An insurer may satisfy its responsibility under this subdivision by obtaining certificates of completion of the training course or obtaining reports provided by commissioner-sponsored database systems, vendors, or from a reasonably reliable commercial database vendor that has a reporting arrangement with approved insurance education providers. If such data collection and reporting arrangements are not in place, an insurer must maintain records verifying that the producer has completed the annuity training course required under this subdivision and make the records available to the commissioner upon request.

Sec. 31. Minnesota Statutes 2020, section 72A.2034, is amended to read:

72A.2034 PENALTIES.

Subdivision 1. **Imposition; mitigation; enforcement.** (a) An insurer is responsible for compliance with sections 72A.203 to 72A.2036. If a violation occurs, either because of the action or inaction of the insurer or its insurance producer, the commissioner may order, in addition to any available penalties, remedies, or administrative actions:

(1) an insurer to take reasonably appropriate corrective action, including but not limited to canceling a transaction ~~action,~~ for any consumer harmed by a failure to comply with sections 72A.203 to 72A.2036 by the ~~insurer's~~ insurer, an entity contracted to perform the insurer supervisory duties, or by ~~its~~ the insurer's insurance ~~producer's, violation of sections 72A.203 to 72A.2036~~ producer;

(2) a general agency, independent agency, or the insurance producer to take reasonably appropriate corrective action for any consumer harmed by the insurance producer's violation of sections 72A.203 to 72A.2036; and

(3) appropriate penalties and sanctions.

(b) Nothing in sections 72A.203 to 72A.2036 shall affect any obligation of an insurer for the acts of its insurance producers, or any consumer remedy or any cause of action that is otherwise provided for under applicable federal or state law, including without limitation chapter 60K.

Subd. 2. **Aggravation or mitigation.** Any applicable penalty for a violation of sections 72A.203 to 72A.2036 may be increased or decreased upon consideration of any aggravating or mitigating circumstances, including if corrective action for the consumer was taken promptly after a violation was discovered, or if the violation was not part of a pattern or practice. The authority to enforce compliance with sections 72A.203 to 72A.2036 is vested exclusively with the commissioner.

Sec. 32. Minnesota Statutes 2020, section 72A.2035, subdivision 1, is amended to read:

Subdivision 1. **Duration.** Insurers and insurance producers shall maintain or be able to make available to the commissioner records of the information collected from the consumer; disclosures made to the consumer, including summaries of oral disclosures; and other information used in making the recommendations that were the basis for insurance transactions for ten years after the insurance transaction is completed by the insurer. An insurer is permitted, but shall not be required, to maintain documentation on behalf of an insurance producer.

Sec. 33. Minnesota Statutes 2020, section 72A.2036, is amended to read:

72A.2036 RELATIONSHIP TO OTHER LAWS; ENFORCEMENT.

(a) Nothing in sections 72A.203 to 72A.2036 ~~shall be interpreted to:~~ limits the commissioner's authority to make any investigation or take any action under chapter 45 or other applicable law with respect to any insurer, insurance producer, broker-dealer, third-party contractor, or other entity engaged in any activity involving the sale of an annuity that is subject to sections 72A.203 to 72A.2036.

~~(1) change, alter, or modify any of the obligations, duties, or responsibilities of insurers or insurance producers, pursuant to any orders of the commissioner or consent decrees in effect as of June 1, 2013; or~~

~~(2) limit the commissioner's authority to make any investigation or take any action under chapter 45 or other applicable state law with respect to any insurer, insurance producer, broker-dealer, third-party contractor, or other entity engaged in any activity involving the sale of an annuity that is subject to sections 72A.203 to 72A.2036.~~

(b) In addition to any other penalties provided by the laws of this state, a violation of sections 72A.203 to 72A.2036 shall be considered a violation of section 72A.20.

Sec. 34. **STUDY AND REPORT ON DISPARITIES BETWEEN GEOGRAPHIC RATING AREAS IN INDIVIDUAL AND SMALL GROUP MARKET HEALTH INSURANCE RATES.**

Subdivision 1. **Study and recommendations.** (a) The commissioner of commerce must (1) study disparities between Minnesota's nine geographic rating areas in individual and small group market health insurance rates, and (2) recommend ways to reduce or eliminate rate disparities between the geographic rating areas and provide stability for the individual and small group health insurance markets in Minnesota.

(b) As part of the study, the commissioner of commerce must:

(1) identify the factors that cause higher individual and small group market health insurance rates in certain geographic rating areas, and determine the extent to which each identified factor contributes to the higher rates;

(2) identify the impact of referral centers on individual and small group market health insurance rates in southeastern Minnesota, and identify ways to reduce the rate disparity between southeastern Minnesota and the metropolitan area, taking into consideration the patterns of referral center usage by patients in those regions;

(3) determine the extent to which individuals and small employers located in a geographic rating area with higher health insurance rates than surrounding geographic rating areas have obtained health insurance in a lower-cost geographic rating area, identify the strategies that individuals and small employers use to obtain health insurance in a lower-cost geographic rating area, and measure the effects of this practice on the rates of the individuals and small employers remaining in the geographic rating area with higher health insurance rates; and

(4) develop proposals to redraw the boundaries of Minnesota's geographic rating areas and calculate the effect each proposal would have on rates in each of the proposed rating areas. The commissioner of commerce must examine at least three options for redrawing the boundaries of Minnesota's geographic rating areas, at least one of which must reduce the number of geographic rating areas and at least one which must be based on the first three digits of area zip codes. The commissioner must not take into consideration the requirements of Minnesota Statutes, section 62A.65, subdivision 3, paragraph (b), clause (2), when developing the proposals required by this section. All options for redrawing Minnesota's geographic rating areas considered by the commissioner of commerce must be designed:

(i) to reduce or eliminate rate disparities between geographic rating areas and provide for stability of the individual and small group health insurance markets in Minnesota;

(ii) after considering the composition of existing provider networks and referral patterns in regions of Minnesota; and

(iii) in compliance with the requirements for geographic rating areas in Code of Federal Regulations, title 45, section 147.102(b), and other applicable federal law and guidance.

(c) Health carriers that cover Minnesota residents, health systems that provide care to Minnesota residents, and the commissioner of health must cooperate with any request for information from the commissioner of commerce that the commissioner of commerce determines is necessary to conduct the study.

(d) The commissioner of commerce may recommend one or more proposals to redraw Minnesota's geographic rating areas if the commissioner of commerce determines that the proposal would reduce or eliminate individual and small group market health insurance rate disparities between the geographic rating areas and provide stability for the individual and small group health insurance markets in Minnesota.

Subd. 2. **Contract.** The commissioner of commerce may contract with another entity for technical assistance in conducting the study and developing recommendations under subdivision 1.

Subd. 3. **Report.** The commissioner of commerce must complete the study and recommendations by January 1, 2023, and submit a report on the study and recommendations by January 1, 2023, to the chairs and ranking minority members of the legislative committees with jurisdiction over health care and health insurance.

Sec. 35. **REPEALER.**

(a) Minnesota Statutes 2020, section 62Q.56, subdivision 1a, is repealed.

(b) Minnesota Statutes 2020, sections 72A.2031, subdivisions 3, 9, and 11; and 72A.2032, subdivisions 1, 2, 3, and 5, are repealed.

ARTICLE 29
CONSUMER PROTECTION

Section 1. **[58B.011] STUDENT LOAN ADVOCATE.**

Subdivision 1. **Designation of a student loan advocate.** The commissioner of commerce must designate a student loan advocate within the Department of Commerce to provide timely assistance to borrowers and to effectuate this chapter.

Subd. 2. **Duties.** The student loan advocate has the following duties:

(1) receive, review, and attempt to resolve complaints from borrowers, including but not limited to attempts to resolve borrower complaints in collaboration with institutions of higher education, student loan servicers, and any other participants in student loan lending;

(2) compile and analyze data on borrower complaints received under clause (1);

(3) help borrowers understand the rights and responsibilities under the terms of student loans;

(4) provide information to the public, state agencies, legislators, and relevant stakeholders regarding the problems and concerns of borrowers;

(5) make recommendations to resolve the problems of borrowers;

(6) analyze and monitor the development and implementation of federal, state, and local laws, regulations, and policies relating to borrowers, and recommend any changes deemed necessary;

(7) review the complete student loan history for any borrower who has provided written consent to conduct the review;

(8) increase public awareness that the advocate is available to assist in resolving the student loan servicing concerns of potential and actual borrowers, institutions of higher education, student loan servicers, and any other participant in student loan lending; and

(9) take other actions as necessary to fulfill the duties of the advocate, as provided under this section.

Subd. 3. **Student loan education course.** The advocate must establish and maintain a borrower education course. The course must include educational presentations and materials regarding important topics in student loans, including but not limited to:

(1) the meaning of important terminology used in student lending;

(2) documentation requirements;

(3) monthly payment obligations;

(4) income-based repayment options;

(5) the availability of state and federal loan forgiveness programs; and

(6) disclosure requirements.

Subd. 4. **Reporting.** By January 15 of each odd-numbered year, the advocate must report to the legislative committees with jurisdiction over commerce and higher education. The report must describe (1) the advocate's implementation of this section, (2) the outcomes achieved by the advocate during the previous two years, and (3) any recommendations to improve the regulation of student loan servicers.

Sec. 2. Minnesota Statutes 2020, section 65B.84, subdivision 1, is amended to read:

Subdivision 1. **Program described; commissioner's duties; appropriation.** (a) The commissioner of commerce shall:

(1) develop and sponsor the implementation of statewide plans, programs, and strategies to combat automobile theft, improve the administration of the automobile theft laws, and provide a forum for identification of critical problems for those persons dealing with automobile theft;

(2) coordinate the development, adoption, and implementation of plans, programs, and strategies relating to interagency and intergovernmental cooperation with respect to automobile theft enforcement;

(3) annually audit the plans and programs that have been funded in whole or in part to evaluate the effectiveness of the plans and programs and withdraw funding should the commissioner determine that a plan or program is ineffective or is no longer in need of further financial support from the fund;

(4) develop a plan of operation including:

(i) an assessment of the scope of the problem of automobile theft, including areas of the state where the problem is greatest;

(ii) an analysis of various methods of combating the problem of automobile theft;

(iii) a plan for providing financial support to combat automobile theft;

(iv) a plan for eliminating car hijacking; and

(v) an estimate of the funds required to implement the plan; and

(5) distribute money, in consultation with the commissioner of public safety, pursuant to subdivision 3 from the automobile theft prevention special revenue account for automobile theft prevention activities, including:

(i) paying the administrative costs of the program;

(ii) providing financial support to the State Patrol and local law enforcement agencies for automobile theft enforcement teams;

(iii) providing financial support to state or local law enforcement agencies for programs designed to reduce the incidence of automobile theft and for improved equipment and techniques for responding to automobile thefts;

(iv) providing financial support to local prosecutors for programs designed to reduce the incidence of automobile theft;

(v) providing financial support to judicial agencies for programs designed to reduce the incidence of automobile theft;

(vi) providing financial support for neighborhood or community organizations or business organizations for programs designed to reduce the incidence of automobile theft and to educate people about the common methods of automobile theft, the models of automobiles most likely to be stolen, and the times and places automobile theft is most likely to occur; and

(vii) providing financial support for automobile theft educational and training programs for state and local law enforcement officials, driver and vehicle services exam and inspections staff, and members of the judiciary.

(b) The commissioner may not spend in any fiscal year more than ten percent of the money in the fund for the program's administrative and operating costs. The commissioner is annually appropriated and must distribute the amount of the proceeds credited to the automobile theft prevention special revenue account each year, less the transfer of $1,300,000 each year to the insurance fraud prevention account described in section 297I.11, subdivision 2.

(c) At the end of each fiscal year, the commissioner may transfer any unobligated balances in the auto theft prevention account to the insurance fraud prevention account under section 45.0135, subdivision 6.

(d) The commissioner must establish a library of equipment to combat automobile-related theft offenses. The equipment must be available to all law enforcement agencies upon request to support law enforcement agency efforts to combat automobile theft.

Sec. 3. Minnesota Statutes 2020, section 325E.21, is amended by adding a subdivision to read:

Subd. 11. **Prohibition on possessing catalytic converters; exception.** (a) It is unlawful for a person who is not a registered scrap metal dealer to possess a used catalytic converter that is not attached to a motor vehicle except when:

(1) the converter is marked with (i) the date the converter was removed from the vehicle, and (ii) the identification number of the vehicle from which the converter was removed or an alternative number to the vehicle identification number from the vehicle from which the converter was removed; or

(2) the converter has been EPA certified for reuse as a replacement part.

(b) If an alternative number to the vehicle identification number is used, it must be under a numbering system that can be immediately linked to the vehicle identification number by law enforcement. The marking of the alternative number may be made in any permanent manner, including but not limited to an engraving or use of permanent ink. The marking must clearly and legibly indicate (1) the date the converter was removed; and (2) the (i) vehicle identification number, or (ii) alternative number and the method by which law enforcement can link the converter to the vehicle identification number.

EFFECTIVE DATE. This section is effective August 1, 2022, and applies to crimes committed on or after that date.

Sec. 4. Minnesota Statutes 2020, section 325E.21, is amended by adding a subdivision to read:

Subd. 12. **Prohibition.** It is unlawful for a person who is not a registered scrap metal dealer to purchase a used catalytic converter that is not EPA certified for reuse as a replacement part, except when the catalytic converter is attached to a motor vehicle. A used catalytic converter that is EPA certified for reuse as a replacement part may be sold to a person or business for reuse as a replacement part for a motor vehicle when the requirements of subdivision 11 are met.

EFFECTIVE DATE. This section is effective August 1, 2022, and applies to crimes committed on or after that date.

Sec. 5. **[325F.6945] UNLAWFUL SOCIAL MEDIA ACTIVITIES.**

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

(b) "Account holder" means a person who accesses a social media account through a social media platform.

(c) "Social media algorithm" means the software used by social media platforms to (1) prioritize content, and (2) direct the prioritized content to the account holder.

(d) "Social media platform" means an electronic medium, including a browser-based or application-based interactive computer service, telephone network, or data network, that allows users to create, share, and view user-generated content. Social media platform does not include Internet search providers, Internet service providers, or e-mail.

(e) "User-generated content" means any content created or shared by an account holder, including without limitation written posts, photographs, graphics, video recordings, or audio recordings.

Subd. 2. **Prohibitions; social media algorithm.** (a) A social media platform with more than 1,000,000 account holders operating in Minnesota is prohibited from using a social media algorithm to target user-generated content at an account holder under the age of 18 and who is located in Minnesota, except as provided in subdivision 3. Nothing in this section prohibits a social media platform from allowing content to appear in a chronological manner for an account holder under the age of 18.

(b) The social media platform is liable to an individual account holder who received user-generated content through a social media algorithm while the individual account holder was under the age of 18 and was using the individual account holder's own account, if the social media platform knew or had reason to know that the individual account holder was under the age of 18 and located in Minnesota. A social media platform subject to this paragraph is liable to the account holder for (1) any general or special damages, (2) a statutory penalty of $1,000 for each violation of this section, provided that no individual account holder may recover more than $100,000 in statutory penalties under this subdivision in any calendar year, and (3) any other penalties available under law.

Subd. 3. **Exceptions.** (a) An algorithm, software, or device that acts as a parental control, or an internal control used by the social media platform that is intended to control the ability of a minor to access content, or is used to filter content for age-appropriate or banned material, is exempt from this section.

(b) User-generated content that is created by a federal, state, or local government or by a public or private school, college, or university, including software and applications used by a public or private school, college, or university that are created and used for educational purposes, is exempt from this section.

Sec. 6. **[332.365] CREDIT COUNSELING ORGANIZATIONS; DEBTORS.**

Subdivision 1. **Duties of commissioner.** (a) On or before July 1, 2023, the commissioner must develop and maintain a document that includes the contact information for nonprofit organizations domiciled in Minnesota that provide credit counseling services to debtors. Credit counseling services include but are not limited to (1) helping a debtor understand the debtor's rights and responsibilities, and (2) working with debtors, creditors, and collection agencies to satisfy debts. The document must include contact information for organizations that provide credit counseling services in languages other than English to individuals whose primary language is a language other than English. The document must include the following statement in English, Spanish, Somali, Hmong, Vietnamese, and Chinese:

"There are resources available to help manage your debt. The following Minnesota organizations offer debt and credit counseling services. The Department of Commerce does not control or guarantee any of the services provided by these organizations. This list is not a referral to, or endorsement or recommendation of, any organization or the organization's services."

(b) The document must be no more than one 8-1/2 by 11-inch sheet of paper. The commissioner must maintain the document and make it publicly available on the department's website in a printable format.

(c) Beginning September 1, 2024, the commissioner may update the document no more than once per year and must notify all licensed collection agencies after an update occurs. A collection agency has 120 days from the date the collection agency receives notice of an update to the document from the commissioner to apply the changes to the document.

Subd. 2. **Duties of collection agency.** Beginning September 1, 2023, a collection agency must include the document described in subdivision 1 with the initial written communication sent to a debtor if the initial communication is performed via United States mail, e-mail, or text message.

EFFECTIVE DATE. This section is effective July 1, 2022.

Sec. 7. Minnesota Statutes 2020, section 609.5316, subdivision 3, is amended to read:

Subd. 3. **Weapons, telephone cloning paraphernalia, automated sales suppression devices, catalytic converters, and bullet-resistant vests.** Weapons used are contraband and must be summarily forfeited to the appropriate agency upon conviction of the weapon's owner or possessor for a controlled substance crime; for any offense of this chapter or chapter 624, or for a violation of an order for protection under section 518B.01, subdivision 14. Bullet-resistant vests, as defined in section 609.486, worn or possessed during the commission or attempted commission of a crime are contraband and must be summarily forfeited to the appropriate agency upon conviction of the owner or possessor for a controlled substance crime or for any offense of this chapter. Telephone cloning paraphernalia used in a violation of section 609.894, and automated sales suppression devices, phantom-ware, and other devices containing an automated sales suppression or phantom-ware device or software used in violation of section 289A.63, subdivision 12, are contraband and must be summarily forfeited to the appropriate agency upon a conviction. A catalytic converter possessed in violation of section 325E.21 is contraband and must be summarily forfeited to the appropriate agency upon a conviction.

EFFECTIVE DATE. This section is effective August 1, 2022, and applies to crimes committed on or after that date."

Delete the title and insert:

"A bill for an act relating to state government; appropriating money for economic development, labor and industry, energy, and commerce; making policy and technical changes; requiring reports; authorizing rulemaking; providing penalties; amending Minnesota Statutes 2020, sections 13.43, subdivision 6; 13.719, by adding a subdivision; 16B.32, subdivisions 1, 1a; 16C.137, subdivision 1; 45.0135, subdivisions 2a, 2b; 45.25, subdivisions 12, 13, by adding subdivisions; 45.31, subdivisions 2, 3; 46.131, subdivisions 2, 4, 11; 47.08; 47.16, subdivisions 1, 2; 47.172, subdivision 2; 47.28, subdivision 3; 47.30, subdivision 5; 48A.15, subdivision 1; 53.03, subdivisions 1, 5; 53C.02; 55.10, subdivision 1; 56.02; 60A.033, subdivisions 8, 9, by adding subdivisions; 60A.954, subdivision 1; 61A.02, by adding a subdivision; 62Q.733, subdivision 1; 62Q.735, subdivisions 1, 5; 62Q.76, by adding a subdivision; 62Q.78, by adding a subdivision; 62Q.79, by adding a subdivision; 65B.84, subdivisions 1, 2; 72A.20, by adding a subdivision; 72A.2031, subdivisions 8, 10, by adding subdivisions; 72A.2032, subdivisions 4, 6, 7, 8, by adding subdivisions; 72A.2033; 72A.2034; 72A.2035, subdivision 1; 72A.2036; 80A.61; 80C.05, subdivision 2; 80C.08, subdivision 1; 80G.01, subdivision 3, by adding a subdivision; 80G.02, subdivisions 1, 4; 80G.03, subdivision 2; 80G.04, subdivision 1; 80G.05, subdivision 1; 80G.06, subdivision 2; 80G.07, subdivision 1; 82B.03, by adding a subdivision; 82B.19, by adding a subdivision; 82C.17, subdivision 2; 116C.779, subdivision 1; 116J.55, subdivision 5; 116J.552, subdivision 6; 116J.8747; 116J.8770; 116J.993, subdivision 3; 116L.04, subdivision 1a; 116L.17, subdivision 1; 116L.98, subdivisions 2, 3; 160.08, subdivision 7; 168.27, by adding a subdivision; 175.16, subdivision 1; 177.26; 177.27, subdivisions 2, 4, 7; 178.01; 178.011, subdivision 7; 178.03, subdivision 1; 178.11; 179.86, subdivisions 1, 3, by adding subdivisions; 179A.041, by adding a subdivision; 181.032; 181.14, subdivision 1; 181.635, subdivisions 1, 2, 3, 4, 6; 181.85, subdivisions 2, 4; 181.86, subdivision 1; 181.87, subdivisions 2, 3, 7; 181.88; 181.89, subdivision 2, by adding a subdivision; 181.942, subdivision 1; 181.9435, subdivision 1; 181.9436; 182.666, subdivisions 1, 2, 3, 4, 5, by adding a subdivision; 216B.16, subdivision 13; 216B.1611, by adding a subdivision; 216B.1641; 216B.1645, subdivision 2; 216B.1691, subdivision 9; 216B.17, subdivision 1; 216B.2422, subdivisions 1, 3, 5, 7, by adding subdivisions; 216B.2425, subdivision 8; 216B.243, subdivision 8; 216B.50, subdivision 1; 216C.264, subdivision 5, by adding a subdivision; 216C.435, subdivision 8; 216C.436, subdivision 2, by adding a subdivision; 216E.01, subdivision 9a; 216E.03, subdivisions 1, 5, 7, 10, 11; 216E.04, subdivision 2; 216F.04; 239.761, subdivisions 3, 4; 239.791, subdivision 2a; 256J.561, by adding a subdivision; 256J.95, subdivisions 3, 11; 268.19, subdivision 1; 296A.01, subdivision 23; 325E.21, by adding subdivisions; 326B.103, subdivision 13, by adding subdivisions; 326B.106, subdivisions 1, 4, by adding a subdivision; 326B.145; 326B.153, by adding a subdivision; 326B.163, subdivision 5, by adding a subdivision; 326B.164, subdivision 13; 326B.36, subdivision 7; 332.33, subdivision 3, by adding a subdivision; 336.9-510; 336.9-516; 341.21, subdivisions 2a, 2c, 7; 341.221; 341.25; 341.28; 341.30, subdivision 4; 341.32, subdivision 2; 341.321; 341.33; 341.355; 515B.3-102; 549.30, subdivisions 3, 6, 15, 19, by adding subdivisions; 549.31; 549.32; 549.34; 609.5316, subdivision 3; Minnesota Statutes 2021 Supplement, sections 16C.135, subdivision 3; 62J.26, subdivision 2; 80G.06, subdivision 1; 80G.11; 82B.25, subdivision 2; 116C.7792; 116J.8749; 116J.9924, subdivision 4; 216C.375, subdivision 1; 256P.01, subdivision 3; 326B.092, subdivision 7; 326B.153, subdivision 1; Laws 2021, First Special Session chapter 10, article 1, sections 2, subdivision 2; 5; Laws 2021, First Special Session chapter 14, article 11, section 42; proposing coding for new law in Minnesota Statutes, chapters 13; 45; 58B; 62Q; 116C; 116J; 177; 179; 181; 182; 214; 216B; 216C; 325F; 332; 336; 341; 500; 549; proposing coding for new law as Minnesota Statutes, chapter 268B; repealing Minnesota Statutes 2020, sections 16B.323, subdivisions 1, 2; 16B.326; 45.25, subdivisions 2a, 14; 60A.033, subdivision 3; 62Q.56, subdivision 1a; 72A.2031, subdivisions 3, 9, 11; 72A.2032, subdivisions 1, 2, 3, 5; 181.9413; 216B.16, subdivision 10; Minnesota Statutes 2021 Supplement, section 116J.9924, subdivision 6; Laws 2017, chapter 5, section 1."

With the recommendation that when so amended the bill be placed on the General Register.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 3872 and 4355 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. No. 2673 was read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Keeler, Hornstein, Her, Hassan, Youakim, Fischer, Stephenson and Lippert introduced:

H. F. No. 4839, A bill for an act relating to human rights; providing certain protections to individuals in Minnesota from enforcement of laws from other states prohibiting or restricting the individual or the individual's child from receiving gender-affirming care; proposing coding for new law in Minnesota Statutes, chapter 363A.

The bill was read for the first time and referred to the Committee on Judiciary Finance and Civil Law.

Long and Vang introduced:

H. F. No. 4840, A bill for an act proposing an amendment to the Minnesota Constitution, article IV, section 12; removing limitations on the amount of time the legislature may meet in regular session each year.

The bill was read for the first time and referred to the Committee on State Government Finance and Elections.

MESSAGES FROM THE SENATE

The following message was received from the Senate:

Madam Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 4091.

CAL R. LUDEMAN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 4091, A bill for an act relating to state government; appropriating money for commerce, jobs, and economic growth; making policy and technical changes; authorizing frontline worker premium payments; requiring reports; appropriating money; amending Minnesota Statutes 2020, sections 116C.779, subdivision 1; 116J.035, by adding a subdivision; 116J.55, subdivisions 1, 5, 6; 116J.552, subdivision 6; 116J.8747, subdivisions 2, 3, 4; 116J.993, subdivision 3; 116L.04, subdivision 1a; 116L.17, subdivision 1; 116L.98, subdivisions 2, 3; 181.032; 181.101; 216B.096, subdivision 11; 216B.24, by adding a subdivision; 216B.243, subdivision 3b; 216B.50, subdivision 1; 216C.435, subdivision 8; 216C.436, subdivision 2, by adding a subdivision; 237.55; 268.18, by adding a subdivision; 326B.106, subdivision 4; 326B.163, subdivision 5, by adding a subdivision; 326B.164, subdivision 13; 326B.36, subdivision 7, by adding a subdivision; 326B.42, subdivisions 1b, 1c; 326B.437; 326B.46, subdivision 2; Minnesota Statutes 2021 Supplement, sections 116C.7792; 216C.376, subdivision 5; 326B.153, subdivision 1; Laws 2020, chapter 118, section 5, subdivision 1; Laws 2021, First Special Session chapter 4, article 2, section 3, subdivision 1; Laws 2021, First Special Session chapter 10, article 1, sections 2, subdivision 2; 5; article 2, section 24, subdivisions 1, 3, 4, 5, 7; article 3, section 14, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 116L; 216B; 216H; 465; repealing Laws 2005, chapter 97, article 10, section 3, as amended; Laws 2021, First Special Session chapter 4, article 2, section 3, subdivision 3.

The bill was read for the first time.

Noor moved that S. F. No. 4091 and H. F. No. 4355, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

Winkler moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by Speaker pro tempore Wolgamott.

REPORT FROM THE COMMITTEE ON RULES
AND LEGISLATIVE ADMINISTRATION

Winkler from the Committee on Rules and Legislative Administration, pursuant to rules 1.21 and 3.33, designated the following bills to be placed on the Calendar for the Day for Friday, April 29, 2022 and established a prefiling requirement for amendments offered to the following bills:

H. F. No. 3872; and S. F. No. 2673.

CALENDAR FOR THE DAY

Speaker pro tempore Wolgamott called Olson, L., to the Chair.

H. F. No. 4300 was reported to the House.

Davnie moved to amend H. F. No. 4300, the third engrossment, as follows:

Page 37, line 18, after the period, insert "If the fiscal year 2023 appropriation is insufficient, the Department of Education must prorate the payments to each recipient school district."

Page 37, after line 20, insert:

"(e) If the base budget amounts for fiscal years 2024 and 2025 exceed the February 2022 forecast base budget estimates, the base budget amounts for these fiscal years must be prorated accordingly."

The motion prevailed and the amendment was adopted.

Franke was excused for the remainder of today's session.

Drazkowski moved to amend H. F. No. 4300, the third engrossment, as amended, as follows:

Page 185, after line 12, insert:

"Sec. 5. Minnesota Statutes 2020, section 121A.065, is amended to read:

121A.065 ~~DISTRICT~~ SURVEYS TO COLLECT STUDENT INFORMATION; PARENT NOTICE AND OPPORTUNITY FOR OPTING OUT.

Subdivision 1. **Districts and charter schools.** (a) School districts and charter schools, in consultation with parents, must develop and adopt policies on conducting student surveys and using and distributing personal information on students collected from the surveys. School districts and charter schools must:

(1) directly notify parents of these policies at the beginning of each school year and after making any substantive policy changes;

(2) inform parents at the beginning of the school year if the district or school has identified specific or approximate dates for administering surveys and give parents reasonable notice of planned surveys scheduled after the start of the school year;

(3) give parents direct, timely notice, by United States mail, e-mail, or other direct form of communication, when their students are scheduled to participate in a student survey; and

(4) give parents the opportunity to review the survey and to opt their students out of participating in the survey.

(b) School districts and charter schools must not impose an academic or other penalty upon a student who opts out of participating in a survey under paragraph (a).

Subd. 2. **State surveys.** Before administering a survey to students, or asking or requiring a school district or charter school to conduct a student survey, a state agency must submit a copy of the survey to the legislature for approval. If the legislature does not approve the survey by a law enacted no less than 30 days after the agency submits the survey for approval, the state agency may not administer the survey.

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

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion did not prevail and the amendment was not adopted.

Bennett moved to amend H. F. No. 4300, the third engrossment, as amended, as follows:

Page 50, delete section 12

Page 50, delete subdivision 1

Renumber the subdivisions in sequence

Page 53, delete line 19

Reletter the paragraphs in sequence

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Bennett amendment and the roll was called. There were 61 yeas and 71 nays as follows:

Those who voted in the affirmative were:

Akland	Daudt	Haley	Lueck	O'Driscoll	Schomacker
Albright	Davids	Heinrich	McDonald	Olson, B.	Scott
Anderson	Demuth	Heintzeman	Mekeland	O'Neill	Theis
Backer	Dettmer	Hertaus	Miller	Petersburg	Torkelson
Bahr	Drazkowski	Igo	Mortensen	Pfarr	Urdahl
Baker	Erickson	Johnson	Mueller	Pierson	West
Bennett	Franson	Jurgens	Munson	Poston	
Bliss	Garofalo	Kiel	Nash	Quam	
Boe	Green	Koznick	Nelson, N.	Raleigh	
Burkel	Grossell	Kresha	Neu Brindley	Rasmusson	
Daniels	Gruenhagen	Lucero	Novotny	Robbins	

Those who voted in the negative were:

Acomb	Boldon	Feist	Hamilton	Hornstein	Kotyza-Witthuhn
Agbaje	Carlson	Fischer	Hansen, R.	Howard	Lee
Bahner	Christensen	Frazier	Hanson, J.	Huot	Liebling
Becker-Finn	Davnie	Frederick	Hassan	Jordan	Lillie
Berg	Ecklund	Freiberg	Hausman	Keeler	Lippert
Bernardy	Edelson	Gomez	Her	Klevorn	Lislegard
Bierman	Elkins	Greenman	Hollins	Koegel	Long

Mariani	Morrison	Pelowski	Sandell	Thompson	Xiong, J.
Marquart	Murphy	Pinto	Sandstede	Vang	Xiong, T.
Masin	Nelson, M.	Pryor	Schultz	Wazlawik	Youakim
Moller	Noor	Reyer	Stephenson	Winkler	Spk. Hortman
Moran	Olson, L.	Richardson	Sundin	Wolgamott	

The motion did not prevail and the amendment was not adopted.

Franson moved to amend H. F. No. 4300, the third engrossment, as amended, as follows:

Page 185, after line 19, insert:

"Sec. 6. **[121A.216] STUDENT WELFARE.**

Subdivision 1. **Citation.** This section may be cited as the "Parental Rights Awareness Act."

Subd. 2. **Procedures.** A school district must adopt procedures for notifying a student's parent of a significant change in the student's health care services or monitoring related to the student's mental, emotional, or physical health or well-being and the school's ability to provide a safe and supportive learning environment for the student. The procedures must reinforce the fundamental right of a parent to make decisions regarding the upbringing and control of their child by requiring school district personnel to encourage a student to discuss issues relating to the student's well-being with a parent. The procedures may not prohibit a parent from accessing any of their child's educational and health records created, maintained, or used by the school district.

Subd. 3. **Notification.** A school district may not adopt procedures or student support forms that prohibit school district personnel from notifying a parent about their child's mental, emotional, or physical health or well-being, or a change in related services or monitoring, or procedures that encourage or have the effect of encouraging a student to withhold information from a parent. School district personnel may not discourage or prohibit parental notification of and involvement in critical decision-making affecting their child's mental, emotional, or physical health or well-being. This subdivision does not prohibit a school district from adopting procedures that permit school personnel to withhold information from a parent if a reasonably prudent person would believe that disclosure would result in abuse, abandonment, or neglect of a child.

Subd. 4. **Health education.** Classroom instruction by school personnel or third parties on sexual orientation or gender identity may not occur in kindergarten through grade 3 or in a manner that is not age-appropriate or developmentally appropriate for students in accordance with locally adopted standards and state law.

Subd. 5. **Student support services.** Student support services training developed or provided by a school district to school district personnel must adhere to student services guidelines, standards, and frameworks established by the Department of Education.

Subd. 6. **School health care services.** At the beginning of each school year, each school must notify parents of health care services offered at the school, including school health services under section 121A.21, and the option to withhold consent to services or decline any specific service. Parental consent to a school health care service does not waive the parent's right to access their child's educational or health records or to be notified about a change in their child's health care services or monitoring as provided by this subdivision.

Subd. 7. **Health screenings.** Before administering a health screening under sections 121A.16 to 121A.19, a student well-being questionnaire, or a health screening form to a student in kindergarten through grade 3, the school district must provide the questionnaire or health screening form to the student's parent and obtain permission of the parent to administer the screening."

Renumber the sections in sequence and correct the internal references

A roll call was requested and properly seconded.

The question was taken on the Franson amendment and the roll was called. There were 63 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Akland	Daudt	Haley	Lucero	Novotny	Robbins
Albright	Davids	Hamilton	Lueck	O'Driscoll	Schomacker
Anderson	Demuth	Heinrich	McDonald	Olson, B.	Scott
Backer	Dettmer	Heintzeman	Mekeland	O'Neill	Swedzinski
Bahr	Drazkowski	Hertaus	Miller	Petersburg	Theis
Baker	Erickson	Igo	Mortensen	Pfarr	Torkelson
Bennett	Franson	Johnson	Mueller	Pierson	Urdahl
Bliss	Garofalo	Jurgens	Munson	Poston	West
Boe	Green	Kiel	Nash	Quam	
Burkel	Grossell	Koznick	Nelson, N.	Raleigh	
Daniels	Gruenhagen	Kresha	Neu Brindley	Rasmusson	

Those who voted in the negative were:

Acomb	Edelson	Hausman	Liebling	Nelson, M.	Sundin
Agbaje	Elkins	Her	Lillie	Noor	Thompson
Bahner	Feist	Hollins	Lippert	Olson, L.	Vang
Becker-Finn	Fischer	Hornstein	Lislegard	Pelowski	Wazlawik
Berg	Frazier	Howard	Long	Pinto	Winkler
Bernardy	Frederick	Huot	Mariani	Pryor	Wolgamott
Bierman	Freiberg	Jordan	Marquart	Reyer	Xiong, J.
Boldon	Gomez	Keeler	Masin	Richardson	Xiong, T.
Carlson	Greenman	Klevorn	Moller	Sandell	Youakim
Christensen	Hansen, R.	Koegel	Moran	Sandstede	Spk. Hortman
Davnie	Hanson, J.	Kotyza-Witthuhn	Morrison	Schultz	
Ecklund	Hassan	Lee	Murphy	Stephenson	

The motion did not prevail and the amendment was not adopted.

Lucero moved to amend H. F. No. 4300, the third engrossment, as amended, as follows:

Page 40, after line 8, insert:

"ARTICLE 2
SCHOOL DISTRICT PROPERTY TAX RELIEF

Section 1. Minnesota Statutes 2020, section 123B.53, subdivision 4, is amended to read:

Subd. 4. **Debt service equalization revenue.** (a) The debt service equalization revenue of a district equals the sum of the first tier debt service equalization revenue and the second tier debt service equalization revenue.

(b) The first tier debt service equalization revenue of a district equals the ~~greater of zero or~~ lesser of the district's eligible debt service revenue ~~minus the amount raised by a levy of 15.74~~ or ten percent times the adjusted net tax capacity of the district ~~minus the second tier debt service equalization revenue of the district~~.

(c) The second tier debt service equalization revenue of a district equals the greater of zero or the eligible debt service revenue, minus the ~~amount raised by a levy of 26.24 percent times the adjusted net tax capacity of the district~~ district's first tier of debt service equalization revenue.

(d) Notwithstanding paragraphs (b) and (c), for a district with a capital loan under sections 126C.60 to 126C.72, the first tier debt equalization revenue equals zero, and the second tier debt equalization revenue equals the portion of the district's eligible debt service levy under subdivision 2 in excess of the district's maximum effort debt service levy under section 126C.63, subdivision 8.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2024 and later.

Sec. 2. Minnesota Statutes 2020, section 123B.53, subdivision 5, is amended to read:

Subd. 5. **Equalized debt service levy.** (a) The equalized debt service levy of a district equals the sum of the first tier ~~equalized~~ debt service levy and the second tier equalized debt service levy.

(b) A district's first tier ~~equalized~~ debt service levy equals the district's first tier debt service equalization revenue ~~times the lesser of one or the ratio of:~~.

~~(1) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the adjusted pupil units in the district for the school year ending in the year prior to the year the levy is certified; to~~

~~(2) $3,400 in fiscal year 2016, $4,430 in fiscal year 2017, and the greater of $4,430 or 55.33 percent of the initial equalizing factor in fiscal year 2018 and later.~~

(c) A district's second tier equalized debt service levy equals the district's second tier debt service equalization revenue times the lesser of one or the ratio of:

(1) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the adjusted pupil units in the district for the school year ending in the year prior to the year the levy is certified; to

(2) ~~$8,000 in fiscal years 2016 and 2017, and the greater of $8,000 or~~ 100 percent of the initial equalizing factor ~~in fiscal year 2018 and later~~.

(d) For the purposes of this subdivision, the initial equalizing factor equals the quotient derived by dividing the total adjusted net tax capacity of all school districts in the state for the year before the year the levy is certified by the total number of adjusted pupil units in all school districts in the state in the year before the year the levy is certified.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2024 and later.

Sec. 3. Minnesota Statutes 2020, section 123B.53, subdivision 6, is amended to read:

Subd. 6. **Debt service equalization aid.** ~~(a)~~ A district's debt service equalization aid ~~is the sum of the district's first tier debt service equalization aid and the district's second tier debt service equalization aid.~~

~~(b) A district's first tier debt service equalization aid equals the difference between the district's first tier debt service equalization revenue and the district's first tier equalized debt service levy.~~

~~(c) A district's second tier debt service equalization aid~~ equals the difference between the district's second tier debt service equalization revenue and the district's second tier equalized debt service levy.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2024 and later.

Sec. 4. Minnesota Statutes 2020, section 123B.535, is amended to read:

123B.535 ~~NATURAL DISASTER~~ ENHANCED DEBT SERVICE EQUALIZATION.

Subdivision 1. **Definitions; eligibility.** (a) For purposes of this section, the eligible ~~natural disaster~~ enhanced debt service revenue of a district is defined as 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 issued under paragraphs (b) and (c) that would otherwise qualify under section 123B.53 ~~under the following conditions:~~.

(b) A district that has been negatively affected by a natural disaster qualifies for enhanced debt service equalization under this section if:

(1) the district was impacted by a natural disaster event or area occurring January 1, 2005, or later, as declared by the President of the United States of America, which is eligible for Federal Emergency Management Agency payments;

(2) the natural disaster caused $500,000 or more in damages to school district buildings; and

(3) the repair and replacement costs are not covered by insurance payments or Federal Emergency Management Agency payments.

(c) A district that consolidates on or after July 1, 2022, with an approved consolidation plat and plan under section 123A.48, is eligible for enhanced debt service equalization under this section if that plan identifies construction projects that have received a positive review and comment.

~~(b)~~ (d) For purposes of this section, the adjusted net tax capacity equalizing factor equals the quotient derived by dividing the total adjusted net tax capacity of all school districts in the state for the year before the year the levy is certified by the total number of adjusted pupil units in the state for the year prior to the year the levy is certified.

~~(c)~~ (e) 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.

Subd. 2. **Notification.** A district eligible for ~~natural disaster~~ enhanced debt service equalization revenue under subdivision 1 must notify the commissioner of the amount of its intended ~~natural disaster~~ enhanced debt service revenue calculated under subdivision 1 for all bonds sold prior to the notification by July 1 of the calendar year the levy is certified, or for a district newly consolidated as of July 1 of the calendar year, by September 30 of the calendar year the levy is certified.

Subd. 3. **~~Natural disaster~~ Enhanced debt service equalization revenue.** The debt service equalization revenue of a district equals the greater of zero or the eligible debt service revenue, minus the greater of zero or the difference between:

(1) the amount raised by a levy of ten percent times the adjusted net tax capacity of the district; and

(2) the district's eligible debt service revenue under section 123B.53.

Subd. 4. **Equalized ~~natural disaster~~ enhanced debt service levy.** A district's equalized ~~natural disaster~~ enhanced debt service levy equals the district's ~~natural disaster~~ enhanced debt service equalization revenue times the lesser of one or the ratio of:

(1) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the adjusted pupil units in the district for the school year ending in the year prior to the year the levy is certified; to

(2) 300 percent of the statewide adjusted net tax capacity equalizing factor.

Subd. 5. **~~Natural disaster~~ Enhanced debt service equalization aid.** A district's ~~natural disaster~~ enhanced debt service equalization aid equals the difference between the district's ~~natural disaster~~ enhanced debt service equalization revenue and the district's equalized ~~natural disaster~~ enhanced debt service levy.

Subd. 6. **~~Natural disaster~~ Enhanced debt service equalization aid payment schedule.** Enhanced debt service equalization aid must be paid according to section 127A.45, subdivision 10.

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

Sec. 5. Minnesota Statutes 2020, section 123B.595, subdivision 8, is amended to read:

Subd. 8. **Long-term facilities maintenance equalized levy.** (a) ~~For fiscal year 2017 and later,~~ A district's long-term facilities maintenance equalized levy equals the district's long-term facilities maintenance equalization revenue minus the greater of:

(1) the lesser of the district's long-term facilities maintenance equalization revenue or the amount of aid the district received for fiscal year 2015 under Minnesota Statutes 2014, section 123B.59, subdivision 6; or

(2) the district's long-term facilities maintenance equalization revenue times the greater of (i) zero or (ii) one minus the ratio of its adjusted net tax capacity per adjusted pupil unit in the year preceding the year the levy is certified to ~~123~~ 125 percent of the state average adjusted net tax capacity per adjusted pupil unit for all school districts in the year preceding the year the levy is certified.

(b) For purposes of this subdivision, "adjusted net tax capacity" means the value described in section 126C.01, subdivision 2, paragraph (b).

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2024 and later.

Sec. 6. Minnesota Statutes 2021 Supplement, section 126C.10, subdivision 2e, is amended to read:

Subd. 2e. **Local optional revenue.** (a) ~~For fiscal year 2021 and later,~~ A school district's local optional revenue ~~for a school district~~ allowance equals ~~the sum of the district's first tier local optional revenue and second tier local optional revenue. A district's first tier local optional revenue equals $300~~ $724 for fiscal year 2022 and later.

(b) A school district's local optional revenue equals the local optional revenue allowance for that year times the adjusted pupil units of the district for that school year. ~~A district's second tier local optional revenue equals $424 times the adjusted pupil units of the district for that school year.~~

~~(b) For fiscal year 2021 and later, a district's local optional levy equals the sum of the first tier local optional levy and the second tier local optional levy.~~

(c) A district's ~~first tier~~ local optional levy equals the district's ~~first tier~~ local optional revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to ~~$880,000~~ 150 percent of the local optional revenue equalizing factor defined in paragraph (d).

~~(d) For fiscal year 2022, a district's second tier local optional levy equals the district's second tier local optional revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to $510,000. For fiscal year 2023, a district's second tier local optional levy equals the district's second tier local optional revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to $548,842. For fiscal year 2024 and later, a district's second tier local optional levy equals the district's second tier local optional revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to $510,000.~~

(d) A district's local optional revenue equalizing factor equals the quotient derived by dividing the referendum market value of all school districts in the state for the year before the year the levy is certified by the total number of resident pupil units in all school districts in the state in the year before the year the levy is certified.

(e) The local optional levy must be spread on referendum market value. A district may levy less than the permitted amount.

(f) A district's local optional aid equals its local optional revenue minus its local optional levy. If a district's actual levy for ~~first or second tier~~ local optional revenue is less than its maximum levy limit ~~for that tier~~, its aid must be proportionately reduced.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2024 and later.

Sec. 7. Minnesota Statutes 2020, section 126C.17, subdivision 5, is amended to read:

Subd. 5. **Referendum equalization revenue.** ~~(a)~~ A district's referendum equalization revenue equals the ~~sum of the first tier~~ product of the district's referendum equalization ~~revenue~~ allowance under subdivision 1 and the ~~second tier referendum equalization revenue~~ district's adjusted pupil units for that year.

~~(b) A district's first tier referendum equalization revenue equals the district's first tier referendum equalization allowance times the district's adjusted pupil units for that year.~~

~~(c) A district's first tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or $460.~~

~~(d) A district's second tier referendum equalization revenue equals the district's second tier referendum equalization allowance times the district's adjusted pupil units for that year.~~

~~(e) A district's second tier referendum equalization allowance equals the lesser of the district's referendum allowance under subdivision 1 or 25 percent of the formula allowance, minus the sum of $300 and the district's first tier referendum equalization allowance.~~

~~(f) Notwithstanding paragraph (e), the second tier referendum allowance for a district qualifying for secondary sparsity revenue under section 126C.10, subdivision 7, or elementary sparsity revenue under section 126C.10, subdivision 8, equals the district's referendum allowance under subdivision 1 minus the district's first tier referendum equalization allowance.~~

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2024 and later.

Sec. 8. Minnesota Statutes 2020, section 126C.17, subdivision 6, is amended to read:

Subd. 6. **Referendum equalization levy.** (a) A district's referendum equalization levy equals ~~the sum of the first tier referendum equalization levy and the second tier referendum equalization levy.~~

~~(b) A district's first tier referendum equalization levy equals~~ the district's ~~first tier~~ referendum equalization revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to ~~$567,000~~ 125 percent of the operating referendum market value equalizing factor.

~~(c) A district's second tier referendum equalization levy equals the district's second tier referendum equalization revenue times the lesser of one or the ratio of the district's referendum market value per resident pupil unit to $290,000.~~

(b) A district's operating referendum market value equalizing factor equals the quotient derived by dividing the referendum market value of all school districts in the state for the year before the year the levy is certified by the total number of resident pupil units in all school districts in the state in the year before the year the levy is certified.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2024 and later.

Sec. 9. Minnesota Statutes 2020, section 126C.17, subdivision 7, is amended to read:

Subd. 7. **Referendum equalization aid.** (a) A district's referendum equalization aid equals the difference between its referendum equalization revenue and levy.

(b) If a district's actual levy for ~~first or second tier~~ referendum equalization revenue is less than its maximum levy limit ~~for that tier~~, aid shall be proportionately reduced.

(c) Notwithstanding paragraph (a), the referendum equalization aid for a district must not exceed: (1) 25 percent of the formula allowance ~~minus $300~~; times (2) the district's adjusted pupil units. A district's referendum levy is increased by the amount of any reduction in referendum aid under this paragraph.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2024 and later."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Lucero amendment and the roll was called. There were 60 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Akland	Bennett	Davids	Green	Heinrich	Kiel
Albright	Bliss	Dettmer	Grossell	Heintzeman	Koznick
Anderson	Boe	Drazkowski	Gruenhagen	Hertaus	Kresha
Backer	Burkel	Erickson	Haley	Igo	Lucero
Bahr	Daniels	Franson	Hamilton	Johnson	Lueck
Baker	Daudt	Garofalo	Hansen, R.	Jurgens	McDonald

Mekeland	Munson	O'Driscoll	Pierson	Rasmusson	Theis
Miller	Nelson, N.	Olson, B.	Poston	Robbins	Torkelson
Mortensen	Neu Brindley	Petersburg	Quam	Schomacker	Urdahl
Mueller	Novotny	Pfarr	Raleigh	Swedzinski	West

Those who voted in the negative were:

Acomb	Edelson	Her	Lillie	Noor	Thompson
Agbaje	Elkins	Hollins	Lippert	Olson, L.	Vang
Bahner	Feist	Hornstein	Lislegard	Pelowski	Wazlawik
Becker-Finn	Fischer	Howard	Long	Pinto	Winkler
Berg	Frazier	Huot	Mariani	Pryor	Wolgamott
Bernardy	Frederick	Jordan	Marquart	Reyer	Xiong, J.
Bierman	Freiberg	Keeler	Masin	Richardson	Xiong, T.
Boldon	Gomez	Klevorn	Moller	Sandell	Youakim
Carlson	Greenman	Koegel	Moran	Sandstede	Spk. Hortman
Christensen	Hanson, J.	Kotyza-Witthuhn	Morrison	Schultz	
Davnie	Hassan	Lee	Murphy	Stephenson	
Ecklund	Hausman	Liebling	Nelson, M.	Sundin	

The motion did not prevail and the amendment was not adopted.

Lueck was excused for the remainder of today's session.

Scott offered an amendment to H. F. No. 4300, the third engrossment, as amended.

POINT OF ORDER

Jordan raised a point of order pursuant to rule 3.21 that the Scott amendment was not in order. Speaker pro tempore Olson, L., ruled the point of order well taken and the Scott amendment out of order.

Daudt appealed the decision of Speaker pro tempore Olson, L.

A roll call was requested and properly seconded.

The vote was taken on the question "Shall the decision of Speaker pro tempore Olson, L., stand as the judgment of the House?" and the roll was called. There were 70 yeas and 62 nays as follows:

Those who voted in the affirmative were:

Acomb	Edelson	Hausman	Liebling	Nelson, M.	Sundin
Agbaje	Elkins	Her	Lillie	Noor	Thompson
Bahner	Feist	Hollins	Lippert	Olson, L.	Vang
Becker-Finn	Fischer	Hornstein	Lislegard	Pelowski	Wazlawik
Berg	Frazier	Howard	Long	Pinto	Winkler
Bernardy	Frederick	Huot	Mariani	Pryor	Wolgamott
Bierman	Freiberg	Jordan	Marquart	Reyer	Xiong, J.
Boldon	Gomez	Keeler	Masin	Richardson	Xiong, T.
Carlson	Greenman	Klevorn	Moller	Sandell	Youakim
Christensen	Hansen, R.	Koegel	Moran	Sandstede	Spk. Hortman
Davnie	Hanson, J.	Kotyza-Witthuhn	Morrison	Schultz	
Ecklund	Hassan	Lee	Murphy	Stephenson	

Those who voted in the negative were:

Akland	Daudt	Haley	Lucero	O'Driscoll	Schomacker
Albright	Davids	Hamilton	McDonald	Olson, B.	Scott
Anderson	Demuth	Heinrich	Mekeland	O'Neill	Swedzinski
Backer	Dettmer	Heintzeman	Miller	Petersburg	Theis
Bahr	Drazkowski	Hertaus	Mortensen	Pfarr	Torkelson
Baker	Erickson	Igo	Mueller	Pierson	Urdahl
Bennett	Franson	Johnson	Munson	Poston	West
Bliss	Garofalo	Jurgens	Nash	Quam	
Boe	Green	Kiel	Nelson, N.	Raleigh	
Burkel	Grossell	Koznick	Neu Brindley	Rasmusson	
Daniels	Gruenhagen	Kresha	Novotny	Robbins	

So it was the judgment of the House that the decision of Speaker pro tempore Olson, L., should stand.

The Speaker assumed the Chair.

H. F. No. 4300, A bill for an act relating to education finance; modifying provisions for prekindergarten through grade 12 education including general education, education excellence, teachers, charter schools, special education, health and safety, facilities, nutrition and libraries, early childhood, community education and lifelong learning, and state agencies; making forecast adjustments to funding for general education, education excellence, special education, facilities, nutrition, early education, and community education and lifelong learning; requiring reports; authorizing rulemaking; appropriating money; amending Minnesota Statutes 2020, sections 13.32, subdivision 3; 119A.52; 120A.20, subdivision 1; 120A.22, subdivisions 7, 9; 120A.41; 120A.42; 120B.018, subdivision 6; 120B.021, subdivisions 1, 2, 3, 4; 120B.022, subdivision 1; 120B.024, subdivisions 1, 2; 120B.026; 120B.11, subdivisions 1, 1a, 2, 3; 120B.12; 120B.15; 120B.30, subdivisions 1, 1a; 120B.301; 120B.35, subdivision 3; 120B.36, subdivision 2; 121A.031, subdivisions 5, 6; 121A.17, subdivision 3; 121A.19; 121A.21; 121A.41, subdivisions 2, 10, by adding subdivisions; 121A.425; 121A.45, subdivision 1; 121A.46, subdivision 4, by adding a subdivision; 121A.47, subdivisions 2, 14; 121A.53, subdivision 1; 121A.55; 121A.61, subdivisions 1, 3, by adding a subdivision; 122A.06, subdivisions 4, 6; 122A.091, subdivision 5; 122A.14, by adding a subdivision; 122A.181, subdivision 5; 122A.183, subdivision 1; 122A.184, subdivision 1; 122A.185, subdivision 1; 122A.187, by adding a subdivision; 122A.31, subdivision 1; 122A.40, subdivisions 3, 5, 8; 122A.41, subdivisions 2, 5, by adding a subdivision; 122A.415, subdivision 4, by adding subdivisions; 122A.50; 122A.635; 122A.76; 123A.485, subdivision 2; 123B.04, subdivision 1; 123B.147, subdivision 3; 123B.195; 123B.44, subdivisions 1, 5, 6; 123B.595; 123B.86, subdivision 3; 124D.09, subdivisions 3, 9, 10, 12, 13; 124D.095, subdivisions 2, 3, 4, 7, 8, by adding subdivisions; 124D.1158, subdivisions 3, 4; 124D.119; 124D.128, subdivision 1; 124D.13, subdivisions 2, 3; 124D.141, subdivision 2; 124D.151, as amended; 124D.165, subdivisions 2, 3; 124D.2211; 124D.4531, subdivisions 1, 1a, 1b; 124D.531, subdivisions 1, 4; 124D.55; 124D.59, subdivisions 2, 2a; 124D.65, subdivision 5; 124D.68, subdivision 2; 124D.73, by adding a subdivision; 124D.74, subdivisions 1, 3, 4, by adding a subdivision; 124D.76; 124D.78; 124D.79, subdivision 2; 124D.791, subdivision 4; 124D.81, subdivisions 1, 2, 2a, 5, by adding a subdivision; 124D.83, subdivision 2, by adding a subdivision; 124D.861, subdivision 2; 124D.98, by adding a subdivision; 124E.02; 124E.03, subdivision 2, by adding a subdivision; 124E.05, subdivisions 4, 7; 124E.06, subdivisions 1, 4, 5; 124E.07, subdivision 3; 124E.11; 124E.13, subdivisions 1, 3; 124E.16, subdivision 1; 124E.25, subdivision 1a; 125A.03; 125A.08; 125A.094; 125A.0942, subdivisions 1, 2, 3; 125A.15; 125A.51; 125A.515, subdivision 3; 125A.71, subdivision 1; 125A.76, subdivision 2e; 126C.05, subdivision 19; 126C.10, subdivisions 2a, 4, 13, 13a, 14, 18a; 126C.15, subdivisions 1, 2; 126C.19, by adding a subdivision; 127A.353, subdivision 2; 127A.45, subdivisions 12a, 13; 134.31, subdivisions 1, 4a; 134.32, subdivision 4; 134.34, subdivision 1; 134.355, subdivisions 5, 6, 7; 144.4165; 179A.03, subdivision 19; Minnesota Statutes 2021 Supplement, sections 122A.70;

126C.05, subdivisions 1, 3; 126C.10, subdivisions 2d, 2e; 127A.353, subdivision 4; Laws 2021, First Special Session chapter 13, article 1, sections 9; 10, subdivisions 2, 3, 4, 5, 6, 7, 9, 11; article 2, section 4, subdivisions 2, 3, 4, 7, 12, 15, 22, 27; article 3, sections 7, subdivisions 3, 4, 5, 6, 7; 8, subdivision 2; article 5, section 3, subdivisions 2, 3, 4, 5; article 7, section 2, subdivisions 2, 3; article 8, section 3, subdivisions 2, 3, 4, 6; article 9, section 4, subdivisions 3, 4, 5, 6, 12; article 10, section 1, subdivisions 2, 5, 8, 9; article 11, sections 4, subdivision 2; 7, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 120B; 121A; 122A; 124D; 125A; 127A; repealing Minnesota Statutes 2020, sections 120B.35, subdivision 5; 124D.151, subdivision 5; 124D.4531, subdivision 3a; Minnesota Statutes 2021 Supplement, section 124D.151, subdivision 6.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 69 yeas and 61 nays as follows:

Those who voted in the affirmative were:

Acomb	Edelson	Hausman	Liebling	Nelson, M.	Sundin
Agbaje	Elkins	Her	Lillie	Noor	Vang
Bahner	Feist	Hollins	Lippert	Olson, L.	Wazlawik
Becker-Finn	Fischer	Hornstein	Lislegard	Pelowski	Winkler
Berg	Frazier	Howard	Long	Pinto	Wolgamott
Bernardy	Frederick	Huot	Mariani	Pryor	Xiong, J.
Bierman	Freiberg	Jordan	Marquart	Reyer	Xiong, T.
Boldon	Gomez	Keeler	Masin	Richardson	Youakim
Carlson	Greenman	Klevorn	Moller	Sandell	Spk. Hortman
Christensen	Hansen, R.	Koegel	Moran	Sandstede	
Davnie	Hanson, J.	Kotyza-Witthuhn	Morrison	Schultz	
Ecklund	Hassan	Lee	Murphy	Stephenson	

Those who voted in the negative were:

Akland	Daudt	Haley	Lucero	Olson, B.	Scott
Albright	Davids	Hamilton	McDonald	O'Neill	Swedzinski
Anderson	Demuth	Heinrich	Mekeland	Petersburg	Theis
Backer	Dettmer	Heintzeman	Miller	Pfarr	Torkelson
Bahr	Drazkowski	Hertaus	Mortensen	Pierson	Urdahl
Baker	Erickson	Igo	Mueller	Poston	West
Bennett	Franson	Johnson	Munson	Quam	
Bliss	Garofalo	Jurgens	Nash	Raleigh	
Boe	Green	Kiel	Neu Brindley	Rasmusson	
Burkel	Grossell	Koznick	Novotny	Robbins	
Daniels	Gruenhagen	Kresha	O'Driscoll	Schomacker	

The bill was passed, as amended, and its title agreed to.

MOTIONS AND RESOLUTIONS

Huot moved that the name of Edelson be added as an author on H. F. No. 2553. The motion prevailed.

Moran moved that the name of Xiong, T., be added as an author on H. F. No. 3950. The motion prevailed.

Neu Brindley moved that the name of Mekeland be added as an author on H. F. No. 4239. The motion prevailed.

Davnie moved that the name of Pinto be added as an author on H. F. No. 4300. The motion prevailed.

Masin moved that the name of Davids be added as an author on H. F. No. 4738. The motion prevailed.

Masin moved that the name of Davids be added as an author on H. F. No. 4740. The motion prevailed.

Masin moved that the name of Davids be added as an author on H. F. No. 4741. The motion prevailed.

Hornstein moved that the name of Youakim be added as an author on H. F. No. 4818. The motion prevailed.

ADJOURNMENT

Winkler moved that when the House adjourns today it adjourn until 11:00 a.m., Thursday, April 28, 2022. The motion prevailed.

Winkler moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 11:00 a.m., Thursday, April 28, 2022.

PATRICK D. MURPHY, Chief Clerk, House of Representatives