

## STATE OF MINNESOTA

## EIGHTY-SEVENTH SESSION — 2011

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 FIFTY-NINTH DAY

SAINT PAUL, MINNESOTA, WEDNESDAY, MAY 18, 2011

The House of Representatives convened at 3:00 p.m. and was called to order by Kurt Zellers, Speaker of the House.

Prayer was offered by the Reverend Dean Nadasdy, Woodbury Lutheran Church, Woodbury, 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:

Abeler	Dean	Hansen	Lanning	Murdock	Shimanski
Anderson, B.	Dettmer	Hausman	Leidiger	Murphy, E.	Simon
Anderson, D.	Dill	Hayden	LeMieur	Murphy, M.	Slawik
Anderson, P.	Dittrich	Hilstrom	Lenczewski	Murray	Slocum
Anderson, S.	Doepke	Hilty	Lesch	Myhra	Smith
Anzelc	Downey	Holberg	Liebling	Nelson	Stensrud
Atkins	Drazkowski	Hoppe	Lillie	Nornes	Swedzinski
Banaian	Eken	Hornstein	Loeffler	Norton	Thissen
Barrett	Erickson	Hortman	Lohmer	O'Driscoll	Tillberry
Beard	Fabian	Hosch	Loon	Paymar	Torkelson
Benson, J.	Falk	Howes	Mack	Pelowski	Urdahl
Benson, M.	Franson	Huntley	Mahoney	Peppin	Vogel
Bills	Fritz	Johnson	Mariani	Persell	Wagenius
Brynaert	Garofalo	Kahn	Marquart	Petersen, B.	Ward
Buesgens	Gauthier	Kath	Mazorol	Peterson, S.	Wardlow
Carlson	Gottwalt	Kelly	McDonald	Poppe	Westrom
Champion	Greene	Kieffer	McElpatrick	Quam	Winkler
Clark	Greiling	Kiel	McFarlane	Rukavina	Woodard
Cornish	Gruenhagen	Kiffmeyer	McNamara	Runbeck	Spk. Zellers
Crawford	Gunther	Knuth	Melin	Sanders	
Daudt	Hackbarth	Koenen	Moran	Scalze	
Davids	Hamilton	Kriesel	Morrow	Schomacker	
Davnie	Hancock	Laine	Mullery	Scott	

A quorum was present.

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.

Champion was excused between the hours of 4:00 p.m. and 7:45 p.m.

Hayden was excused between the hours of 4:00 p.m. and 9:30 p.m.

#### REPORTS OF CHIEF CLERK

S. F. No. 54 and H. F. No. 104, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Koenen moved that S. F. No. 54 be substituted for H. F. No. 104 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 149 and H. F. No. 211, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

#### SUSPENSION OF RULES

Wardlow moved that the rules be so far suspended that S. F. No. 149 be substituted for H. F. No. 211 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 302 and H. F. No. 122, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

#### SUSPENSION OF RULES

Davids moved that the rules be so far suspended that S. F. No. 302 be substituted for H. F. No. 122 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 361 and H. F. No. 287, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

#### SUSPENSION OF RULES

Hamilton moved that the rules be so far suspended that S. F. No. 361 be substituted for H. F. No. 287 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 885 and H. F. No. 1220, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Wardlow moved that S. F. No. 885 be substituted for H. F. No. 1220 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1266 and H. F. No. 1470, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

#### SUSPENSION OF RULES

Stensrud moved that the rules be so far suspended that S. F. No. 1266 be substituted for H. F. No. 1470 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1270 and H. F. No. 1411, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Kahn moved that S. F. No. 1270 be substituted for H. F. No. 1411 and that the House File be indefinitely postponed. The motion prevailed.

### PETITIONS AND COMMUNICATIONS

The following communications were received:

STATE OF MINNESOTA  
OFFICE OF THE GOVERNOR  
SAINT PAUL 55155

May 13, 2011

The Honorable Kurt Zellers  
Speaker of the House of Representatives  
The State of Minnesota

Dear Speaker Zellers:

Please be advised that I have received, approved, signed, and deposited in the Office of the Secretary of State H. F. No. 529.

Sincerely,

MARK DAYTON  
Governor

STATE OF MINNESOTA  
OFFICE OF THE GOVERNOR  
SAINT PAUL 55155

May 13, 2011

The Honorable Kurt Zellers  
Speaker of the House of Representatives  
The State of Minnesota

Dear Speaker Zellers:

Please be advised that I have received, approved, signed, and deposited in the Office of the Secretary of State H. F. No. 569.

Sincerely,

MARK DAYTON  
Governor

STATE OF MINNESOTA  
OFFICE OF THE SECRETARY OF STATE  
ST. PAUL 55155

The Honorable Kurt Zellers  
Speaker of the House of Representatives

The Honorable Michelle L. Fischbach  
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 2011 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

<i>S. F. No.</i>	<i>H. F. No.</i>	<i>Session Laws Chapter No.</i>	<i>Time and Date Approved 2011</i>	<i>Date Filed 2011</i>
	529	20	10:29 a.m. May 13	May 13
	569	21	10:29 a.m. May 13	May 13
626		22	10:40 a.m. May 13	May 13

Sincerely,

MARK RITCHIE  
Secretary of State

### REPORTS OF STANDING COMMITTEES AND DIVISIONS

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

H. F. No. 959, A bill for an act relating to capital investment; appropriating money for flood hazard mitigation and renovation of the Coon Rapids dam; making changes to certain state bond provisions; modifying prior appropriations; reducing certain bond sale authorizations; authorizing the sale and issuance of state bonds; amending Minnesota Statutes 2010, sections 16A.641, subdivisions 4a, 7; 16A.642, subdivision 2; Laws 2006, chapter 258, section 7, subdivisions 3, as amended, 23, as amended; Laws 2008, chapter 179, sections 15, subdivision 8; 18, subdivisions 3, 6, as amended; 19, subdivision 4; 24, subdivision 4; Laws 2009, chapter 93, article 1, section 14, subdivision 3; Laws 2010, chapter 189, sections 6, subdivisions 2, 4; 7, subdivision 22; 14, subdivision 3; 19, subdivision 4, as amended; Laws 2010, chapter 333, article 2, section 23; Laws 2010, Second Special Session chapter 1, article 1, section 9, subdivision 5.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. **CAPITAL IMPROVEMENT APPROPRIATIONS.**

The sums shown in the column under "Appropriations" are appropriated from the bond proceeds fund, or another named fund, to the state agencies or officials indicated, to be spent for public purposes. Appropriations of bond proceeds must be spent as authorized by the Minnesota Constitution, article XI, section 5, paragraph (a), to acquire

and better public land and buildings and other public improvements of a capital nature, or as authorized by the Minnesota Constitution, article XI, section 5, paragraphs (b) to (j), or article XIV. Unless otherwise specified, money appropriated in this act for a capital program or project may be used to pay state agency staff costs that are attributed directly to the capital program or project in accordance with accounting policies adopted by the commissioner of management and budget. Unless otherwise specified, the appropriations in this act are available until the project is completed or abandoned subject to Minnesota Statutes, section 16A.642.

### SUMMARY

<u>Natural Resources</u>	<u>\$45,000,000</u>
<u>Public Safety</u>	<u>5,000,000</u>
<u>Bond Sale Expenses</u>	<u>45,000</u>
 <b><u>TOTAL</u></b>	 <b><u>\$50,045,000</u></b>
 <u>Bond Proceeds Fund (General Fund Debt Service)</u>	 <u>45,045,000</u>
<u>General Fund</u>	<u>5,000,000</u>

### APPROPRIATIONS

#### Sec. 2. **NATURAL RESOURCES**

##### Subdivision 1. **Total Appropriation**

**\$45,000,000**

To the commissioner of natural resources for the purposes specified in this section.

The appropriations in this section are subject to the requirements of the natural resources capital improvement program under Minnesota Statutes, section 86A.12, unless this section or the statutes referred to in this section provide more specific standards, criteria, or priorities for projects than Minnesota Statutes, section 86A.12.

##### Subd. 2. **Flood Hazard Mitigation Grants**

45,000,000

(a) For the state share of flood hazard mitigation grants for publicly owned capital improvements to prevent or alleviate flood damage under Minnesota Statutes, section 103F.161. Project priorities shall be determined by the commissioner as appropriate, based on need.

(b) To the extent that the cost of a project exceeds two percent of the median household income in the municipality or unit of government on the commissioner's priority list multiplied by the number of households in the municipality or unit of government on the commissioner's priority list, this appropriation is also for the local share of the project.

(c) Up to \$6,000,000 of this appropriation is for the project in the city of Roseau.

(d) Up to \$3,000,000 of this appropriation is for the project in the city of Georgetown.

(e) Up to \$16,500,000 of this appropriation is for the project in the city of Moorhead.

**Subd. 3. Unspent Appropriations**

The unspent portion of an appropriation, but not to exceed ten percent of the appropriation, for a project in this section that is complete, other than an appropriation for flood hazard mitigation, is available for asset preservation under Minnesota Statutes, section 84.946. Minnesota Statutes, section 16A.642, applies from the date of the original appropriation to the unspent amount transferred for asset preservation.

**Sec. 3. BOND SALE EXPENSES**

**\$45,000**

To the commissioner of management and budget for bond sale expenses under Minnesota Statutes, section 16A.641, subdivision 8.

**Sec. 4. BOND SALE SCHEDULE.**

The commissioner of management and budget shall schedule the sale of state general obligation bonds so that, during the biennium ending June 30, 2013, no more than \$1,175,188,000 needs to be transferred from the general fund to the state bond fund to pay principal and interest due and to become due on outstanding state general obligation bonds. During the biennium, before each sale of state general obligation bonds, the commissioner of management and budget shall calculate the amount of debt service payments needed on bonds previously issued and shall estimate the amount of debt service payments that will be needed on the bonds scheduled to be sold. The commissioner shall adjust the amount of bonds scheduled to be sold so as to remain within the limit set by this section. The amount needed to make the debt service payments is appropriated from the general fund as provided in Minnesota Statutes, section 16A.641.

**Sec. 5. BOND SALE AUTHORIZATION.**

To provide the money appropriated in this act from the bond proceeds fund, the commissioner of management and budget shall sell and issue bonds of the state in an amount up to \$45,045,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

**Sec. 6. APPROPRIATION; FEDERAL MATCH.**

\$5,000,000 is appropriated from the general fund to the commissioner of public safety to provide a match for Federal Emergency Management Agency (FEMA) disaster assistance to state agencies and political subdivisions under Minnesota Statutes, section 12.221, in the area designated under Presidential Declaration of Major Disaster DR-1982, for the flooding in Minnesota in the spring of 2011, whether included in the original declaration or added later by federal government action. This is a onetime appropriation. This appropriation does not lapse.

Sec. 7. Laws 2006, chapter 258, section 7, subdivision 3, as amended by Laws 2007, chapter 122, section 4, and Laws 2008, chapter 179, section 59, is amended to read:

Subd. 3. **Flood Hazard Mitigation Grants**

25,000,000

For the state share of flood hazard mitigation grants for publicly owned capital improvements to prevent or alleviate flood damage under Minnesota Statutes, section 103F.161.

The commissioner shall determine project priorities as appropriate, based on need.

This appropriation includes money for the following projects:

- (a) Austin
- (b) Albert Lea
- (c) Browns Valley
- (d) Crookston
- (e) Canisteo Mine
- (f) Delano
- (g) East Grand Forks
- (h) Golden Valley
- (i) Grand Marais Creek
- (j) Granite Falls
- (k) Inver Grove Heights
- (l) Manston Slough
- (m) Oakport Township
- (n) Riverton Township
- (o) Roseau
- (p) Shell Rock Watershed District
- (q) St. Vincent
- (r) Wild Rice River Watershed District

For any project listed in this subdivision that the commissioner determines is not ready to proceed or does not expend all the money allocated to it, the commissioner may allocate that project's money to a project on the commissioner's priority list.

To the extent that the cost of a project in Ada, Breckenridge, Browns Valley, Crookston, Dawson, East Grand Forks, Granite Falls, Montevideo, Oakport Township, Roseau, St. Vincent, or Warren exceeds two percent of the median household income in the municipality multiplied by the number of households in the municipality, this appropriation is also for the local share of the project. The local share for the St. Vincent dike may not exceed \$30,000.

Notwithstanding Minnesota Statutes, section 16A.642, the bond authorization and appropriation of bond proceeds in this subdivision are available until June 30, 2014.

Sec. 8. **EFFECTIVE DATE.**

This act is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to capital investment; appropriating money for flood hazard mitigation; appropriating money for a match for federal disaster assistance; authorizing sale and issuance of state bonds; providing a bond sale schedule; amending Laws 2006, chapter 258, section 7, subdivision 3, as amended."

With the recommendation that when so amended the bill pass.

The report was adopted.

Peppin from the Committee on Government Operations and Elections to which was referred:

H. F. No. 1647, A bill for an act relating to retirement; major general employee statewide retirement plans; revising statutory salary scale actuarial assumptions; revising payroll growth actuarial assumptions; amending Minnesota Statutes 2010, section 356.215, subdivision 8.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1  
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Section 1. Minnesota Statutes 2010, section 353.01, subdivision 2a, is amended to read:

Subd. 2a. **Included employees; mandatory membership.** (a) Public employees whose salary exceeds \$425 in any month and who are not specifically excluded under subdivision 2b or who have not been provided an option to participate under subdivision 2d, whether individually or by action of the governmental subdivision, must participate as members of the association with retirement coverage by the general employees retirement plan under this chapter,



the public employees police and fire retirement plan under this chapter, or the local government correctional employees retirement plan under chapter 353E, whichever applies. Membership commences as a condition of their employment on the first day of their employment or on the first day that the eligibility criteria are met, whichever is later. Public employees include but are not limited to:

(1) persons whose salary meets the threshold in this paragraph from employment in one or more positions within one governmental subdivision;

(2) elected county sheriffs;

(3) persons who are appointed, employed, or contracted to perform governmental functions that by law or local ordinance are required of a public officer, including, but not limited to:

(i) town and city clerk or treasurer;

(ii) county auditor, treasurer, or recorder;

(iii) city manager as defined in section 353.028 who does not exercise the option provided under subdivision 2d; or

(iv) emergency management director, as provided under section 12.25;

(4) physicians under section 353D.01, subdivision 2, who do not elect public employees defined contribution plan coverage under section 353D.02, subdivision 2;

(5) full-time employees of the Dakota County Agricultural Society; ~~and~~

(6) employees of the Minneapolis Firefighters Relief Association or Minneapolis Police Relief Association who are not excluded employees under subdivision 2b due to coverage by the relief association pension plan and who elected general employee retirement plan coverage before August 20, 2009; and

(7) employees of the Red Wing Port Authority who were first employed by the Red Wing Port Authority before May 1, 2011, and who are not excluded employees under subdivision 2b.

(b) A public employee or elected official who was a member of the association on June 30, 2002, based on employment that qualified for membership coverage by the public employees retirement plan or the public employees police and fire plan under this chapter, or the local government correctional employees retirement plan under chapter 353E as of June 30, 2002, retains that membership for the duration of the person's employment in that position or incumbency in elected office. Except as provided in subdivision 28, the person shall participate as a member until the employee or elected official terminates public employment under subdivision 11a or terminates membership under subdivision 11b.

(c) If the salary of an included public employee is less than \$425 in any subsequent month, the member retains membership eligibility.

(d) For the purpose of participation in the MERF division of the general employees retirement plan, public employees include employees who were members of the former Minneapolis Employees Retirement Fund on June 29, 2010, and who participate as members of the MERF division of the association.

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

Sec. 2. Minnesota Statutes 2010, section 353.01, subdivision 6, is amended to read:

Subd. 6. **Governmental subdivision.** (a) "Governmental subdivision" means a county, city, town, school district within this state, or a department, unit or instrumentality of state or local government, or any public body established under state or local authority that has a governmental purpose, is under public control, is responsible for the employment and payment of the salaries of employees of the entity, and receives a major portion of its revenues from taxation, fees, assessments or from other public sources.

(b) Governmental subdivision also means the Public Employees Retirement Association, the League of Minnesota Cities, the Association of Metropolitan Municipalities, charter schools formed under section 124D.10, service cooperatives exercising retirement plan participation under section 123A.21, subdivision 5, joint powers boards organized under section 471.59, subdivision 11, paragraph (a), family service collaboratives and children's mental health collaboratives organized under section 471.59, subdivision 11, paragraph (b) or (c), provided that the entities creating the collaboratives are governmental units that otherwise qualify for retirement plan membership, public hospitals owned or operated by, or an integral part of, a governmental subdivision or governmental subdivisions, the Association of Minnesota Counties, the Minnesota Inter-county Association, the Minnesota Municipal Utilities Association, the Metropolitan Airports Commission, the University of Minnesota with respect to police officers covered by the public employees police and fire retirement plan, the Minneapolis Employees Retirement Fund for employment initially commenced after June 30, 1979, the Range Association of Municipalities and Schools, soil and water conservation districts, economic development authorities created or operating under sections 469.090 to 469.108, the Port Authority of the city of St. Paul, the Red Wing Port Authority, the Spring Lake Park Fire Department, incorporated, the Lake Johanna Volunteer Fire Department, incorporated, the Red Wing Environmental Learning Center, the Dakota County Agricultural Society, Hennepin Healthcare System, Inc., and the Minneapolis Firefighters Relief Association and Minneapolis Police Relief Association with respect to staff covered by the Public Employees Retirement Association general plan.

(c) Governmental subdivision does not mean any municipal housing and redevelopment authority organized under the provisions of sections 469.001 to 469.047; or any port authority organized under sections 469.048 to 469.089 other than the Port Authority of the city of St. Paul; and other than the Red Wing Port Authority; or any hospital district organized or reorganized prior to July 1, 1975, under sections 447.31 to 447.37 or the successor of the district; or the board of a family service collaborative or children's mental health collaborative organized under sections 124D.23, 245.491 to 245.495, or 471.59, if that board is not controlled by representatives of governmental units.

(d) A nonprofit corporation governed by chapter 317A or organized under Internal Revenue Code, section 501(c)(3), which is not covered by paragraph (a) or (b), is not a governmental subdivision unless the entity has obtained a written advisory opinion from the United States Department of Labor or a ruling from the Internal Revenue Service declaring the entity to be an instrumentality of the state so as to provide that any future contributions by the entity on behalf of its employees are contributions to a governmental plan within the meaning of Internal Revenue Code, section 414(d).

(e) A public body created by state or local authority may request membership on behalf of its employees by providing sufficient evidence that it meets the requirements in paragraph (a).

(f) An entity determined to be a governmental subdivision is subject to the reporting requirements of this chapter upon receipt of a written notice of eligibility from the association.

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

Sec. 3. **VALIDATION OF PAST RETIREMENT COVERAGE AND CONTRIBUTIONS FOR RED WING PORT AUTHORITY EMPLOYEES.**

(a) Retirement coverage by the general employees retirement plan of the Public Employees Retirement Association, allowable service credit, and salary credit for employees of the Red Wing Port Authority who were so employed after December 31, 1984, and were first so employed before May 1, 2011, who had monthly salary in any

month of at least \$325 until June 30, 1988, and who had monthly salary in any month of at least \$425 after June 30, 1988, who were not otherwise excluded under the applicable edition of Minnesota Statutes, section 353.01, subdivision 2b, and who had member deductions taken and transferred in a timely manner to the general employees retirement fund before the effective date of this section are hereby validated.

(b) Notwithstanding any provision of Minnesota Statutes, chapter 353, to the contrary, employee contributions deducted from employees of the Red Wing Port Authority described in paragraph (a) before the effective date of this section and associated employer contributions are valid assets of the general employees retirement fund and are not subject to refund or adjustment for erroneous receipt except as provided in Minnesota Statutes, section 353.32, subdivision 1 or 2; or 353.34, subdivisions 1 and 2.

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

Sec. 4. **CITY OF DULUTH AND DULUTH AIRPORT AUTHORITY; CORRECTING ERRONEOUS EMPLOYEE DEDUCTIONS, EMPLOYER CONTRIBUTIONS, AND ADJUSTING OVERPAID BENEFITS.**

Subdivision 1. **Application.** Notwithstanding any provisions of Minnesota Statutes, section 353.27, subdivisions 7 and 7b, or Minnesota Statutes 2010, chapters 353 and 356, to the contrary, this section establishes the procedures by which the executive director of the Public Employees Retirement Association shall adjust erroneous employee deductions and employer contributions paid on behalf of active employees and former members by the city of Duluth and by the Duluth Airport Authority on amounts determined by the executive director to be invalid salary under Minnesota Statutes, section 353.01, subdivision 10, reported between January 1, 1997, and October 23, 2008, and for adjusting benefits that were paid to former members and their beneficiaries based upon invalid salary amounts.

Subd. 2. **Refunds of employee deductions.** (a) The executive director shall refund to active employees or former members who are not receiving retirement annuities or benefits all erroneous employee deductions identified by the city of Duluth or by the Duluth Airport Authority as deductions taken from amounts determined to be invalid salary. The refunds must include interest at the rate specified in Minnesota Statutes, section 353.34, subdivision 2, from the date each invalid employee deduction was received through the date each refund is paid.

(b) The refund payment for active employees must be sent to the applicable members who are employees of the city of Duluth or who are employees of the Duluth Airport Authority, whichever is applicable.

(c) Refunds to former members must be mailed by the executive director of the Public Employees Retirement Association to the former member's last known address.

Subd. 3. **Benefit adjustments.** (a) For a former member who is receiving a retirement annuity or disability benefit, or for a person receiving an optional annuity or survivor benefit, the executive director must:

(1) adjust the annuity or benefit payment to the correct monthly benefit amount payable by reducing the average salary under Minnesota Statutes, section 353.01, subdivision 17a, by the invalid salary amounts;

(2) determine the amount of the overpaid benefits paid from the effective date of the annuity or benefit payment to July 1, 2009;

(3) calculate the amount of employee deductions taken in error on invalid salary, including interest at the rate specified in Minnesota Statutes, section 353.34, subdivision 2, from the date each invalid employee deduction was received through the first day of the month in which the refund under paragraph (b), or action to recover net overpayments under subdivision 4, occurs; and

(4) determine the net amount of overpaid benefits by reducing the amount of the overpaid annuity or benefit as determined in clause (2) by the amount of the erroneous employee deductions with interest determined in clause (3).

(b) If a former member's erroneous employee deductions plus interest determined under this section exceeds the amount of the person's overpaid benefits, the balance must be refunded to the person to whom the annuity or benefit is being paid.

(c) The executive director shall recover the net amount of all overpaid annuities or benefits as provided under subdivision 4.

Subd. 4. **Employer credits and obligations.** (a) The executive director shall provide a credit without interest to the city of Duluth and to the Duluth Airport Authority for the amount of that governmental subdivision's erroneous employer contributions. The credit must first be used to offset the net amount of the overpaid retirement annuities and the disability and survivor benefits that remain after applying the amount of erroneous employee deductions with interest as provided under subdivision 3, paragraph (a), clause (4). The remaining erroneous employer contributions, if any, must be credited against future employer contributions required to be paid by the applicable governmental subdivision. If the overpaid benefits exceed the employer contribution credit, the balance of the overpaid benefits is the obligation of the city of Duluth or the Duluth Airport Authority, whichever is applicable.

(b) The Public Employees Retirement Association board of trustees shall determine the period of time and manner for the collection of overpaid retirement annuities and benefits, if any, from the city of Duluth and the Duluth Airport Authority.

Subd. 5. **Treatment of invalid salary amounts in process.** (a) The governing body of the city of Duluth or the Duluth Airport Authority, as applicable, may elect to limit the period of adjustment for amounts determined to be invalid salary to apply to the fiscal year in which the error was reported to, and the salary determined to be invalid by, the Public Employees Retirement Association, and the immediate two preceding fiscal years, by a resolution of the applicable governing body transmitted to the Public Employees Retirement Association executive director within 30 days following the effective date of this section.

(b) If the governing body of the applicable governmental subdivision declines the treatment permitted under paragraph (a) or fails to submit a resolution in a timely manner, the statute of limitations specified in paragraph (a) does not apply.

**EFFECTIVE DATE.** (a) This section is effective for the city of Duluth the day after the Duluth city council and the chief clerical officer of the city of Duluth timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, for members who are, and former members who were, employees of the city of Duluth.

(b) This section is effective for the Duluth Airport Authority the day after the Duluth Airport Authority board of directors and the chief clerical officer of the Duluth Airport Authority timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, for members who are, and former members who were, employees of the Duluth Airport Authority.

## ARTICLE 2 TEACHER RETIREMENT COVERAGE

Section 1. Minnesota Statutes 2010, section 354A.011, is amended by adding a subdivision to read:

Subd. 29. **Vesting; vested.** (a) "Vesting" or "vested" means having entitlement to a nonforfeitable annuity or benefit from a coordinated member program administered by a teachers retirement fund association by having credit for sufficient allowable service under paragraph (b) or (c), whichever applies.

(b) For purposes of qualifying for an annuity or a benefit as a coordinated plan member of the St. Paul Teachers Retirement Fund Association, the teacher is vested when the teacher has accrued credit for at least three years of service.

(c) For purposes of qualifying for an annuity or a benefit as a coordinated plan member of the Duluth Teachers Retirement Fund Association:

(1) a teacher who first became a member of the plan before July 1, 2010, is vested when the teacher has accrued at least three years of service; and

(2) a teacher who first became a member of the plan after June 30, 2010, is vested when the teacher has accrued at least five years of service.

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

Sec. 2. Minnesota Statutes 2010, section 354A.094, subdivision 3, is amended to read:

Subd. 3. **Qualified part-time teacher program participation requirements.** (a) A teacher in the public schools of a city of the first class who ~~has three years or more allowable service in the applicable retirement fund association is vested, or three~~ who has combined years ~~or more~~ of full-time teaching service in Minnesota public elementary schools, Minnesota secondary schools, and Minnesota State Colleges and Universities system at least equal to the number of years specified for vesting in the applicable first class city teacher plan, may, by agreement with the board of the employing district, be assigned to teaching service within the district in a part-time teaching position. The agreement must be executed before October 1 of the year for which the teacher requests to make retirement contributions under subdivision 4. A copy of the executed agreement must be filed with the executive director of the retirement fund association. If the copy of the executed agreement is filed with the association after October 1 of the year for which the teacher requests to make retirement contributions under subdivision 4, the employing school district shall pay a fine of \$5 for each calendar day that elapsed since the October 1 due date. The association may not accept an executed agreement that is received by the association more than 15 months late. The association may not waive the fine required by this section.

(b) Notwithstanding paragraph (a), if the teacher is also a legislator:

(1) the agreement in paragraph (a) must be executed before March 1 of the school year for which the teacher requests to make retirement contributions under subdivision 4; and

(2) the fines specified in paragraph (a) apply if the employing unit does not file the executed agreement with the executive director of the applicable Teachers Retirement Fund Association by March 1.

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

Sec. 3. Minnesota Statutes 2010, section 354A.29, is amended by adding a subdivision to read:

Subd. 7. **Eligibility for payment of postretirement adjustments.** (a) Annually, after June 30, the board of trustees of the St. Paul Teachers Retirement Fund Association must determine the amount of any postretirement adjustment using the procedures in this subdivision and subdivision 8 or 9, whichever is applicable.

(b) On January 1, each eligible person who has been receiving an annuity or benefit under the articles of incorporation, the bylaws, or this chapter for at least three calendar months as of the end of the last day of the previous calendar year is eligible to receive a postretirement increase as specified in subdivision 8 or 9.

**EFFECTIVE DATE.** This section is effective July 1, 2011.

Sec. 4. Minnesota Statutes 2010, section 354A.29, is amended by adding a subdivision to read:

**Subd. 8. Calculation of postretirement adjustments; transitional provision.** (a) For purposes of computing postretirement adjustments for eligible benefit recipients of the St. Paul Teachers Retirement Fund Association, the accrued liability funding ratio based on the actuarial value of assets of the plan as determined by the most recent actuarial valuation prepared under sections 356.214 and 356.215 determines the postretirement increase, as follows:

<u>Funding ratio</u>	<u>Postretirement increase</u>
<u>Less than 80 percent</u>	<u>1 percent</u>
<u>At least 80 percent but less than 90 percent</u>	<u>2 percent</u>

(b) The amount determined under paragraph (a) is the full postretirement increase to be applied as a permanent increase to the regular payment of each eligible member on January 1 of the next calendar year. For any eligible member whose effective date of benefit commencement occurred during the calendar year before the postretirement increase is applied, the full increase amount must be prorated on the basis of whole calendar quarters in benefit payment status in the calendar year prior to the January 1 on which the postretirement increase is applied, calculated to the third decimal place.

(c) If the accrued liability funding ratio based on the actuarial value of assets is at least 90 percent, this subdivision expires and subsequent postretirement increases must be paid as specified in subdivision 9.

**EFFECTIVE DATE.** This section is effective July 1, 2011.

Sec. 5. Minnesota Statutes 2010, section 354A.29, is amended by adding a subdivision to read:

**Subd. 9. Calculation of postretirement adjustments.** (a) This subdivision applies if subdivision 8 has expired.

(b) A percentage adjustment must be computed and paid under this subdivision to eligible persons under subdivision 7. This adjustment is determined by reference to the Consumer Price Index for urban wage earners and clerical workers all items index as reported by the Bureau of Labor Statistics within the United States Department of Labor each year as part of the determination of annual cost-of-living adjustments to recipients of federal old-age, survivors, and disability insurance. For calculations of postretirement adjustments under paragraph (c), "average third quarter Consumer Price Index value" means the sum of the monthly index values as initially reported by the Bureau of Labor Statistics for the months of July, August, and September, divided by three.

(c) Before January 1 of each year, the executive director must calculate the amount of the postretirement adjustment by dividing the most recent average third quarter index value by the same average third quarter index value from the previous year, subtract one from the resulting quotient, and express the result as a percentage amount, which must be rounded to the nearest one-tenth of one percent.

(d) The amount calculated under paragraph (c) is the full postretirement adjustment to be applied as a permanent increase to the regular payment of each eligible member on January 1 of the next calendar year. For any eligible member whose effective date of benefit commencement occurred during the calendar year before the postretirement adjustment is applied, the full increase amount must be prorated on the basis of whole calendar quarters in benefit payment status in the calendar year prior to the January 1 on which the postretirement adjustment is applied, calculated to the third decimal place.

(e) The adjustment must not be less than zero nor greater than five percent.

**EFFECTIVE DATE.** This section is effective July 1, 2011.

Sec. 6. Minnesota Statutes 2010, section 354A.31, subdivision 1, is amended to read:

Subdivision 1. **Age and service requirements.** Any coordinated member or former coordinated member of the Duluth Teachers Retirement Fund Association or of the St. Paul Teachers Retirement Fund Association who has ceased to render teaching service for the school district in which the teachers retirement fund association exists, who is vested and who has either attained the age of at least 55 years ~~with not less than three years of allowable service credit~~ or received credit for not less than 30 years of allowable service regardless of age, shall be entitled upon written application to a retirement annuity. ~~Any coordinated member or former coordinated member of the Duluth Teachers Retirement Fund Association who has ceased to render teaching service for the school district in which the teacher retirement fund association exists and who has either attained the age of at least 55 years with not less than three years of allowable service credit if the member became an employee before July 1, 2010, or not less than five years of allowable service credit if the member became an employee after June 30, 2010, or received service credit for not less than 30 years of allowable service regardless of age, shall be entitled upon written application to a retirement annuity.~~

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

Sec. 7. Minnesota Statutes 2010, section 354A.31, subdivision 5, is amended to read:

Subd. 5. **Unreduced normal retirement annuity.** Upon retirement at normal retirement age ~~with at least three years of service credit~~, a vested coordinated member is entitled to a normal retirement annuity calculated under subdivision 4 or 4a, whichever applies.

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

Sec. 8. Minnesota Statutes 2010, section 354A.31, subdivision 6, is amended to read:

Subd. 6. **Reduced retirement annuity.** This subdivision applies only to a person who first became a coordinated member or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, and whose annuity is higher when calculated using the retirement annuity formula percentage in subdivision 4, paragraph (c), or subdivision 4a, paragraph (c), in conjunction with this subdivision than when calculated under subdivision 4, paragraph (d), or subdivision 4a, paragraph (d), in conjunction with subdivision 7.

(a) Upon retirement at an age before normal retirement age ~~with three years of service credit~~ or prior to age 62 with at least 30 years of service credit, a vested coordinated member shall be entitled to a retirement annuity in an amount equal to the normal retirement annuity calculated using the retirement annuity formula percentage in subdivision 4, paragraph (c), or subdivision 4a, paragraph (c), reduced by one-quarter of one percent for each month that the coordinated member is under normal retirement age if the coordinated member has less than 30 years of service credit or is under the age of 62 if the coordinated member has at least 30 years of service credit.

(b) Any coordinated member whose attained age plus credited allowable service totals 90 years is entitled, upon application, to a retirement annuity in an amount equal to the normal retirement annuity calculated using the retirement annuity formula percentage in subdivision 4, paragraph (c), or subdivision 4a, paragraph (c), without any reduction by reason of early retirement.

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

Sec. 9. Minnesota Statutes 2010, section 354A.35, subdivision 2, is amended to read:

Subd. 2. **Death while eligible to retire; surviving spouse optional annuity.** (a) The surviving spouse of a vested coordinated member who ~~has credit for at least three years of service and~~ dies prior to retirement may elect to receive, instead of a refund with interest under subdivision 1, an annuity equal to the 100 percent joint and survivor annuity the member could have qualified for had the member terminated service on the date of death. The surviving

spouse eligible for a surviving spouse benefit under this paragraph may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service. A surviving spouse eligible for surviving spouse benefits under paragraph (b) or (c) may apply for an annuity at any time after the member's death. The member's surviving spouse shall be paid a joint and survivor annuity under section 354A.32 and computed under section 354A.31.

(b) If the member was under age 55 and has credit for at least 30 years of allowable service on the date of death, the surviving spouse may elect to receive a 100 percent joint and survivor annuity based on the age of the member and surviving spouse on the date of death. The annuity is payable using the full early retirement reduction under section 354A.31, subdivision 6, paragraph (a), to age 55 and one-half of the early retirement reduction from age 55 to the age payment begins.

(c) If ~~the a vested~~ member was under age 55 ~~and has credit for at least three years of allowable service~~ on the date of death but did not yet qualify for retirement, the surviving spouse may elect to receive the 100 percent joint and survivor annuity based on the age of the member and the survivor at the time of death. The annuity is payable using the full early retirement reduction under section 354A.31, subdivision 6 or 7, to age 55 and one-half of the early retirement reduction from age 55 to the date payment begins.

(d) Sections 354A.37, subdivision 2, and 354A.39 apply to a deferred annuity or surviving spouse benefit payable under this section. The benefits are payable for the life of the surviving spouse, or upon expiration of the term certain benefit payment under subdivision 2b.

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

Sec. 10. Minnesota Statutes 2010, section 354A.36, subdivision 1, is amended to read:

Subdivision 1. **Minimum age, service, and salary requirements.** Any coordinated member who ~~has at least three years of allowable service credit~~ is vested, who has an average salary of at least \$75 per month, and who has become totally and permanently disabled shall be entitled to a disability benefit. If the disabled coordinated member's allowable service credit has not been continuous, at least two years of the required allowable service shall be required to have been rendered subsequent to the last interruption in service.

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

Sec. 11. Minnesota Statutes 2010, section 354A.37, is amended to read:

**354A.37 REFUNDS; DEFERRED ANNUITY.**

Subdivision 1. **Eligibility for refund.** Any coordinated member who ceases to render teaching service for the school district in which the teachers retirement fund association is located shall be entitled to a refund in lieu of any other annuity or benefit from the teachers retirement fund association, other than an annuity from a tax shelter annuity program and fund as authorized pursuant to under section 354A.021, subdivision 5. The amount of the refund ~~shall must~~ be calculated pursuant to under subdivision 3. The application for the refund ~~shall must~~ not be made prior to 30 days after the cessation of teaching services if the coordinated member has not resumed active teaching services for the district. Payment of the refund ~~shall must~~ be made within 90 days after receipt of the refund application by the board.

Subd. 2. **Eligibility for deferred retirement annuity.** (a) Any coordinated member who ceases to render teaching services for the school district in which the teachers retirement fund association is located, with sufficient allowable service credit to meet the minimum service requirements specified in section 354A.31, subdivision 1, shall be entitled to a deferred retirement annuity in lieu of a refund ~~pursuant to~~ under subdivision 1. The deferred



retirement annuity ~~shall~~ must be computed ~~pursuant to~~ under section 354A.31 and shall be augmented as provided in this subdivision. The deferred annuity ~~shall commence~~ commences upon application after the person on deferred status attains at least the minimum age specified in section 354A.31, subdivision 1.

(b) The monthly annuity amount that had accrued when the member ceased to render teaching service must be augmented from the first day of the month following the month during which the member ceased to render teaching service to the effective date of retirement. There is no augmentation if this period is less than three months. ~~For a member of the St. Paul Teachers Retirement Fund Association, the rate of augmentation is three percent compounded annually until January 1 of the year following the year in which the former member attains age 55, and five percent compounded annually after that date to the effective date of retirement if the employee became an employee before July 1, 2006, and at 2.5 percent compounded annually if the employee becomes an employee after June 30, 2006. For a member of the Duluth Teachers Retirement Fund Association, The rate of augmentation is three percent compounded annually until January 1 of the year following the year in which the former member attains age 55, five percent compounded annually after that date to July 1, 2012, and two percent compounded annually after that date to the effective date of retirement if the employee became an employee before July 1, 2006, and at 2.5 percent compounded annually to July 1, 2012, and two percent compounded annually after that date to the effective date of retirement if the employee becomes~~ became an employee after June 30, 2006. If a person has more than one period of uninterrupted service, a separate average salary determined under section 354A.31 must be used for each period, and the monthly annuity amount related to each period must be augmented as provided in this subdivision. The sum of the augmented monthly annuity amounts determines the total deferred annuity payable. If a person repays a refund, the service restored by the repayment must be considered as continuous with the next period of service for which the person has credit with the fund. If a person does not render teaching services in any one fiscal year or more consecutive fiscal years and then resumes teaching service, the formula percentages used from the date of resumption of teaching service are those applicable to new members. The mortality table and interest assumption used to compute the annuity are the table established by the fund to compute other annuities, and the interest assumption under section 356.215 in effect when the member retires. A period of uninterrupted service for the purpose of this subdivision means a period of covered teaching service during which the member has not been separated from active service for more than one fiscal year.

(c) The augmentation provided by this subdivision applies to the benefit provided in section 354A.35, subdivision 2. The augmentation provided by this subdivision does not apply to any period in which a person is on an approved leave of absence from an employer unit.

Subd. 3. **Computation of refund amount.** ~~A former coordinated member of the St. Paul Teachers Retirement Fund Association who qualifies for a refund under subdivision 1 shall receive a refund equal to the amount of the former coordinated member's accumulated employee contributions with interest at the rate of six percent per annum compounded annually. A former coordinated member of the Duluth Teachers Retirement Fund Association who qualifies for a refund under subdivision 1 shall receive a refund equal to the amount of the former coordinated member's accumulated employee contributions with interest at the rate of six percent per annum compounded annually to July 1, 2010, if the person is a former member of the Duluth Teachers Retirement Fund Association, or to July 1, 2011, if the person is a former member of the St. Paul Teachers Retirement Fund Association, and four percent per annum compounded annually thereafter.~~

Subd. 4. **Certain refunds at normal retirement age.** Any coordinated member who has attained the normal retirement age with less than ten years of allowable service credit and has terminated active teaching service shall be entitled to a refund in lieu of a proportionate annuity ~~pursuant to~~ under section 356.32. ~~The refund for a member of the St. Paul Teachers Retirement Fund Association shall be equal to the coordinated member's accumulated employee contributions plus interest at the rate of six percent compounded annually. The refund for a member of the Duluth Teachers Retirement Fund Association shall~~ must be equal to the coordinated member's accumulated employee contributions plus interest at the rate of six percent compounded annually to July 1, 2010, if the person is a former member of the Duluth Teachers Retirement Fund Association, or to July 1, 2011, if the person is a former member of the St. Paul Teachers Retirement Fund Association, and four percent per annum compounded annually thereafter.

Subd. 5. **Unclaimed minimal refund amounts; disposition.** If a coordinated member ceases to render teaching services for the school district in which the teachers retirement fund association is located but does not apply for a refund pursuant to under subdivision 1 within five years after the end of the plan year next following the cessation of teaching services and if the amount of the refund that the former coordinated member would have been entitled to pursuant to under subdivision 3 is \$500 or less, then the amount of the refund and any accumulated interest ~~shall~~ must be credited to and become a part of the retirement fund. If the former coordinated member subsequently renders teaching services for the school district in which the teachers retirement fund association is located and the amount of the refund that the former coordinated member would have previously been entitled to pursuant to under subdivision 3 is at least \$5, then the amount of the refund and any accumulated interest ~~shall be~~ must be restored to the member's individual account. If the amount of the refund that the former coordinated member would have previously been entitled to pursuant to under subdivision 3 is at least \$5 and the former coordinated member applies for a refund pursuant to under subdivision 1 or for an annuity pursuant to under sections 354A.31 and 354A.32 or section 356.30, the amount of the refund and any accumulated interest ~~shall~~ must be restored to the member's individual account.

**EFFECTIVE DATE.** This section is effective July 1, 2011.

Sec. 12. Minnesota Statutes 2010, section 354B.21, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** The following persons are eligible to have coverage by the individual retirement account plan ~~and to be participants in the~~ or coverage by another plan as further specified in this section:

(1) employees of the board who are employed as faculty in an employment classification included in the state university instructional unit or the state college instructional unit under section 179A.10, subdivision 2;

(2) the chancellor and employees of the board in eligible unclassified administrative positions;

(3) the employees in eligible unclassified administrative positions in the state universities;

(4) the employees in eligible unclassified administrative positions in the technical colleges; and

(5) the employees in eligible unclassified administrative positions of the Minnesota Office of Higher Education or of the community colleges.

**EFFECTIVE DATE.** This section is effective July 1, 2011.

Sec. 13. Minnesota Statutes 2010, section 354B.21, is amended by adding a subdivision to read:

Subd. 1a. **Required notice; counseling.** (a) No later than 90 days before the end of any applicable election period specified in this section, the employer must provide to a person beginning work in a position subject to this section for which an option to elect alternative retirement plan coverage is authorized the following information:

(1) the default retirement coverage;

(2) election procedures, if applicable, for electing coverage other than the default coverage; and

(3) the Web site and the telephone number for the plan providing default coverage and comparable information for the plan that the person is eligible to elect.

(b) The election of coverage forms must include a certification statement that the employee has received and reviewed materials on the optional coverage and the default coverage prior to making the election.

**EFFECTIVE DATE.** This section is effective July 1, 2011.

Sec. 14. Minnesota Statutes 2010, section 354B.21, subdivision 2, is amended to read:

Subd. 2. **Coverage; election.** (a) ~~An eligible persons who were employed by the Minnesota State Colleges and Universities System on or after June 30, 2009, unless otherwise person employed by the board has the default coverage specified in subdivision 3, or other subdivisions of this section, whichever is applicable, and retains that coverage for the period of covered employment unless a timely election to change that coverage is made as specified in this section, are.~~

(b) ~~An eligible person under subdivision 3, paragraph (b) or (c), is authorized to elect prospective Teachers Retirement Association plan coverage rather than.~~

(c) ~~An eligible person under subdivision 3, paragraph (d), is authorized to elect prospective coverage by the plan established by this chapter.~~

(d) ~~The election of prospective Teachers Retirement Association plan coverage under paragraph (a) must be made within one year of commencing eligible Minnesota State Colleges and Universities system employment. If an election is not made within the specified election period due to a termination of Minnesota State Colleges and Universities system employment, an election may be made within 90 days of returning to eligible Minnesota State Colleges and Universities system employment. Except as specified in paragraph (f), all elections are irrevocable. Before making an election, the eligible person is covered by the plan indicated as default coverage under subdivision 3.~~

(~~b~~) (e) Except as provided in paragraph (~~e~~) (f), a purchase of service credit in the Teachers Retirement Association plan for any period or periods of Minnesota State Colleges and Universities system employment occurring before the election under ~~paragraph (a) this section~~ is prohibited.

(~~e~~) (f) Notwithstanding ~~other paragraphs (a) and (b) in this subdivision~~, a faculty member who is a member of the individual retirement account plan ~~who first achieves tenure or its equivalent at a Minnesota state college or university after June 30, 2009~~, may elect to transfer retirement coverage ~~under to~~ the teachers retirement plan within one year of the faculty member first achieving tenure or its equivalent at a Minnesota state college or university. The faculty member electing Teachers Retirement Association coverage under this paragraph must purchase service credit in the Teachers Retirement Association for the entire period of time covered under the individual retirement account plan and the purchase payment amount must be determined under section 356.551. The Teachers Retirement Association may charge a faculty member transferring coverage a reasonable fee to cover the costs associated with computing the actuarial cost of purchasing service credit and making the transfer. A faculty member transferring from the individual retirement account plan to the Teachers Retirement Association may use any balances to the credit of the faculty member in the individual retirement account plan, any balances to the credit of the faculty member in the higher education supplemental retirement plan established under chapter 354C, or any source specified in section 356.441, subdivision 1, to purchase the service credit in the Teachers Retirement Association. If the total amount of payments under this paragraph are less than the total purchase payment amount under section 356.551, the payment amounts must be refunded to the applicable source. The retirement coverage transfer and service credit purchase authority under this paragraph expires with respect to any Minnesota State Colleges and Universities System faculty initially hired after June 30, 2014.

**EFFECTIVE DATE.** This section is effective July 1, 2011.

Sec. 15. Minnesota Statutes 2010, section 354B.21, subdivision 3, is amended to read:

Subd. 3. **Default coverage.** (a) Prior to making an election under subdivision 2, or if an eligible person fails to elect coverage by the plan under subdivision 2 or if the person fails to make a timely election, the ~~following retirement~~ coverage specified in this subdivision applies.

~~(1) for employees of the board who are employed in faculty positions in the technical colleges, in the state universities or in the community colleges, the retirement coverage is by the plan established by this chapter;~~

~~(2) for employees of the board who are employed in faculty positions in the technical colleges, the retirement coverage is by the plan established by this chapter unless on June 30, 1997, the employee was a member of the Teachers Retirement Association established under chapter 354 and then the retirement coverage is by the Teachers Retirement Association, or, unless the employee was a member of a first class city teacher retirement fund established under chapter 354A on June 30, 1995, and then the retirement coverage is by the Duluth Teachers Retirement Fund Association if the person was a member of that plan on June 30, 1995, or the Teachers Retirement Association if the person was a member of the former Minneapolis Teachers Retirement Fund Association on June 30, 1995, or the St. Paul Teachers Retirement Fund Association if the person was a member of that plan on June 30, 1995; and~~

~~(3) for employees of the board who are employed in eligible unclassified administrative positions, the retirement coverage is by the plan established by this chapter.~~

~~(b) If an employee fails to correctly certify prior membership in the Teachers Retirement Association to the Minnesota State colleges and Universities system, the system shall not pay interest on employee contributions, employer contributions, and additional employer contributions to the Teachers Retirement Association under section 354.52, subdivision 4.~~

(b) If an eligible person is employed by the board before July 1, 2011, in an eligible unclassified administrative position or in a faculty position in a technical college, community college, or state university, the retirement coverage is by the plan established by this chapter, unless otherwise specified in this section.

(c) An eligible person described in paragraph (b), except that first employment by the board is on or after July 1, 2011, has retirement coverage by the plan established by this chapter if the eligible person has no:

(1) allowable service credit in any plan listed in section 356.30, subdivision 3; or

(2) prior employment covered by the state unclassified employees retirement program under chapter 352D.

(d) An eligible person described in paragraph (c) has retirement coverage by the Teachers Retirement Association if the person has:

(1) prior employment covered by the state unclassified employees retirement program under chapter 352D and has not withdrawn or transferred assets from that account; or

(2) allowable service credit in a plan listed in section 356.30, subdivision 3.

(e) To ensure that coverage is provided by the proper plan, the employee must certify to the board the existence of any service credit in any plan listed in section 356.30, subdivision 3, or whether the person retains a state unclassified employees retirement program account. If an employee fails to correctly certify prior membership in a plan or the existence of an unclassified program account, the Minnesota State Colleges and Universities system and its board shall be held harmless, and notwithstanding any law to the contrary, any resulting cost or financial liability becomes the employee's responsibility.

**EFFECTIVE DATE.** This section is effective July 1, 2011.

Sec. 16. Minnesota Statutes 2010, section 354B.21, subdivision 3a, is amended to read:

Subd. 3a. ~~Continuation of Plan coverage in and election; certain instances past service technical college faculty.~~ For a person with retirement coverage by a first class city teacher retirement fund association instead of the individual retirement account plan under subdivision 3, clause (2), coverage by the applicable retirement fund association continues (a) Notwithstanding subdivision 3, if an employee of the board was employed in a faculty position in a technical college on June 30, 1997, with coverage by the Teachers Retirement Association, the employee retains that coverage. If the employee was a technical college faculty member on June 30, 1995, covered by a first class city teacher retirement fund established under chapter 354A, the retirement coverage continues with the Duluth Teachers Retirement Fund Association or the St. Paul Teachers Retirement Fund Association, whichever is applicable. If the person was a technical college faculty member on June 30, 1995, covered by the former Minneapolis Teachers Retirement Fund Association, the Teachers Retirement Association shall provide coverage.

(b) An employee under paragraph (a) who has coverage by a first class city teacher fund association retains that coverage for the duration of the person's employment by the board of Trustees of the Minnesota State Colleges and Universities unless, within 90 days one year of a change in employment within the Minnesota State Colleges and Universities system, the person elects the individual retirement account plan for all future employment by the board of Trustees of the Minnesota State Colleges and Universities. The election is irrevocable.

**EFFECTIVE DATE.** This section is effective July 1, 2011.

Sec. 17. Minnesota Statutes 2010, section 354B.21, subdivision 5, is amended to read:

Subd. 5. **Payment for certain prior uncovered service.** (a) A person employed in a faculty position or in an eligible unclassified administrative position by the board who was initially excluded from participation in the individual retirement account plan coverage, who was not covered by any other Minnesota public pension plan for that service, and who is subsequently eligible to participate in the individual retirement account plan may make member contributions for that period of prior uncovered teaching employment or eligible unclassified administrative employment with the board.

(b) The member contributions for prior uncovered board service are the amount that the person would have paid if the prior service had been covered employment. The payment must be made to the individual retirement account plan administrator and may be made only by payroll deduction. The payment must be made by the later of:

- (1) 45 days of the start of covered employment; or
- (2) the end of the fiscal year in which covered employment began.

(c) The board must contribute an amount to match any contribution made by a plan participant under this subdivision.

(d) Payments of contributions for prior uncovered board service under this subdivision must be invested in the same manner as the regular contributions made by or on behalf of the plan participant.

**EFFECTIVE DATE.** This section is effective July 1, 2011.

Sec. 18. Minnesota Statutes 2010, section 354B.21, subdivision 6, is amended to read:

Subd. 6. **Continuation of coverage.** Except as otherwise specified in this section, once a person is employed in a position that qualifies for participation in the individual retirement account plan and elects to participate in the plan, all subsequent service by the person as a faculty member or in an eligible unclassified administrative position employed by the board or other employing unit is covered by the individual retirement account plan.

**EFFECTIVE DATE.** This section is effective July 1, 2011.

Sec. 19. Minnesota Statutes 2010, section 354B.21, is amended by adding a subdivision to read:

**Subd. 7. Coverage; certain part-time employees.** A person employed in a part-time faculty position or in a part-time eligible unclassified administrative position who does not meet the definition of covered employment under section 354B.20, subdivision 4, because the employment does not meet the threshold required under that provision, must certify prior membership in the Teachers Retirement Association to the Minnesota State Colleges and Universities system. If the certification is incorrect, the employee, and not the employer, is required to pay interest on the employee and employer contributions, and, if applicable, on the employer additional contributions to the Teachers Retirement Association under section 354.52, subdivision 4.

**EFFECTIVE DATE.** This section is effective July 1, 2011.

Sec. 20. Minnesota Statutes 2010, section 356.47, subdivision 3, is amended to read:

**Subd. 3. Payment.** (a) Beginning one year after the reemployment withholding period ends relating to the reemployment that gave rise to the limitation, and the filing of a written application, the retired member is entitled to the payment, in a lump sum, of the value of the person's amount under subdivision 2, plus annual compound interest. For the general state employees retirement plan, the correctional state employees retirement plan, the general employees retirement plan of the Public Employees Retirement Association, the public employees police and fire retirement plan, the local government correctional employees retirement plan, and the teachers retirement plan, the annual interest rate is six percent from the date on which the amount was deducted from the retirement annuity to the date of payment or until January 1, 2011, whichever is earlier, and no interest after January 1, 2011. For the Duluth Teachers Retirement Fund Association, the annual interest is six percent from the date on which the amount was deducted from the retirement annuity to the date of payment or until June 30, 2010, whichever is earlier, and with no interest accrual after June 30, 2010. For the St. Paul Teachers Retirement Fund Association, the annual interest is the rate of six percent from the date that the amount was deducted from the retirement annuity to the date of payment or June 30, 2011, whichever is earlier, and with no interest accrual after June 30, 2011.

(b) The written application must be on a form prescribed by the chief administrative officer of the applicable retirement plan.

(c) If the retired member dies before the payment provided for in paragraph (a) is made, the amount is payable, upon written application, to the deceased person's surviving spouse, or if none, to the deceased person's designated beneficiary, or if none, to the deceased person's estate.

(d) In lieu of the direct payment of the person's amount under subdivision 2, on or after the payment date under paragraph (a), if the federal Internal Revenue Code so permits, the retired member may elect to have all or any portion of the payment amount under this section paid in the form of a direct rollover to an eligible retirement plan as defined in section 402(c) of the federal Internal Revenue Code that is specified by the retired member. If the retired member dies with a balance remaining payable under this section, the surviving spouse of the retired member, or if none, the deceased person's designated beneficiary, or if none, the administrator of the deceased person's estate may elect a direct rollover under this paragraph.

**EFFECTIVE DATE.** This section is effective July 1, 2011.

Sec. 21. **BYLAW AUTHORIZATION.**

Consistent with the requirements of Minnesota Statutes, section 354A.12, subdivision 4, the board of the St. Paul Teachers Retirement Fund Association is authorized to revise the bylaws and articles of incorporation so that the requirements of this act, where applicable, apply to the basic program.

**EFFECTIVE DATE.** This section is effective July 1, 2011.

Sec. 22. **REPEALER.**(a) Minnesota Statutes 2010, section 354A.29, subdivision 3, is repealed.(b) Minnesota Statutes 2010, sections 354B.21, subdivision 3c; and 354B.32, are repealed.**EFFECTIVE DATE.** This section is effective July 1, 2011.ARTICLE 3  
ACTUARIAL ASSUMPTION UPDATE

Section 1. Minnesota Statutes 2010, section 356.215, subdivision 8, is amended to read:

Subd. 8. **Interest and salary assumptions.** (a) The actuarial valuation must use the applicable following preretirement interest assumption and the applicable following postretirement interest assumption:

plan	preretirement interest rate assumption	postretirement interest rate assumption
general state employees retirement plan	8.5%	6.0%
correctional state employees retirement plan	8.5	6.0
State Patrol retirement plan	8.5	6.0
legislators retirement plan	8.5	6.0
elective state officers retirement plan	8.5	6.0
judges retirement plan	8.5	6.0
general public employees retirement plan	8.5	6.0
public employees police and fire retirement plan	8.5	6.0
local government correctional service retirement plan	8.5	6.0
teachers retirement plan	8.5	6.0
Duluth teachers retirement plan	8.5	8.5
St. Paul teachers retirement plan	8.5	8.5
Minneapolis Police Relief Association	6.0	6.0
Fairmont Police Relief Association	5.0	5.0
Minneapolis Fire Department Relief Association	6.0	6.0
Virginia Fire Department Relief Association	5.0	5.0
Bloomington Fire Department Relief Association	6.0	6.0
local monthly benefit volunteer firefighters relief associations	5.0	5.0

(b) Before July 1, 2010, the actuarial valuation must use the applicable following single rate future salary increase assumption, the applicable following modified single rate future salary increase assumption, or the applicable following graded rate future salary increase assumption:

(1) single rate future salary increase assumption

plan	future salary increase assumption
legislators retirement plan	5.0%
judges retirement plan	4.0
Minneapolis Police Relief Association	4.0

Fairmont Police Relief Association	3.5
Minneapolis Fire Department Relief Association	4.0
Virginia Fire Department Relief Association	3.5
Bloomington Fire Department Relief Association	4.0

(2) age-related select and ultimate future salary increase assumption or graded rate future salary increase assumption

plan	future salary increase assumption
<del>general state employees retirement plan</del>	<del>select calculation and assumption A</del>
correctional state employees retirement plan	assumption <del>F</del> <u>D</u>
State Patrol retirement plan	assumption <del>F</del> <u>C</u>
<del>public employees police and fire fund retirement plan</del>	<del>assumption B</del>
local government correctional service retirement plan	assumption <del>F</del> <u>C</u>
<del>teachers retirement plan</del>	<del>assumption C</del>
Duluth teachers retirement plan	assumption <del>D</del> <u>A</u>
St. Paul teachers retirement plan	assumption <del>E</del> <u>B</u>

The select calculation is: during the designated select period, a designated percentage rate is multiplied by the result of the designated integer minus T, where T is the number of completed years of service, and is added to the applicable future salary increase assumption. The designated select period is five years and the designated integer is five for the general state employees retirement plan. The designated select period is ten years and the designated integer is ten for all other retirement plans covered by this clause. The designated percentage rate is: (1) 0.2 percent for the correctional state employees retirement plan, the State Patrol retirement plan, ~~the public employees police and fire plan~~, and the local government correctional service retirement plan; (2) 0.6 percent for the general state employees retirement plan; and (3) 0.3 percent for the teachers retirement plan, the Duluth Teachers Retirement Fund Association, and the St. Paul Teachers Retirement Fund Association. The select calculation for the Duluth Teachers Retirement Fund Association is 8.00 percent per year for service years one through seven, 7.25 percent per year for service years seven and eight, and 6.50 percent per year for service years eight and nine.

The ultimate future salary increase assumption is:

age	<u>A</u>	<u>B</u>	<u>C</u>	<del>D</del> <u>A</u>	<del>E</del> <u>B</u>	<u>F</u> <u>C</u>	<del>G</del> <u>D</u>
16	<del>5.95%</del>	<del>11.00%</del>	<del>7.70%</del>	8.00%	6.90%	7.7500%	7.2500%
17	<del>5.90</del>	<del>11.00</del>	<del>7.65</del>	8.00	6.90	7.7500	7.2500
18	<del>5.85</del>	<del>11.00</del>	<del>7.60</del>	8.00	6.90	7.7500	7.2500
19	<del>5.80</del>	<del>11.00</del>	<del>7.55</del>	8.00	6.90	7.7500	7.2500
20	<del>5.75</del>	<del>11.00</del>	<del>5.50</del>	6.90	6.90	7.7500	7.2500
21	<del>5.75</del>	<del>11.00</del>	<del>5.50</del>	6.90	6.90	7.1454	6.6454
22	<del>5.75</del>	<del>10.50</del>	<del>5.50</del>	6.90	6.90	7.0725	6.5725



23	5.75	10.00	5.50	6.85	6.85	7.0544	6.5544
24	5.75	9.50	5.50	6.80	6.80	7.0363	6.5363
25	5.75	9.00	5.50	6.75	6.75	7.0000	6.5000
26	5.75	8.70	5.50	6.70	6.70	7.0000	6.5000
27	5.75	8.40	5.50	6.65	6.65	7.0000	6.5000
28	5.75	8.10	5.50	6.60	6.60	7.0000	6.5000
29	5.75	7.80	5.50	6.55	6.55	7.0000	6.5000
30	5.75	7.50	5.50	6.50	6.50	7.0000	6.5000
31	5.75	7.30	5.50	6.45	6.45	7.0000	6.5000
32	5.75	7.10	5.50	6.40	6.40	7.0000	6.5000
33	5.75	6.90	5.50	6.35	6.35	7.0000	6.5000
34	5.75	6.70	5.50	6.30	6.30	7.0000	6.5000
35	5.75	6.50	5.50	6.25	6.25	7.0000	6.5000
36	5.75	6.30	5.50	6.20	6.20	6.9019	6.4019
37	5.75	6.10	5.50	6.15	6.15	6.8074	6.3074
38	5.75	5.90	5.40	6.10	6.10	6.7125	6.2125
39	5.75	5.70	5.30	6.05	6.05	6.6054	6.1054
40	5.75	5.50	5.20	6.00	6.00	6.5000	6.0000
41	5.75	5.40	5.10	5.90	5.95	6.3540	5.8540
42	5.75	5.30	5.00	5.80	5.90	6.2087	5.7087
43	5.65	5.20	4.90	5.70	5.85	6.0622	5.5622
44	5.55	5.10	4.80	5.60	5.80	5.9048	5.4078
45	5.45	5.00	4.70	5.50	5.75	5.7500	5.2500
46	5.35	4.95	4.60	5.40	5.70	5.6940	5.1940
47	5.25	4.90	4.50	5.30	5.65	5.6375	5.1375
48	5.15	4.85	4.50	5.20	5.60	5.5822	5.0822
49	5.05	4.80	4.50	5.10	5.55	5.5404	5.0404
50	4.95	4.75	4.50	5.00	5.50	5.5000	5.0000
51	4.85	4.75	4.50	4.90	5.45	5.4384	4.9384
52	4.75	4.75	4.50	4.80	5.40	5.3776	4.8776
53	4.65	4.75	4.50	4.70	5.35	5.3167	4.8167
54	4.55	4.75	4.50	4.60	5.30	5.2826	4.7826
55	4.45	4.75	4.50	4.50	5.25	5.2500	4.7500
56	4.35	4.75	4.50	4.40	5.20	5.2500	4.7500
57	4.25	4.75	4.50	4.30	5.15	5.2500	4.7500
58	4.25	4.75	4.60	4.20	5.10	5.2500	4.7500
59	4.25	4.75	4.70	4.10	5.05	5.2500	4.7500
60	4.25	4.75	4.80	4.00	5.00	5.2500	4.7500
61	4.25	4.75	4.90	3.90	5.00	5.2500	4.7500
62	4.25	4.75	5.00	3.80	5.00	5.2500	4.7500
63	4.25	4.75	5.10	3.70	5.00	5.2500	4.7500
64	4.25	4.75	5.20	3.60	5.00	5.2500	4.7500
65	4.25	4.75	5.20	3.50	5.00	5.2500	4.7500
66	4.25	4.75	5.20	3.50	5.00	5.2500	4.7500
67	4.25	4.75	5.20	3.50	5.00	5.2500	4.7500
68	4.25	4.75	5.20	3.50	5.00	5.2500	4.7500
69	4.25	4.75	5.20	3.50	5.00	5.2500	4.7500
70	4.25	4.75	5.20	3.50	5.00	5.2500	4.7500
71	4.25		5.20				

(3) service-related ultimate future salary increase assumption

<u>general state employees retirement plan of the Minnesota State Retirement System</u>	<u>assumption A</u>
<u>general employees retirement plan of the Public Employees Retirement Association</u>	<u>assumption B</u>
<u>Teachers Retirement Association</u>	<u>assumption C</u>
<u>public employees police and fire retirement plan</u>	<u>assumption D</u>

service length	<u>general employees retirement plan of the Public Employees Retirement Association</u>			
	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>
1	<del>12.03%</del> <u>10.75%</u>	<u>12.25%</u>	<u>12.00%</u>	<u>13.00%</u>
2	<del>8.90</del> <u>8.35</u>	<u>9.15</u>	<u>9.00</u>	<u>11.00</u>
3	<del>7.46</del> <u>7.15</u>	<u>7.75</u>	<u>8.00</u>	<u>9.00</u>
4	<del>6.58</del> <u>6.45</u>	<u>6.85</u>	<u>7.50</u>	<u>8.00</u>
5	<del>5.97</del> <u>5.95</u>	<u>6.25</u>	<u>7.25</u>	<u>6.50</u>
6	<del>5.52</del> <u>5.55</u>	<u>5.75</u>	<u>7.00</u>	<u>6.10</u>
7	<del>5.16</del> <u>5.25</u>	<u>5.45</u>	<u>6.85</u>	<u>5.80</u>
8	<del>4.87</del> <u>4.95</u>	<u>5.15</u>	<u>6.70</u>	<u>5.60</u>
9	<del>4.63</del> <u>4.75</u>	<u>4.85</u>	<u>6.55</u>	<u>5.40</u>
10	<del>4.42</del> <u>4.65</u>	<u>4.65</u>	<u>6.40</u>	<u>5.30</u>
11	<del>4.24</del> <u>4.45</u>	<u>4.45</u>	<u>6.25</u>	<u>5.20</u>
12	<del>4.08</del> <u>4.35</u>	<u>4.35</u>	<u>6.00</u>	<u>5.10</u>
13	<del>3.94</del> <u>4.25</u>	<u>4.15</u>	<u>5.75</u>	<u>5.00</u>
14	<del>3.82</del> <u>4.05</u>	<u>4.05</u>	<u>5.50</u>	<u>4.90</u>
15	<del>3.70</del> <u>3.95</u>	<u>3.95</u>	<u>5.25</u>	<u>4.80</u>
16	<del>3.60</del> <u>3.85</u>	<u>3.85</u>	<u>5.00</u>	<u>4.80</u>
17	<del>3.51</del> <u>3.75</u>	<u>3.75</u>	<u>4.75</u>	<u>4.80</u>
18	<del>3.50</del> <u>3.75</u>	<u>3.75</u>	<u>4.50</u>	<u>4.80</u>
19	<del>3.50</del> <u>3.75</u>	<u>3.75</u>	<u>4.25</u>	<u>4.80</u>
20	<del>3.50</del> <u>3.75</u>	<u>3.75</u>	<u>4.00</u>	<u>4.80</u>
21	<del>3.50</del> <u>3.75</u>	<u>3.75</u>	<u>3.90</u>	<u>4.70</u>
22	<del>3.50</del> <u>3.75</u>	<u>3.75</u>	<u>3.80</u>	<u>4.60</u>
23	<del>3.50</del> <u>3.75</u>	<u>3.75</u>	<u>3.70</u>	<u>4.50</u>
24	<del>3.50</del> <u>3.75</u>	<u>3.75</u>	<u>3.60</u>	<u>4.50</u>
25	<del>3.50</del> <u>3.75</u>	<u>3.75</u>	<u>3.50</u>	<u>4.50</u>
26	<del>3.50</del> <u>3.75</u>	<u>3.75</u>	<u>3.50</u>	<u>4.50</u>
27	<del>3.50</del> <u>3.75</u>	<u>3.75</u>	<u>3.50</u>	<u>4.50</u>
28	<del>3.50</del> <u>3.75</u>	<u>3.75</u>	<u>3.50</u>	<u>4.50</u>
29	<del>3.50</del> <u>3.75</u>	<u>3.75</u>	<u>3.50</u>	<u>4.50</u>
30 or more	<del>3.50</del> <u>3.75</u>	<u>3.75</u>	<u>3.50</u>	<u>4.50</u>

(c) Before July 2, 2010, the actuarial valuation must use the applicable following payroll growth assumption for calculating the amortization requirement for the unfunded actuarial accrued liability where the amortization retirement is calculated as a level percentage of an increasing payroll:

plan	payroll growth assumption
<u>general state employees retirement plan of the Minnesota State Retirement System</u>	<u>4.50%</u> <u>3.75%</u>
correctional state employees retirement plan	4.50
State Patrol retirement plan	4.50

legislators retirement plan	4.50
judges retirement plan	4.00
general employees retirement plan of the Public Employees Retirement Association	<del>4.00</del> <u>3.75</u>
public employees police and fire retirement plan	<del>4.50</del> <u>3.75</u>
local government correctional service retirement plan	4.50
teachers retirement plan	<del>4.50</del> <u>3.75</u>
Duluth teachers retirement plan	4.50
St. Paul teachers retirement plan	5.00

(d) After July 1, 2010, the assumptions set forth in paragraphs (b) and (c) continue to apply, unless a different salary assumption or a different payroll increase assumption:

(1) has been proposed by the governing board of the applicable retirement plan;

(2) is accompanied by the concurring recommendation of the actuary retained under section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the most recent actuarial valuation report if section 356.214 does not apply; and

(3) has been approved or deemed approved under subdivision 18.

**EFFECTIVE DATE.** This section as it relates to the general state employees retirement plan of the Minnesota State Retirement System, the general employees retirement plan of the Public Employees Retirement Association, and the teachers retirement plan is effective retroactively from June 30, 2010, and as it relates to the public employees police and fire retirement plan is effective June 30, 2011.

#### ARTICLE 4 VOLUNTEER FIREFIGHTER RELIEF ASSOCIATIONS

##### Section 1. **DEADLINE FOR REPORTS EXTENDED.**

Notwithstanding Minnesota Statutes, section 69.051, subdivision 1b, the deadline for reports submitted under Minnesota Statutes, section 69.051, subdivisions 1 and 1a, for 2009 is extended to April 30, 2011. A municipality or relief association does not forfeit its 2010 state aid or any future state aid if 2009 reports are received by the state auditor on or before April 30, 2011.

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

##### Sec. 2. **WHITE BEAR LAKE; SPECIAL ACTUARIAL WORK AUTHORIZATION.**

Notwithstanding any provision to the contrary of Minnesota Statutes, sections 69.771, subdivision 3; 69.773, subdivisions 2, 4, and 5; 356.215; and 356.216, a document styled as an interim valuation at October 19, 2009, of the White Bear Lake Volunteer Fire Department Relief Association prepared by the actuarial consulting firm of Gabriel, Roeder, Smith & Company, as confirmed as to its funded status results by an actuarial valuation as of January 1, 2011, of the White Bear Lake Volunteer Fire Department Relief Association pension plan prepared by the actuarial consulting firm of Gabriel, Roeder, Smith & Company may be considered by the relief association officers, the city of White Bear Lake, and the Office of the State Auditor to be a qualifying actuarial valuation of the special fund of the relief association for the determination of the actuarial condition of the relief association and the financial requirements of the relief association amounts and the minimum municipal obligation amounts calculated by relief association officers certified to the city of White Bear Lake on or before August 1, 2009, and on or before August 1, 2010, may be considered by the City of White Bear Lake and by the Office of the State Auditor to be properly determined.

**EFFECTIVE DATE; LOCAL APPROVAL.** This section is effective retroactively from July 31, 2009, if the White Bear Lake city council and the White Bear Lake chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

ARTICLE 5  
SMALL GROUP RETIREMENT PROVISIONS

Section 1. **PERA-GENERAL; BABBITT AND BUHL SERVICE AND SALARY CREDIT PURCHASE AUTHORIZATION IN CERTAIN CASES.**

(a) An eligible person described in paragraph (b) is eligible to purchase from the general employees retirement plan of the Public Employees Retirement Association allowable service credit and salary credit for the period of uncredited prior employment and salary specified in paragraph (c) by making the payment required under paragraph (d).

(b) An eligible person is a person who:

(1) was born on November 10, 1957;

(2) was employed as a part-time police officer by the city of Buhl from July 1988 until November 1996;

(3) was employed as a part-time police officer by Embarrass Township from March 1992 until August 1997;

(4) was employed as a part-time police officer by the City of Babbitt from April 1992 until September 1992; and

(5) was employed as a full-time police officer by the city of Babbitt since October 4, 1992, and as such is a member of the public employees police and fire retirement plan.

(c) The periods of unreported employment and salary that qualified for coverage by the general employees retirement plan of the Public Employees Retirement Association and eligible for purchase are employment by the city of Buhl from October 1989 until November 1996 and employment by the city of Babbitt as a part-time police officer from April 1992 until September 1992.

(d) The allowable service and salary credit purchase payment amount must be calculated under Minnesota Statutes, section 356.551. Of the total payment amount, the eligible person is obligated to pay the amount of member contributions that the eligible person would have paid by deduction to the coordinated program of the general employees retirement plan of the Public Employees Retirement Association if made in a timely fashion, plus annual compound interest at the rate of 8.5 percent from the date that the contribution should have been made until the date that the contribution equivalent payment is made. The balance of the total payment amount must be allocated between the city of Buhl and the city of Babbitt on the basis of the additional retirement benefit associated with the applicable period of past unreported eligible employment. The city of Buhl and the city of Babbitt shall make their payments within 30 days of the date on which the executive director of the Public Employees Retirement Association certifies that the eligible person has paid the equivalent member contribution payment and interest. If a city fails to make a timely payment, the executive director shall collect the unpaid amount under Minnesota Statutes, section 353.28.

(e) The eligible person shall provide the executive director of the Public Employees Retirement Association with any necessary documentation of the applicability of this section that the executive director requests.

(f) The authority of the eligible person to make the equivalent member contribution and interest payment under this section expires on the earlier of July 1, 2012, or the date on which the eligible person finally terminates public employment covered by Minnesota Statutes, chapter 353.

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

Sec. 2. **INDEPENDENT SCHOOL DISTRICT NO. 270, HOPKINS; SALARY CREDIT PURCHASE FOR PART-TIME TEACHING PROGRAM SERVICE AUTHORIZED.**

(a) An eligible person described in paragraph (b) is entitled, upon application to the executive director of the Teachers Retirement Association, to purchase salary credit from the Teachers Retirement Association for the period of part-time teaching service specified in paragraph (c) if the purchase payment required under paragraph (d) is paid on or before July 1, 2012, or the date of the person's retirement, whichever is earlier.

(b) An eligible person is a person who:

(1) was born on January 20, 1951;

(2) was hired by Independent School District No. 270, Hopkins, as a teacher;

(3) first participated in the qualified part-time teacher association membership program with a properly submitted teacher-school district agreement for the 2007-2008 school year;

(4) was employed part-time as a teacher by Independent School District No. 270, Hopkins, during the 2008-2009 school year, but the Minnesota Statutes, section 354.66, agreement was not filed with the Teachers Retirement Association until September 20, 2010; and

(5) was employed by Independent School District No. 270, Hopkins, as a part-time teacher under Minnesota Statutes, section 354.66, for the 2009-2010 school year and for the 2010-2011 school year.

(c) The period of part-time teaching service is the period during the 2008-2009 school year during which the eligible person was paid 80 percent of the eligible person's full-time service salary rate for part-time teaching service rendered for Independent School District No. 270, Hopkins.

(d) The total purchase payment amount for the increase in the annual salary credit for the 2008-2009 school year of \$11,090.60 in the employ of Independent School District No. 270, Hopkins, is the service credit purchase payment amount required under Minnesota Statutes, section 356.551. The eligible person shall pay \$609.98 plus compound interest at the annual rate of 8.5 percent from January 31, 2009, until the date of payment. Independent School District No. 270, Hopkins, must pay the balance of the purchase payment amount under Minnesota Statutes, section 356.551, in excess of the eligible person's payment amount. The school district payment is due 30 days after notification by the executive director of the Teachers Retirement Association that the eligible person's payment amount has been received by the association. If the school district fails to make the required payment in a timely manner, the executive director of the Teachers Retirement Association shall notify the commissioner of management and budget and the commissioner of education of that failure, and those commissioners shall subtract the unpaid amount from state aid otherwise payable to the school district.

(e) Upon receipt by the Teachers Retirement Association of the total amount required under paragraph (d), the eligible person shall receive annual salary credit for an additional \$11,090.60 for the 2008-2009 school year.

(f) The salary credit purchase payment authorization under this section expires August 1, 2012.

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

Sec. 3. **INCREASED ANNUITY FOR SURVIVING SPOUSE OF EMPLOYEE KILLED WHILE ENGAGED IN EMERGENCY RESPONSE TO FLOODING.**

(a) Notwithstanding Minnesota Statutes 2010, section 352.12, a surviving spouse of an eligible person specified in paragraph (b) is entitled, upon application filed with the executive director of the Minnesota State Retirement System, to the additional surviving spouse benefit, payable for the lifetime of the surviving spouse, from the general state employees retirement fund of the Minnesota State Retirement System specified in paragraph (c).

(b) An eligible person is a person who is a state employee who suffered a violent death while performing assigned duties responding to a flood emergency and:

(1) was born on November 7, 1971;

(2) began working for the state on September 25, 2002; and

(3) was killed on March 22, 2011, while working as an employee of the Department of Transportation engaged in emergency response to flooding by using a backhoe to clear debris from a culvert that drains into the Minnesota River between St. Peter and Mankato.

(c) The monthly annuity payable to the surviving spouse of an eligible person specified in paragraph (b) is 34 percent of the average monthly salary of the eligible person, and accrues as of the first day of the first week after the surviving spouse ceases to receive workers' compensation payments attributable to the death of the eligible person specified in paragraph (b).

(d) "Average salary" has the meaning given in Minnesota Statutes 2010, section 352.01, subdivision 14a.

(e) The actuarial present value of the projected special additional survivor benefit under this section must be calculated, within 30 days of the date of final enactment, by the consulting actuary retained by the Minnesota State Retirement System under section 356.214 using the applicable actuarial assumptions set forth in Minnesota Statutes, section 356.215, subdivision 8, or approved by the Legislative Commission on Pensions and Retirement under Minnesota Statutes, section 356.215, subdivision 18. A summary of the actuarial present value calculations prepared by the consulting actuary must be certified by the executive director of the Minnesota State Retirement System to the executive director of the Legislative Commission on Pensions and Retirement, to the commissioner of transportation, to the commissioner of management and budget, and to the legislative auditor. The payment amount must be charged against the fund or funds from which the March 2011 compensation of the eligible person was paid. The commissioner of transportation shall pay, within 30 days of the receipt of the certification of the actuarial present value of the special additional survivor benefit by the executive director of the Minnesota State Retirement System, the certified amount to the General State Employees Retirement Fund of the Minnesota State Retirement System.

(f) The benefit under this section is eligible for postretirement adjustments under Minnesota Statutes, section 356.415, subdivision 1a. The initial payment of the additional survivor benefit must include the postretirement adjustments under Minnesota Statutes, section 356.415, that would have been paid on and after January 1, 2012, if the additional survivor benefit were paid since April 1, 2011, and the adjusted additional survivor benefit is subject to regular postretirement adjustments on each January 1 thereafter.

**EFFECTIVE DATE.** This section is effective retroactively from March 22, 2011."

Delete the title and insert:

"A bill for an act relating to retirement; including pre-May 1, 2011, hires of the Red Wing Port Authority in the general employees retirement plan of the Public Employees Retirement Association; providing an optional procedure for the correction of erroneous member deductions and employer contributions for the city of Duluth and the Duluth Airport Authority; revising postretirement adjustments, reducing the refund interest rate, eliminating interest on reemployed annuitant earnings limitation deferral amounts, and lowering the deferred annuity augmentation rate for the St. Paul Teachers Retirement Fund Association; increasing various vesting requirements for the Duluth Teachers Retirement Fund Association; revising the default retirement plan coverage determination for Minnesota State Colleges and Universities System employees; revising statutory salary scale and payroll growth actuarial assumptions; extending a financial report reporting deadline date for the 2010 fire state aid allocation; authorizing the use of special actuarial work in determining the 2009 and 2010 special fund financial requirements and minimum municipal obligations for the White Bear Lake Fire Department Relief Association; authorizing a purchase of allowable service credit or salary credit for public employees and teachers; authorizing an additional employer-funded survivor benefit for a Minnesota Department of Transportation employee killed while engaged in emergency response to Minnesota River flooding; amending Minnesota Statutes 2010, sections 353.01, subdivisions 2a, 6; 354A.011, by adding a subdivision; 354A.094, subdivision 3; 354A.29, by adding subdivisions; 354A.31, subdivisions 1, 5, 6; 354A.35, subdivision 2; 354A.36, subdivision 1; 354A.37; 354B.21, subdivisions 1, 2, 3, 3a, 5, 6, by adding subdivisions; 356.215, subdivision 8; 356.47, subdivision 3; repealing Minnesota Statutes 2010, sections 354A.29, subdivision 3; 354B.21, subdivision 3c; 354B.32."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Ways and Means.

The report was adopted.

Pursuant to Joint Rule 2.03 and in accordance with House Concurrent Resolution No. 1, H. F. No. 1647 was re-referred to the Committee on Rules and Legislative Administration.

Dean from the Committee on Rules and Legislative Administration to which was referred:

S. F. No. 1308, A bill for an act proposing an amendment to the Minnesota Constitution; adding a section to article XIII; recognizing marriage as only a union between one man and one woman.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

## **SECOND READING OF HOUSE BILLS**

H. F. No. 959 was read for the second time.

## **SECOND READING OF SENATE BILLS**

S. F. Nos. 54, 149, 302, 361, 885, 1266, 1270 and 1308 were read for the second time.

**INTRODUCTION AND FIRST READING OF HOUSE BILLS**

The following House Files were introduced:

Koenen introduced:

H. F. No. 1722, A bill for an act relating to capital investment; appropriating money for flood relief for the city of Maynard; authorizing the sale and issuance of state bonds.

The bill was read for the first time and referred to the Committee on Environment, Energy and Natural Resources Policy and Finance.

Buesgens and Hackbarth introduced:

H. F. No. 1723, A bill for an act relating to constitutional amendments; proposing to amend the Minnesota Constitution, article XI; repealing the increase in the sales and use tax rate dedicated for natural resources and cultural heritage purposes; repealing Minnesota Statutes 2010, sections 85.53; 97A.056, subdivisions 1, 2, 3, 4, 5, 6, 7; 114D.50; 129D.17.

The bill was read for the first time and referred to the Committee on Environment, Energy and Natural Resources Policy and Finance.

Brynaert, Morrow, Cornish and Gunther introduced:

H. F. No. 1724, A bill for an act relating to capital improvements; appropriating money to design and construct a regional transit facility in Mankato; authorizing the sale and issuance of state bonds.

The bill was read for the first time and referred to the Committee on Transportation Policy and Finance.

Crawford introduced:

H. F. No. 1725, A bill for an act relating to property taxation; extending the definition of commercial seasonal recreational property to include facilities for conducting craft and hobby activities; amending Minnesota Statutes 2010, section 273.13, subdivision 25.

The bill was read for the first time and referred to the Committee on Taxes.

Daudt; Peppin; Gruenhagen; Woodard; Anderson, S.; Gottwalt; McDonald; Wardlow and Quam introduced:

H. F. No. 1726, A bill for an act relating to elections; presidential electors; providing for designation of certain presidential electors and specifying the duties of presidential electors; amending Minnesota Statutes 2010, sections 208.03; 208.05; 208.08.

The bill was read for the first time and referred to the Committee on Government Operations and Elections.



McElfatrick, Howes, Anzelc, Dill and Melin introduced:

H. F. No. 1727, A bill for an act relating to capital investment; appropriating money for emergency repair of the Soudan Underground Mine elevator shaft; authorizing the sale and issuance of state bonds.

The bill was read for the first time and referred to the Committee on Environment, Energy and Natural Resources Policy and Finance.

Eken introduced:

H. F. No. 1728, A bill for an act relating to capital investment; appropriating money for a waste transfer facility in Becker County; authorizing the sale and issuance of state bonds.

The bill was read for the first time and referred to the Committee on Environment, Energy and Natural Resources Policy and Finance.

Erickson and Garofalo introduced:

H. F. No. 1729, A bill for an act relating to sales and use tax; making a temporary exemption for Minnesota State High School League events permanent; amending Laws 2006, chapter 257, section 2.

The bill was read for the first time and referred to the Committee on Taxes.

Hancock; Fabian; Draskowski; Quam; Murdock; McElfatrick; Benson, M.; Franson; Dean and Garofalo introduced:

H. F. No. 1730, A bill for an act proposing amendments to the Minnesota Constitution, article IV, section 4, and article V, sections 2 and 4; placing limits on the terms of office of legislators and executive officers.

The bill was read for the first time and referred to the Committee on Government Operations and Elections.

Cornish, Hilstrom, Woodard and Mullery introduced:

H. F. No. 1731, A bill for an act relating to crime prevention; providing for indeterminate sentencing for certain sex offenders; creating a sex offender indeterminate sentence review board; amending Minnesota Statutes 2010, sections 609.342, subdivision 2; 609.343, subdivision 2; 609.344, subdivision 2; 609.345, subdivision 2; 609.3451, subdivision 3; 609.3455; proposing coding for new law in Minnesota Statutes, chapter 609.

The bill was read for the first time and referred to the Committee on Public Safety and Crime Prevention Policy and Finance.

#### REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Dean from the Committee on Rules and Legislative Administration, pursuant to rule 1.21, designated the following bills to be placed on the Calendar for the Day for Wednesday, May 18, 2011:

S. F. No. 191; H. F. Nos. 1134, 56, 1418 and 1515; S. F. No. 1134; H. F. Nos. 1498 and 1144; S. F. Nos. 731 and 67; H. F. No. 232; S. F. No. 508; H. F. No. 905; S. F. Nos. 1162, 1270, 1266, 1143, 301, 478, 779, 742, 882, 137, 1208, 1045, 943 and 1285; H. F. Nos. 1358 and 1270; S. F. Nos. 955, 249, 1009 and 302; H. F. Nos. 1384, 264 and 988; S. F. No. 149; H. F. Nos. 1219, 1611 and 650; S. F. Nos. 1078 and 1044; H. F. Nos. 1179 and 1332; and S. F. No. 1265.

The following Conference Committee Reports were received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1010

A bill for an act relating to state government; appropriating money for environment, natural resources, commerce, and energy; creating accounts; modifying disposition of certain receipts; modifying responsibilities and authorities; creating an advisory committee; modifying Petroleum Tank Release Cleanup Act; modifying cooperative electric association petition provisions; repealing definitions and requirements; requiring rulemaking on wild rice standards; amending Minnesota Statutes 2010, sections 85.052, subdivision 4; 89.21; 97A.055, by adding a subdivision; 97A.071, subdivision 2; 97A.075; 103G.271, subdivision 6; 103G.301, subdivision 2; 103G.615, subdivision 2; 115A.1314; 115A.1320, subdivision 1; 115C.09, subdivision 3c; 115C.13; 116P.04, by adding a subdivision; 116P.05, subdivision 2; 216B.026, subdivision 1; 290.431; 290.432; 357.021, subdivision 7; proposing coding for new law in Minnesota Statutes, chapters 16E; 84; 89; 97A; 103G; repealing Minnesota Statutes 2010, sections 84.02, subdivisions 1, 2, 3, 4, 5, 6, 7, 8; 84.027, subdivision 11; 116P.09, subdivision 4; 116P.14.

May 16, 2011

The Honorable Kurt Zellers  
Speaker of the House of Representatives

The Honorable Michelle L. Fischbach  
President of the Senate

We, the undersigned conferees for H. F. No. 1010 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 1010 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1  
ENVIRONMENT AND NATURAL RESOURCES FINANCE

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

	<u>2012</u>	<u>2013</u>	<u>Total</u>
<u>General</u>	\$68,531,000	\$68,426,000	\$136,957,000
<u>State Government Special Revenue</u>	75,000	75,000	150,000
<u>Environmental</u>	63,089,000	62,783,000	125,872,000
<u>Natural Resources</u>	89,875,000	90,259,000	180,134,000
<u>Game and Fish</u>	89,242,000	88,545,000	177,787,000
<u>Remediation</u>	10,596,000	10,596,000	21,192,000
<u>Permanent School</u>	200,000	200,000	400,000
<b><u>Total</u></b>	<b><u>\$321,608,000</u></b>	<b><u>\$320,884,000</u></b>	<b><u>\$642,492,000</u></b>

Sec. 2. **ENVIRONMENT AND NATURAL RESOURCES 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 "2012" and "2013" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2012, or June 30, 2013, respectively. "The first year" is fiscal year 2012. "The second year" is fiscal year 2013. "The biennium" is fiscal years 2012 and 2013. Appropriations for the fiscal year ending June 30, 2011, are effective the day following final enactment.

**APPROPRIATIONS**  
**Available for the Year**  
**Ending June 30**  
**2012**                      **2013**

Sec. 3. **POLLUTION CONTROL AGENCY**

Subdivision 1. **Total Appropriation**    **\$76,496,000**                      **\$76,190,000**

Appropriations by Fund

	<u>2012</u>	<u>2013</u>
<u>General</u>	2,836,000	2,836,000
<u>State Government</u>		
<u>Special Revenue</u>	75,000	75,000
<u>Environmental</u>	63,089,000	62,783,000
<u>Remediation</u>	10,496,000	10,496,000

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

Subd. 2. **Water**    **21,602,000**                      **21,527,000**

Appropriations by Fund

	<u>2012</u>	<u>2013</u>
<u>General</u>	2,836,000	2,836,000
<u>State Government</u>		
<u>Special Revenue</u>	75,000	75,000
<u>Environmental</u>	18,691,000	18,616,000

\$1,171,000 the first year and \$1,171,000 the second year are for water program operations.

\$1,665,000 the first year and \$1,665,000 the second year are for grants to delegated counties to administer the county feedlot program under Minnesota Statutes, section 116.0711, subdivisions 2 and 3. Money remaining after the first year is available for the second year.

\$740,000 the first year and \$740,000 the second year are from the environmental fund to address the need for continued increased activity in the areas of new technology review, technical assistance for local governments, and enforcement under Minnesota Statutes, sections 115.55 to 115.58, and to complete the requirements of Laws 2003, chapter 128, article 1, section 165.

\$75,000 the first year from the environmental fund is for transfer to the commissioner of administration for the water management evaluation required in article 4. This is a onetime appropriation.

Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered on or before June 30, 2013, as grants or contracts for SSTs's, surface water and groundwater assessments, total maximum daily loads, storm water, and local basinwide water quality protection in this subdivision are available until June 30, 2016.

Subd. 3. Air

12,297,000

12,466,000

Appropriations by Fund

	<u>2012</u>	<u>2013</u>
<u>Environmental</u>	<u>12,297,000</u>	<u>12,466,000</u>

\$200,000 the first year and \$200,000 the second year are from the environmental fund for a monitoring program under Minnesota Statutes, section 116.454.

Up to \$150,000 the first year and \$150,000 the second year may be transferred from the environmental fund to the small business environmental improvement loan account established in Minnesota Statutes, section 116.993.

\$125,000 the first year and \$125,000 the second year are from the environmental fund for monitoring ambient air for hazardous pollutants in the metropolitan area.

Subd. 4. Land

17,412,000

17,412,000

Appropriations by Fund

	<u>2012</u>	<u>2013</u>
<u>Environmental</u>	<u>6,916,000</u>	<u>6,916,000</u>
<u>Remediation</u>	<u>10,496,000</u>	<u>10,496,000</u>

All money for environmental response, compensation, and compliance in the remediation fund not otherwise appropriated is appropriated to the commissioners of the Pollution Control Agency and agriculture for purposes of Minnesota Statutes, section

115B.20, subdivision 2, clauses (1), (2), (3), (6), and (7). At the beginning of each fiscal year, the two commissioners shall jointly submit an annual spending plan to the commissioner of management and budget that maximizes the utilization of resources and appropriately allocates the money between the two departments. This appropriation is available until June 30, 2013.

\$3,616,000 the first year and \$3,616,000 the second year are from the petroleum tank fund to be transferred to the remediation fund for purposes of the leaking underground storage tank program to protect the land.

\$252,000 the first year and \$252,000 the second year are from the remediation fund for transfer to the commissioner of health for private water supply monitoring and health assessment costs in areas contaminated by unpermitted mixed municipal solid waste disposal facilities and drinking water advisories and public information activities for areas contaminated by hazardous releases.

\$128,000 the first year is from the environmental fund for transfer to the Department of Health to complete the environmental health tracking and biomonitoring analysis related to perfluorochemicals and disseminate the results.

**Subd. 5. Environmental Assistance and Cross-Media**

25,185,000

24,785,000

Appropriations by Fund

	<u>2012</u>	<u>2013</u>
<u>Environmental</u>	<u>25,185,000</u>	<u>24,785,000</u>

\$14,250,000 the first year and \$14,250,000 the second year are from the environmental fund for SCORE block grants to counties.

\$119,000 the first year and \$119,000 the second year are from the environmental fund for environmental assistance grants or loans under Minnesota Statutes, section 115A.0716. Any unencumbered grant and loan balances in the first year do not cancel but are available for grants and loans in the second year.

\$89,000 the first year and \$89,000 the second year are from the environmental fund for duties related to harmful chemicals in products under Minnesota Statutes, section 116.9401 to 116.9407. Of this amount, \$57,000 each year is transferred to the commissioner of health.

\$315,000 the first year and \$315,000 the second year are from the environmental fund for the electronics waste program under Minnesota Statutes, sections 115A.1310 to 115A.1330.

\$400,000 the first year is from the environmental fund for the costs of implementing general operating permits for feedlots over 1,000 animal units. This is a onetime appropriation.

All money deposited in the environmental fund for the metropolitan solid waste landfill fee in accordance with Minnesota Statutes, section 473.843, and not otherwise appropriated, is appropriated for the purposes of Minnesota Statutes, section 473.844.

Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered on or before June 30, 2013, as contracts or grants for surface water and groundwater assessments; environmental assistance awarded under Minnesota Statutes, section 115A.0716; technical and research assistance under Minnesota Statutes, section 115A.152; technical assistance under Minnesota Statutes, section 115A.52; and pollution prevention assistance under Minnesota Statutes, section 115D.04, are available until June 30, 2015.

**Subd. 6. Remediation Fund**

The commissioner shall transfer \$42,000,000 from the environmental fund to the remediation fund for the purposes of the remediation fund under Minnesota Statutes, section 116.155, subdivision 2.

**Sec. 4. NATURAL RESOURCES**

**Subdivision 1. Total Appropriation**

**\$219,931,000**

**\$219,613,000**

Appropriations by Fund

	<u>2012</u>	<u>2013</u>
<u>General</u>	<u>46,834,000</u>	<u>46,829,000</u>
<u>Natural Resources</u>	<u>83,555,000</u>	<u>83,939,000</u>
<u>Game and Fish</u>	<u>89,242,000</u>	<u>88,545,000</u>
<u>Remediation</u>	<u>100,000</u>	<u>100,000</u>
<u>Permanent School</u>	<u>200,000</u>	<u>200,000</u>

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

**Subd. 2. Land and Mineral Resources Management**

**7,522,000**

**7,522,000**

Appropriations by Fund

	<u>2012</u>	<u>2013</u>
<u>General</u>	<u>2,461,000</u>	<u>2,461,000</u>
<u>Natural Resources</u>	<u>3,459,000</u>	<u>3,459,000</u>
<u>Game and Fish</u>	<u>1,402,000</u>	<u>1,402,000</u>
<u>Permanent School</u>	<u>200,000</u>	<u>200,000</u>

\$2,696,000 the first year and \$2,696,000 the second year are from the minerals management account in the natural resources fund for use as provided in Minnesota Statutes, section 93.2236, paragraph (c), for mineral resource management, projects to enhance future mineral income, and projects to promote new mineral resource opportunities.

\$68,000 the first year and \$68,000 the second year are for minerals cooperative environmental research, of which \$34,000 the first year and \$40,000 the second year are available only as matched by \$1 of nonstate money for each \$1 of state money. The match may be cash or in-kind.

\$251,000 the first year and \$251,000 the second year are for iron ore cooperative research. Of this amount, \$200,000 each year is from the minerals management account in the natural resources fund. \$175,000 the first year and \$175,000 the second year are available only as matched by \$1 of nonstate money for each \$1 of state money. The match may be cash or in-kind. Any unencumbered balance from the first year does not cancel and is available in the second year.

\$630,000 the first year and \$630,000 the second year are from the dedicated receipts account in the natural resources fund to cover the costs associated with issuing licenses for land and water crossings and road easements.

\$200,000 the first year and \$200,000 the second year are from the state forest suspense account in the permanent school fund to accelerate land exchanges, land sales, and commercial leasing of school trust lands and to identify, evaluate, and lease construction aggregate located on school trust lands. This appropriation is to be used for securing maximum long-term economic return from the school trust lands consistent with fiduciary responsibilities and sound natural resources conservation and management principles.

The appropriations in Laws 2007, chapter 57, article 1, section 4, subdivision 2, as amended by Laws 2009, chapter 37, article 1, section 60, for support of the land records management system are available until June 30, 2013.

**Subd. 3. Ecological and Water Resources**

21,550,000

21,550,000

Appropriations by Fund

	<u>2012</u>	<u>2013</u>
<u>General</u>	<u>6,571,000</u>	<u>6,571,000</u>
<u>Natural Resources</u>	<u>10,280,000</u>	<u>10,280,000</u>
<u>Game and Fish</u>	<u>4,699,000</u>	<u>4,699,000</u>

\$2,742,000 the first year and \$2,742,000 the second year are from the invasive species account in the natural resources fund and \$1,674,000 the first year and \$1,674,000 the second year are from the general fund for management, public awareness, assessment and monitoring research, law enforcement, and water access inspection to prevent the spread of invasive species; management of invasive plants in public waters; and management of terrestrial invasive species on state-administered lands.

\$5,000,000 the first year, and \$5,000,000 the second year are from the water management account in the natural resources fund for only the purposes specified in Minnesota Statutes, section 103G.27, subdivision 2.

\$264,000 the first year and \$264,000 the second year are for grants for up to 50 percent of the cost of implementation of the Red River mediation agreement. The commissioner shall submit a report to the chairs of the legislative committees having primary jurisdiction over environment and natural resources policy and finance on the accomplishments achieved with the grants by January 15, 2014.

\$1,636,000 the first year and \$1,636,000 the second year are from the heritage enhancement account in the game and fish fund for only the purposes specified in Minnesota Statutes, section 297A.94, paragraph (e), clause (1).

\$1,223,000 the first year and \$1,223,000 the second year are from the nongame wildlife management account in the natural resources fund for the purpose of nongame wildlife management. Notwithstanding Minnesota Statutes, section 290.431, \$100,000 the first year and \$100,000 the second year may be used for nongame wildlife information, education, and promotion.

\$1,000,000 the first year and \$1,000,000 the second year from the heritage enhancement account in the game and fish fund is for law enforcement and water access inspection to prevent the spread of aquatic invasive species. This is a onetime appropriation.

**Subd. 4. Forest Management**

31,887,000

31,887,000

Appropriations by Fund

	<u>2012</u>	<u>2013</u>
<u>General</u>	<u>17,880,000</u>	<u>17,880,000</u>
<u>Natural Resources</u>	<u>13,093,000</u>	<u>13,093,000</u>
<u>Game and Fish</u>	<u>914,000</u>	<u>914,000</u>

\$7,145,000 the first year and \$7,145,000 the second year are for prevention, presuppression, and suppression costs of emergency firefighting and other costs incurred under Minnesota Statutes.



section 88.12. The amount necessary to pay for presuppression and suppression costs during the biennium is appropriated from the general fund.

By January 15 of each year, the commissioner of natural resources shall submit a report to the chairs and ranking minority members of the house and senate committees and divisions having jurisdiction over environment and natural resources finance, identifying all firefighting costs incurred and reimbursements received in the prior fiscal year. These appropriations may not be transferred. Any reimbursement of firefighting expenditures made to the commissioner from any source other than federal mobilizations shall be deposited into the general fund.

\$13,093,000 the first year and \$13,093,000 the second year are from the forest management investment account in the natural resources fund for only the purposes specified in Minnesota Statutes, section 89.039, subdivision 2.

\$580,000 the first year and \$580,000 the second year are for the Forest Resources Council for implementation of the Sustainable Forest Resources Act.

\$250,000 in the first year and \$250,000 in the second year are for the FORIST system.

\$650,000 the first year and \$650,000 the second year are from the heritage enhancement account in the game and fish fund to maintain and expand the ecological classification system program. This is a onetime appropriation.

After the commissioner approves a sustainable resources management plan, any division of the Department of Natural Resources seeking interaction with the Division of Forestry on projects to implement the plan must reimburse the Division of Forestry for time spent responding to questions, concerns, or challenges to the projects.

**Subd. 5. Parks and Trails Management**

64,295,000

63,965,000

Appropriations by Fund

	<u>2012</u>	<u>2013</u>
<u>General</u>	<u>16,626,000</u>	<u>16,621,000</u>
<u>Natural Resources</u>	<u>45,475,000</u>	<u>45,150,000</u>
<u>Game and Fish</u>	<u>2,194,000</u>	<u>2,194,000</u>

\$1,075,000 the first year and \$1,075,000 the second year are from the water recreation account in the natural resources fund for enhancing public water access facilities.

The appropriation in Laws 2003, chapter 128, article 1, section 5, subdivision 6, from the water recreation account in the natural resources fund for a cooperative project with the United States Army Corps of Engineers to develop the Mississippi Whitewater Park is available until June 30, 2013. The project must be designed to prevent the spread of aquatic invasive species.

\$5,731,000 the first year and \$5,731,000 the second year are from the natural resources fund for state trail, park, and recreation area operations. This appropriation is from the revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (2).

\$8,424,000 the first year and \$8,424,000 the second year are from the snowmobile trails and enforcement account in the natural resources fund for the snowmobile grants-in-aid program. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

\$1,360,000 the first year and \$1,360,000 the second year are from the natural resources fund for the off-highway vehicle grants-in-aid program. Of this amount, \$1,110,000 each year is from the all-terrain vehicle account; \$150,000 each year is from the off-highway motorcycle account; and \$100,000 each year is from the off-road vehicle account. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

\$805,000 the first year and \$805,000 the second year are from the natural resources fund for trail grants to local units of government on land to be maintained for at least 20 years for the purposes of the grants. This appropriation is from the revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (4).

\$200,000 the first year from the off-highway vehicle damage account in the natural resources fund is for all-terrain vehicle grants-in-aid.

\$100,000 the first year is from the all-terrain vehicle account in the natural resources fund for a pass-through grant to Lake County for completion of the Lake County Regional All-Terrain Vehicle Trail. This is a onetime appropriation and is available until spent.

\$400,000 each year is from the all-terrain vehicle account in the natural resources fund. Of this amount, \$100,000 the first year and \$100,000 the second year are for the all-terrain vehicle grant-in-aid trails program. \$200,000 the first year and \$200,000 the second year are for the creation and development of all-terrain vehicle trails. \$100,000 each year is to provide downloadable trail maps on the Internet and is a onetime appropriation. By January 1, 2013, the commissioner shall submit a report to the chairs and ranking

minority members of the legislative committees and divisions with jurisdiction over natural resources policy and finance. The report must indicate where and how many miles of new all-terrain vehicle trails were created and designated with appropriations under this paragraph.

The commissioner shall not close any state park or state recreation area between July 1, 2011, and June 30, 2013, that is funded with money appropriated in this article.

**Subd. 6. Fish and Wildlife Management**

60,761,000

60,161,000

Appropriations by Fund

	<u>2012</u>	<u>2013</u>
General	<u>199,000</u>	<u>199,000</u>
Natural Resources	<u>1,899,000</u>	<u>1,899,000</u>
Game and Fish	<u>58,663,000</u>	<u>58,063,000</u>

\$100,000 the first year and \$100,000 the second year are from the nongame wildlife account in the natural resources fund for gray wolf research.

\$120,000 the first year and \$120,000 the second year are from the game and fish fund for gray wolf management.

\$8,167,000 the first year and \$8,167,000 the second year are from the heritage enhancement account in the game and fish fund only for activities specified in Minnesota Statutes, section 297A.94, paragraph (e), clause (1). Notwithstanding Minnesota Statutes, section 297A.94, five percent of this appropriation may be used for expanding hunter and angler recruitment and retention.

Notwithstanding Minnesota Statutes, section 84.943, \$13,000 the first year and \$13,000 the second year from the critical habitat private sector matching account may be used to publicize the critical habitat license plate match program.

\$199,000 the first year and \$199,000 the second year are for preserving, restoring, and enhancing grassland and wetland complexes on public or private lands.

\$600,000 the first year is from the game and fish fund for land acquisition.

Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2013, for aquatic restoration grants and wildlife habitat grants are available until June 30, 2014.

**Subd. 7. Enforcement**31,613,00032,225,000Appropriations by Fund

	<u>2012</u>	<u>2013</u>
<u>General</u>	<u>2,216,000</u>	<u>2,216,000</u>
<u>Natural Resources</u>	<u>8,868,000</u>	<u>9,577,000</u>
<u>Game and Fish</u>	<u>20,429,000</u>	<u>20,332,000</u>
<u>Remediation</u>	<u>100,000</u>	<u>100,000</u>

\$1,204,000 the first year and \$1,307,000 the second year are from the heritage enhancement account in the game and fish fund for only the purposes specified in Minnesota Statutes, section 297A.94, paragraph (e), clause (1).

\$240,000 the first year and \$143,000 the second year are from the heritage enhancement account in the game and fish fund for a conservation officer academy.

\$315,000 the first year and \$315,000 the second year are from the snowmobile trails and enforcement account in the natural resources fund for grants to local law enforcement agencies for snowmobile enforcement activities. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

\$250,000 the first year and \$250,000 the second year are from the all-terrain vehicle account for grants to qualifying organizations to assist in safety and environmental education and monitoring trails on public lands under Minnesota Statutes, section 84.9011. Grants issued under this paragraph: (1) must be issued through a formal agreement with the organization; and (2) must not be used as a substitute for traditional spending by the organization. By December 15 each year, an organization receiving a grant under this paragraph shall report to the commissioner with details on expenditures and outcomes from the grant. By January 15, 2013, the commissioner shall report on the expenditures and outcomes of the grants to the chairs and ranking minority members of the legislative committees and divisions having jurisdiction over natural resources policy and finance. Of this appropriation, \$25,000 each year is for administration of these grants. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

\$510,000 the first year and \$510,000 the second year are from the natural resources fund for grants to county law enforcement agencies for off-highway vehicle enforcement and public education activities based on off-highway vehicle use in the county. Of this amount, \$498,000 each year is from the all-terrain vehicle account; \$11,000 each year is from the off-highway motorcycle account; and \$1,000 each year is from the off-road

vehicle account. The county enforcement agencies may use money received under this appropriation to make grants to other local enforcement agencies within the county that have a high concentration of off-highway vehicle use. Of this appropriation, \$25,000 each year is for administration of these grants. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

\$1,082,000 the first year and \$1,082,000 the second year are from the water recreation account in the natural resources fund for grants to counties for boat and water safety. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

**Subd. 8. Operations Support**

2,303,000

2,303,000

Appropriations by Fund

	<u>2012</u>	<u>2013</u>
<u>General</u>	<u>881,000</u>	<u>881,000</u>
<u>Natural Resources</u>	<u>481,000</u>	<u>481,000</u>
<u>Game and Fish</u>	<u>941,000</u>	<u>941,000</u>

\$320,000 the first year and \$320,000 the second year are from the natural resources fund for grants to be divided equally between the city of St. Paul for the Como Park Zoo and Conservatory and the city of Duluth for the Duluth Zoo. This appropriation is from the revenue deposited to the fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (5).

**Sec. 5. BOARD OF WATER AND SOIL RESOURCES**

\$10,304,000

\$10,304,000

\$2,996,000 the first year and \$2,996,000 the second year are for natural resources block grants to local governments. The board may reduce the amount of the natural resources block grant to a county by an amount equal to any reduction in the county's general services allocation to a soil and water conservation district from the county's previous year allocation when the board determines that the reduction was disproportionate. Grants must be matched with a combination of local cash or in-kind contributions. The base grant portion related to water planning must be matched by an amount as specified by Minnesota Statutes, section 103B.3369.

\$2,750,000 the first year and \$2,750,000 the second year are for grants requested by soil and water conservation districts for general purposes, nonpoint engineering, and implementation of the reinvest in Minnesota reserve program. Upon approval of the board, expenditures may be made from these appropriations for supplies and services benefiting soil and water conservation districts. Any district requesting a grant under this paragraph shall

maintain a Web page that publishes, at a minimum, its annual plan, annual report, annual audit, annual budget, including membership dues, and meeting notices and minutes.

\$937,000 the first year and \$937,000 the second year are for grants to soil and water conservation districts for cost-sharing contracts for erosion control, water quality management, feedlot water quality projects.

\$386,000 the first year and \$386,000 the second year are for implementation and enforcement of the Wetland Conservation Act.

\$166,000 the first year and \$166,000 the second year are to provide assistance to local drainage management officials and for the costs of the Drainage Work Group.

\$42,000 the first year and \$42,000 the second year are for a grant to the Red River Basin Commission for water quality and floodplain management, including administration of programs. If the appropriation in either year is insufficient, the appropriation in the other year is available for it.

\$60,000 the first year and \$60,000 the second year are for grants to Area II Minnesota River Basin Projects for floodplain management.

\$42,000 each year is to the Minnesota River Board for operating expenses to measure and report the results of projects in the 12 major watersheds within the Minnesota River basin.

Notwithstanding Minnesota Statutes, section 103C.501, the board may shift cost-share funds in this section and may adjust the technical and administrative assistance portion of the grant funds to leverage federal or other nonstate funds or to address high-priority needs identified in local water management plans.

The appropriations for grants in this section are available until expended. If an appropriation for grants in either year is insufficient, the appropriation in the other year is available for it.

Sec. 6. **METROPOLITAN COUNCIL**

**\$8,540,000**

**\$8,540,000**

Appropriations by Fund

	<u>2012</u>	<u>2013</u>
<u>General</u>	<u>2,870,000</u>	<u>2,870,000</u>
<u>Natural Resources</u>	<u>5,670,000</u>	<u>5,670,000</u>

\$2,870,000 the first year and \$2,870,000 the second year are for metropolitan area regional parks operation and maintenance according to Minnesota Statutes, section 473.351.

\$5,670,000 the first year and \$5,670,000 the second year are from the natural resources fund for metropolitan area regional parks and trails maintenance and operations. This appropriation is from the revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (3).

Sec. 7. **CONSERVATION CORPS MINNESOTA** **\$746,000** **\$646,000**

Appropriations by Fund

	<u>2012</u>	<u>2013</u>
<u>General</u>	<u>256,000</u>	<u>156,000</u>
<u>Natural Resources</u>	<u>490,000</u>	<u>490,000</u>

Conservation Corps Minnesota may receive money appropriated from the natural resources fund under this section only as provided in an agreement with the commissioner of natural resources. The general fund appropriation is onetime.

Sec. 8. **ZOOLOGICAL BOARD** **\$5,591,000** **\$5,591,000**

Appropriations by Fund

	<u>2012</u>	<u>2013</u>
<u>General</u>	<u>5,431,000</u>	<u>5,431,000</u>
<u>Natural Resources</u>	<u>160,000</u>	<u>160,000</u>

\$160,000 the first year and \$160,000 the second year are from the natural resources fund from the revenue deposited under Minnesota Statutes, section 297A.94, paragraph (e), clause (5).

ARTICLE 2  
ENERGY, COMMERCE, AND CONSUMER PROTECTION FINANCE

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

	<u>2012</u>	<u>2013</u>	<u>Total</u>
<u>General</u>	<u>\$26,646,000</u>	<u>\$26,654,000</u>	<u>\$53,300,000</u>
<u>Petroleum Tank Cleanup</u>	<u>1,052,000</u>	<u>1,052,000</u>	<u>2,104,000</u>
<u>Workers' Compensation</u>	<u>751,000</u>	<u>751,000</u>	<u>1,502,000</u>
<b><u>Total</u></b>	<b><u>\$28,449,000</u></b>	<b><u>\$28,457,000</u></b>	<b><u>\$56,906,000</u></b>

Sec. 2. **ENERGY FINANCE 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 "2012" and "2013" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2012, or June 30, 2013, respectively. "The first year" is fiscal year 2012. "The second year" is fiscal year 2013. "The biennium" is fiscal years 2012 and 2013. Appropriations for the fiscal year ending June 30, 2011, are effective the day following final enactment.

**APPROPRIATIONS**  
**Available for the Year**  
**Ending June 30**  
**2012**                      **2013**

Sec. 3. **DEPARTMENT OF COMMERCE**

Subdivision 1. **Total Appropriation**    **\$22,267,000**                      **\$22,275,000**

Appropriations by Fund

	<u>2012</u>	<u>2013</u>
<u>General</u>	<u>20,464,000</u>	<u>20,472,000</u>
<u>Petroleum Cleanup</u>	<u>1,052,000</u>	<u>1,052,000</u>
<u>Workers' Compensation</u>	<u>751,000</u>	<u>751,000</u>

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

Subd. 2. **Financial Institutions**    **7,124,000**                      **7,128,000**

\$138,000 the first year and \$142,000 the second year are for the regulation of mortgage originators and servicers under Minnesota Statutes, chapters 58 and 58A.

\$350,000 each year is for additional financial examination services. The commissioner may issue contracts for these services.

Subd. 3. **Petroleum Tank Release Cleanup Board**    **1,052,000**                      **1,052,000**

This appropriation is from the petroleum tank release cleanup fund.

Subd. 4. **Administrative Services**    **3,176,000**                      **3,176,000**

The commissioner may redirect up to \$1,071,000 in fiscal year 2012 and \$1,071,000 in fiscal year 2013 of the general fund reduction in this subdivision to other subdivisions of this section. The commissioner shall report by February 1, 2012, to the chairs of the legislative committees having primary jurisdiction over the Department of Commerce's operating budget regarding any redirection authorized in this subdivision.



\$375,000 each year is for additional compliance efforts with unclaimed property. The commissioner may issue contracts for these services. This additional amount shall be added to the base budget for fiscal years 2014 and 2015 only. The enhanced unclaimed property compliance program shall sunset June 30, 2015.

Subd. 5. **Telecommunications** 1,010,000 1,010,000

Subd. 6. **Market Assurance** 6,915,000 6,919,000

Appropriations by Fund

	<u>2012</u>	<u>2013</u>
General	6,164,000	6,168,000
Workers' Compensation	751,000	751,000

Subd. 7. **Office of Energy Security** 2,990,000 2,990,000

Sec. 4. **TELECOMMUNICATIONS ACCESS MINNESOTA** **\$700,000** **\$700,000**

(a) The appropriations in this section are from the telecommunications access Minnesota fund.

(b) \$300,000 the first year and \$300,000 the second year are for transfer to the commissioner of human services to supplement the ongoing operational expenses of the Commission of Deaf, DeafBlind, and Hard-of-Hearing Minnesotans. This appropriation is from the telecommunication access Minnesota fund, and is added to the commission's base.

(c) In addition to the appropriation authorized in Minnesota Statutes, section 237.52, \$400,000 the first year and \$400,000 the second year are onetime appropriations for the following purposes:

(1) \$230,000 each year is to the Office of Enterprise Technology for coordinating technology accessibility and usability;

(2) \$20,000 each year is to the Commission of Deaf, DeafBlind, and Hard-of-Hearing Minnesotans to provide information on their Web site in American Sign Language and to provide technical assistance to state agencies; and

(3) \$150,000 each year is to the Legislative Coordinating Commission to provide captioning of live streaming of legislative activity on the commission's Web site and for a consolidated access fund for other state agencies.

Sec. 5. **PUBLIC UTILITIES COMMISSION** **\$6,182,000** **\$6,182,000**

**Sec. 6. TRANSFERS**

(a) By June 30, 2013, the commissioner of management and budget shall transfer \$6,950,000 from the special revenue fund to the general fund. The transfers must be from the following appropriation reductions and accounts with the special revenue fund:

(1) \$1,100,000 is from the telecommunications access Minnesota fund established in Minnesota Statutes, section 237.52;

(2) \$650,000 is from the Department of Commerce license technology surcharge account established in Minnesota Statutes, section 45.24;

(3) \$1,300,000 is from the energy and conservation account established in Minnesota Statutes, section 216B.241;

(4) \$950,000 is from the insurance fraud prevention account established in Minnesota Statutes, section 45.0135;

(5) \$1,500,000 is from the automobile theft prevention account established in Minnesota Statutes, section 168A.40;

(6) \$450,000 is from the real estate education, research and recovery fund established in Minnesota Statutes, section 82.86. Notwithstanding Minnesota Statutes, section 82.86, subdivision 4, the commissioner shall not, in addition to the fee set forth in Minnesota Statutes, section 82.86, subdivision 3, assess an additional fee to restore a balance in the fund; and

(7) the commissioner of management and budget shall transfer \$500,000 the first year and \$500,000 the second year to the general fund from the telephone assistance program established in Minnesota Statutes, section 237.69.

**Sec. 7. TRANSFER; ASSIGNED RISK PLAN**

(a) By June 30, 2012, the commissioner of management and budget shall transfer \$14,000,000 in assets of the workers' compensation assigned risk plan created under Minnesota Statutes, section 79.252, to the general fund.

(b) By June 30, 2013, the commissioner of management and budget shall transfer \$10,500,000 in assets of the workers' compensation assigned risk plan created under Minnesota Statutes, section 79.252, to the general fund.

**Sec. 8. TRANSFERS IN**

(a) The remaining balance in the second year of the appropriation in Laws 2007, chapter 57, article 2, section 3, subdivision 6, for biogas recovery facilities, estimated to be \$420,000, is canceled to the general fund.

(b) The remaining balance of the appropriation in Laws 2007, chapter 57, article 2, section 3, subdivision 6, clause (7), as amended by Laws 2008, chapter 340, section 5, for the Greenhouse Gas Advisory Group, estimated to be \$7,000, is canceled to the general fund.

(c) In the first year, the remaining balance of the appropriation in Laws 2007, chapter 57, article 2, section 3, subdivision 6, clause (5), for the hydrogen roadmap project, estimated to be \$280,000, is canceled to the general fund.

(d) The remaining balance of the appropriation in Laws 2008, chapter 363, article 6, section 3, subdivision 4, for renewable grants, estimated to be \$368,000, is canceled to the general fund.

(e) The remaining balance of the appropriation in Laws 2008, chapter 363, article 6, section 3, subdivision 4, for the green economy projects, estimated to be \$59,000, is canceled to the general fund.

(f) The remaining balance of the appropriation in Laws 2007, chapter 57, article 2, section 3, subdivision 6, clause (4), for automotive technology projects, estimated to be \$22,000, is canceled to the general fund.

(g) The remaining balance of the appropriation in Laws 2009, chapter 37, article 2, section 13, paragraph (b), clauses (1) and (2), for renewable energy and energy efficiency projects, estimated to be \$600,000, is canceled to the general fund.

Sec. 9. **COMMUNITY ENERGY ACTIVITIES; ASSESSMENT AND GRANT.**

The commissioner of commerce shall grant \$500,000 in the fiscal year ending June 30, 2012, from assessments made under Minnesota Statutes, section 216B.241, subdivision 1e, for the purpose of community energy technical assistance and outreach on renewable energy and energy efficiency as described in Minnesota Statutes, section 216C.385.

ARTICLE 3

ENVIRONMENT AND NATURAL RESOURCE TRUST FUND APPROPRIATIONS

Section 1. **MINNESOTA RESOURCES 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 environment and natural resources trust fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2012" and "2013" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2012, or June 30, 2013, respectively. "The first year" is fiscal year 2012. "The second year" is fiscal year 2013. "The biennium" is fiscal years 2012 and 2013. The appropriations in this article are onetime.

**APPROPRIATIONS**  
**Available for the Year**  
**Ending June 30**  
**2012**                      **2013**

Sec. 2. **MINNESOTA RESOURCES**

Subdivision 1. **Total Appropriation**

**\$26,078,000**

**\$25,078,000**

Appropriations by Fund

	<u>2012</u>	<u>2013</u>
<u>Environment and natural resources trust fund</u>	<u>25,328,000</u>	<u>25,078,000</u>
<u>State land and water conservation account (LAWCON)</u>	<u>750,000</u>	<u>-0-</u>

Appropriations are available for two years beginning July 1, 2011, unless otherwise stated in the appropriation. Any unencumbered balance remaining in the first year does not cancel and is available for the second year.

Subd. 2. **Definitions**

(a) "Trust fund" means the Minnesota environment and natural resources trust fund referred to in Minnesota Statutes, section 116P.02, subdivision 6.

(b) "State land and water conservation account (LAWCON)" means the state land and water conservation account in the natural resources fund referred to in Minnesota Statutes, section 116P.14.

Subd. 3. **Natural Resource Data and Information**

3,887,000

5,388,000

(a) **Minnesota County Biological Survey**

\$1,125,000 the first year and \$1,125,000 the second year are from the trust fund to the commissioner of natural resources for continuation of the Minnesota county biological survey to provide a foundation for conserving biological diversity by systematically collecting, interpreting, and delivering data on plant and animal distribution and ecology, native plant communities, and functional landscapes.

(b) **County Geologic Atlases for Sustainable Water Management**

\$900,000 the first year and \$900,000 the second year are from the trust fund to accelerate the production of county geologic atlases to provide information essential to sustainable management of ground

water resources by defining aquifer boundaries and the connection of aquifers to the land surface and surface water resources. Of this appropriation, \$600,000 each year is to the Board of Regents of the University of Minnesota for the Geologic Survey and \$300,000 each year is to the commissioner of natural resources. This appropriation is available until June 30, 2015, by which time the project must be completed and final products delivered.

**(c) Completion of Statewide Digital Soil Survey**

\$250,000 the first year and \$250,000 the second year are from the trust fund to the Board of Water and Soil Resources to accelerate the completion of county soil survey mapping and Web-based data delivery. The soil surveys must be done on a cost-share basis with local and federal funds.

**(d) Updating National Wetlands Inventory for Minnesota - Phase III**

\$1,500,000 the second year is from the trust fund to the commissioner of natural resources to continue the update of wetland inventory maps for Minnesota. This appropriation is available until June 30, 2015, by which time the project must be completed and final products delivered.

**(e) Golden Eagle Survey**

\$30,000 the first year and \$30,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with the National Eagle Center to increase the understanding of golden eagles in Minnesota through surveys and education. This appropriation is available until June 30, 2014, by which time the project must be completed and final products delivered.

**(f) Determining Causes of Mortality in Moose Populations**

\$300,000 the first year and \$300,000 the second year are from the trust fund to the commissioner of natural resources to determine specific causes of moose mortality and population decline in Minnesota and to develop specific management actions to prevent further population decline. This appropriation is available until June 30, 2014, by which time the project must be completed and final products delivered.

**(g) Prairie Management for Wildlife and Bioenergy - Phase II**

\$300,000 the first year and \$300,000 the second year are from the trust fund to the Board of Regents of the University of Minnesota to research and evaluate methods of managing diverse working prairies for wildlife and renewable bioenergy production. This appropriation is available until June 30, 2014, by which time the project must be completed and final products delivered.

**(h) Evaluation of Biomass Harvesting Impacts on Minnesota's Forests**

\$175,000 the first year and \$175,000 the second year are from the trust fund to the Board of Regents of the University of Minnesota to assess the impacts biomass harvests for energy have on soil nutrients, native forest vegetation, invasive species spread, and long-term tree productivity within Minnesota's forests. This appropriation is available until June 30, 2014, by which time the project must be completed and final products delivered.

**(i) Change and Resilience in Boreal Forests in Northern Minnesota**

\$75,000 the first year and \$75,000 the second year are from the trust fund to the Board of Regents of the University of Minnesota to assess the potential response of northern Minnesota's boreal forests to observed and predicted changes in climate conditions and develop related management guidelines and adaptation strategies. This appropriation is available until June 30, 2014, by which time the project must be completed and final products delivered.

**(j) Information System for Wildlife and Aquatic Management Areas**

\$250,000 the first year and \$250,000 the second year are from the trust fund to the commissioner of natural resources to develop an information system to facilitate improved management of wildlife and fish habitat and facilities. This appropriation is available until June 30, 2014, by which time the project must be completed and final products delivered.

**(k) Strengthening Natural Resource Management with LiDAR Training**

\$90,000 the first year and \$90,000 the second year are from the trust fund to the Board of Regents of the University of Minnesota to provide workshops and Web-based training and information on the use of LiDAR elevation data in planning for and managing natural resources.

**(l) Measuring Conservation Practice Outcomes**

\$170,000 the first year and \$170,000 the second year are from the trust fund to the Board of Water and Soil Resources to improve measurement of impacts of conservation practices through refinement of existing and development of new pollution estimators and by providing local government training.

**(m) Conservation-Based Approach for Assessing Public Drainage Benefits**

\$75,000 the first year and \$75,000 the second year are from the trust fund to the Board of Water and Soil Resources to develop an alternative framework to assess drainage benefits on public systems to enhance water conservation. This appropriation is available until June 30, 2014, by which time the project must be completed and final products delivered.

**(n) Mississippi River Central Minnesota Conservation Planning**

\$87,000 the first year and \$88,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with Stearns County Soil and Water Conservation District to develop and adopt river protection strategies in cooperation with local jurisdictions in the communities of the 26 miles of the Mississippi River between Benton and Stearns Counties. This appropriation must be matched by \$175,000 of nonstate cash or qualifying in-kind funds.

**(o) Saint Croix Basin Conservation Planning and Protection**

\$60,000 the first year and \$60,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with the St. Croix River Association to develop an interagency plan to identify and prioritize critical areas for project implementation to improve watershed health. This appropriation must be matched by \$120,000 of nonstate cash or qualifying in-kind funds. Up to \$10,000 may be retained by the Department of Natural Resources at the request of the St. Croix River Association to provide technical and mapping assistance. This appropriation is available until June 30, 2014, by which time the project must be completed and final products delivered.

**Subd. 4. Land, Habitat, and Recreation**14,252,00013,505,000Summary by Fund

<u>Environment and natural resources trust fund</u>	<u>13,502,000</u>	<u>13,505,000</u>
<u>State land and water conservation account (LAWCON)</u>	<u>750,000</u>	<u>-0-</u>

**(a) State Park and Recreation Area Operations**

\$1,500,000 the first year and \$1,500,000 the second year are from the trust fund to the commissioner of natural resources for state park and recreation area operations.

**(b) State Parks and Trails Land Acquisition**

\$1,500,000 the first year and \$1,500,000 the second year are from the trust fund to the commissioner of natural resources to acquire state trails and critical parcels within the statutory boundaries of state parks. State park land acquired with this appropriation must be sufficiently improved to meet at least minimum management standards, as determined by the commissioner of natural resources. A list of proposed acquisitions must be provided as part of the required work program. This appropriation is available until June 30, 2014, by which time the project must be completed and final products delivered.

**(c) Metropolitan Regional Park System Acquisition**

\$1,125,000 the first year and \$1,125,000 the second year are from the trust fund to the Metropolitan Council for grants for the acquisition of lands within the approved park unit boundaries of the metropolitan regional park system. This appropriation may not be used for the purchase of residential structures. A list of proposed fee title and easement acquisitions must be provided as part of the required work program. This appropriation must be matched by at least 40 percent of nonstate money and must be committed by December 31, 2011, or the appropriation cancels. This appropriation is available until June 30, 2014, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

**(d) Regional Park, Trail, and Connection Acquisition and Development Grants**

\$1,000,000 the first year and \$1,000,000 the second year are from the trust fund to the commissioner of natural resources to provide matching grants to local units of government for acquisition and development of regional parks, regional trails, and trail connections. The local match required for a grant to acquire a regional park or regional outdoor recreation area is two dollars of nonstate money for each three dollars of state money. This appropriation is available until June 30, 2014, by which time the project must be completed and final products delivered.

**(e) Scientific and Natural Area Acquisition and Restoration**

\$820,000 the first year and \$820,000 the second year are from the trust fund to the commissioner of natural resources to acquire lands with high-quality native plant communities and rare features to be established as scientific and natural areas as provided in Minnesota Statutes, section 86A.05, subdivision 5, restore parts of scientific and natural areas, and provide technical assistance and outreach. A list of proposed acquisitions must be provided as part of the required work program. Land acquired with this appropriation



must be sufficiently improved to meet at least minimum management standards, as determined by the commissioner of natural resources. This appropriation is available until June 30, 2014, by which time the project must be completed and final products delivered.

**(f) LaSalle Lake State Recreation Area Acquisition**

\$1,000,000 the first year and \$1,000,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with The Trust for Public Land to acquire approximately 190 acres to be designated as a state recreation area as provided in Minnesota Statutes, section 86A.05, subdivision 3, on LaSalle Lake adjacent to the upper Mississippi River. If this acquisition is not completed by July 15, 2012, then the appropriation is available to the Department of Natural Resources for other state park and recreation area acquisitions on the priority list. Up to \$10,000 may be retained by the Department of Natural Resources at the request of The Trust for Public Land for transaction costs, associated professional services, and restoration needs.

**(g) Minnesota River Valley Green Corridor Scientific and Natural Area Acquisition**

\$1,000,000 the first year and \$1,000,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with the Redwood Area Communities Foundation to acquire lands with high-quality native plant communities and rare features to be established as scientific and natural areas as provided in Minnesota Statutes, section 86A.05, subdivision 5. A list of proposed acquisitions must be provided as part of the required work program. Land acquired with this appropriation must be sufficiently improved to meet at least minimum management standards, as determined by the commissioner of natural resources. Up to \$54,000 may be retained by the Department of Natural Resources at the request of the Redwood Area Communities Foundation for transaction costs, associated professional services, and restoration needs. This appropriation is available until June 30, 2014, by which time the project must be completed and final products delivered.

**(h) Native Prairie Stewardship and Native Prairie Bank Acquisition**

\$500,000 the first year and \$500,000 the second year are from the trust fund to the commissioner of natural resources to acquire native prairie bank easements, prepare baseline property assessments, restore and enhance native prairie sites, and provide technical assistance to landowners. This appropriation is available until June 30, 2014, by which time the project must be completed and final products delivered.

**(i) Metropolitan Conservation Corridors (MeCC) - Phase VI**

\$1,737,000 the first year and \$1,738,000 the second year are from the trust fund to the commissioner of natural resources for the acceleration of agency programs and cooperative agreements. Of this appropriation, \$150,000 the first year and \$150,000 the second year are to the commissioner of natural resources for agency programs and \$3,175,000 is for the agreements as follows: \$100,000 the first year and \$100,000 the second year with Friends of the Mississippi River; \$517,000 the first year and \$518,000 the second year with Dakota County; \$200,000 the first year and \$200,000 the second year with Great River Greening; \$220,000 the first year and \$220,000 the second year with Minnesota Land Trust; \$300,000 the first year and \$300,000 the second year with Minnesota Valley National Wildlife Refuge Trust, Inc.; and \$250,000 the first year and \$250,000 the second year with The Trust for Public Land for planning, restoring, and protecting priority natural areas in the metropolitan area, as defined under Minnesota Statutes, section 473.121, subdivision 2, and portions of the surrounding counties, through contracted services, technical assistance, conservation easements, and fee title acquisition. Land acquired with this appropriation must be sufficiently improved to meet at least minimum management standards, as determined by the commissioner of natural resources. Expenditures are limited to the identified project corridor areas as defined in the work program. This appropriation may not be used for the purchase of habitable residential structures, unless expressly approved in the work program. All conservation easements must be perpetual and have a natural resource management plan. Any land acquired in fee title by the commissioner of natural resources with money from this appropriation must be designated as an outdoor recreation unit under Minnesota Statutes, section 86A.07. The commissioner may similarly designate any lands acquired in less than fee title. A list of proposed restorations and fee title and easement acquisitions must be provided as part of the required work program. An entity that acquires a conservation easement with appropriations from the trust fund must have a long-term stewardship plan for the easement and a fund established for monitoring and enforcing the agreement. Money appropriated from the trust fund for easement acquisition may be used to establish a monitoring, management, and enforcement fund as approved in the work program. An annual financial report is required for any monitoring, management, and enforcement fund established, including expenditures from the fund. This appropriation is available until June 30, 2014, by which time the project must be completed and final products delivered.

**(j) Habitat Conservation Partnership (HCP) - Phase VII**

\$1,737,000 the first year and \$1,738,000 the second year are from the trust fund to the commissioner of natural resources for the acceleration of agency programs and cooperative agreements. Of

this appropriation, \$125,000 the first year and \$125,000 the second year are to the commissioner of natural resources for agency programs and \$3,225,000 is for agreements as follows: \$637,000 the first year and \$638,000 the second year with Ducks Unlimited, Inc.; \$38,000 the first year and \$37,000 the second year with Friends of Detroit Lakes Wetland Management District; \$25,000 the first year and \$25,000 the second year with Leech Lake Band of Ojibwe; \$225,000 the first year and \$225,000 the second year with Minnesota Land Trust; \$200,000 the first year and \$200,000 the second year with Minnesota Valley National Wildlife Refuge Trust, Inc.; \$242,000 the first year and \$243,000 the second year with Pheasants Forever, Inc.; and \$245,000 the first year and \$245,000 the second year with The Trust for Public Land to plan, restore, and acquire fragmented landscape corridors that connect areas of quality habitat to sustain fish, wildlife, and plants. The United States Department of Agriculture, Natural Resources Conservation Service, is an authorized cooperating partner in the appropriation. Expenditures are limited to the project corridor areas as defined in the work program. Land acquired with this appropriation must be sufficiently improved to meet at least minimum habitat and facility management standards, as determined by the commissioner of natural resources. This appropriation may not be used for the purchase of habitable residential structures, unless expressly approved in the work program. All conservation easements must be perpetual and have a natural resource management plan. Any land acquired in fee title by the commissioner of natural resources with money from this appropriation must be designated as an outdoor recreation unit under Minnesota Statutes, section 86A.07. The commissioner may similarly designate any lands acquired in less than fee title. A list of proposed restorations and fee title and easement acquisitions must be provided as part of the required work program. An entity who acquires a conservation easement with appropriations from the trust fund must have a long-term stewardship plan for the easement and a fund established for monitoring and enforcing the agreement. Money appropriated from the trust fund for easement acquisition may be used to establish a monitoring, management, and enforcement fund as approved in the work program. An annual financial report is required for any monitoring, management, and enforcement fund established, including expenditures from the fund. This appropriation is available until June 30, 2014, by which time the project must be completed and final products delivered.

**(k) Natural and Scenic Area Acquisition Grants**

\$500,000 the first year and \$500,000 the second year are from the trust fund to the commissioner of natural resources to provide matching grants to local governments for acquisition of natural and scenic areas, as provided in Minnesota Statutes, section 85.019, subdivision 4a. This appropriation is available until June 30, 2014, by which time the project must be completed and final products delivered.

**(l) Acceleration of Minnesota Conservation Assistance**

\$313,000 the first year and \$312,000 the second year are from the trust fund to the Board of Water and Soil Resources to provide grants to soil and water conservation districts to provide technical assistance to secure enrollment and retention of private lands in federal and state programs for conservation.

**(m) Conservation Easement Stewardship and Enforcement Program - Phase II**

\$250,000 the first year and \$250,000 the second year are from the trust fund to the commissioner of natural resources to accelerate the implementation of the Phase I Conservation Easement Stewardship Plan being developed with an appropriation from Laws 2008, chapter 367, section 2, subdivision 5, paragraph (h).

**(n) Recovery of At-Risk Native Prairie Species**

\$73,000 the first year and \$74,000 the second year are from the trust fund to the Board of Water and Soil Resources for an agreement with the Martin County Soil and Water Conservation District to collect, propagate, and plant declining, at-risk native species on protected habitat and to enhance private market sources for local ecotype native seed. This appropriation is available until June 30, 2014, by which time the project must be completed and final products delivered.

**(o) Understanding Threats, Genetic Diversity, and Conservation Options for Wild Rice**

\$97,000 the first year and \$98,000 the second year are from the trust fund to the Board of Regents of the University of Minnesota to research the genetic diversity of wild rice population throughout Minnesota for use in related conservation and restoration efforts. This appropriation is contingent upon demonstration of review and cooperation with the Native American tribal nations in Minnesota. Equipment purchased with this appropriation must be available for future publicly funded projects at no charge except for typical operating expenses. This appropriation is available until June 30, 2014, by which time the project must be completed and final products delivered.

**(p) Southeast Minnesota Stream Restoration**

\$125,000 the first year and \$125,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with Trout Unlimited to restore at least four miles of riparian corridor for trout and nongame species in southeast Minnesota and increase local capacities to implement stream restoration through training and technical assistance. This appropriation is available until June 30, 2014, by which time the project must be completed and final products delivered.

**(q) Restoration Strategies for Ditched Peatland Scientific and Natural Areas**

\$100,000 the first year and \$100,000 the second year are from the trust fund to the commissioner of natural resources to evaluate the hydrology and habitat of the Winter Road Lake peatland watershed protection area to determine the effects of ditch abandonment and examine the potential for restoration of patterned peatlands. This appropriation is available until June 30, 2014, by which time the project must be completed and final products delivered.

**(r) Northeast Minnesota White Cedar Plant Community Restoration**

\$125,000 for the first year and \$125,000 the second year are from the trust fund to the Board of Water and Soil Resources to assess the decline of northern white cedar plant communities in northeast Minnesota, prioritize cedar sites for restoration, and provide cedar restoration training to local units of government.

**(s) Land and Water Conservation Account (LAWCON) Federal Reimbursement**

\$750,000 is from the state land and water conservation account (LAWCON) in the natural resources fund to the commissioner of natural resources for priorities established by the commissioner for eligible state projects and administrative and planning activities consistent with Minnesota Statutes, section 116P.14, and the federal Land and Water Conservation Fund Act. This appropriation is available until June 30, 2014, by which time the project must be completed and final products delivered.

**Subd. 5. Water Resources**778,000779,000**(a) Itasca County Sensitive Lakeshore Identification**

\$80,000 the first year and \$80,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with Itasca County Soil and Water Conservation District to identify sensitive lakeshore and restorable shoreline in Itasca County. Up to \$130,000 may be retained by the Department of Natural Resources at the request of Itasca County to provide technical assistance.

**(b) Trout Stream Springshed Mapping in Southeast Minnesota - Phase III**

\$250,000 the first year and \$250,000 the second year are from the trust fund to continue to identify and delineate water supply areas and springsheds for springs serving as cold water sources for trout streams and to assess the impacts from development and water

appropriations. Of this appropriation, \$140,000 each year is to the Board of Regents of the University of Minnesota and \$110,000 each year is to the commissioner of natural resources.

**(c) Mississippi River Water Quality Assessment**

\$278,000 the first year and \$279,000 the second year are from the trust fund to the Board of Regents of the University of Minnesota to assess water quality in the Mississippi River using DNA sequencing approaches and chemical analyses. The assessments shall be incorporated into a Web-based educational tool for use in classrooms and public exhibits. This appropriation is available until June 30, 2014, by which time the project must be completed and final products delivered.

**(d) Zumbro River Watershed Restoration Prioritization**

\$75,000 the first year and \$75,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with the Zumbro Watershed Partnership, Inc. to identify sources of erosion and runoff in the Zumbro River Watershed in order to prioritize restoration and protection projects.

**(e) Assessment of Minnesota River Antibiotic Concentrations**

\$95,000 the first year and \$95,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with Saint Thomas University in cooperation with Gustavus Adolphus College and the University of Minnesota to measure antibiotic concentrations and antibiotic resistance levels at sites on the Minnesota River.

**Subd. 6. Aquatic and Terrestrial Invasive Species**

435,000

435,000

**(a) Improved Detection of Harmful Microbes in Ballast Water**

\$125,000 the first year and \$125,000 the second year are from the trust fund to the Board of Regents of the University of Minnesota for the University of Minnesota Duluth to identify and analyze potentially harmful bacteria transported into Lake Superior through ship ballast water discharge. This appropriation is available until June 30, 2014, by which time the project must be completed and final products delivered.

**(b) Emerald Ash Borer Biocontrol Research and Implementation**

\$250,000 the first year and \$250,000 the second year are from the trust fund to the commissioner of agriculture to assess a biocontrol method for suppressing emerald ash borers by testing bioagent winter survival potential, developing release and monitoring methods, and piloting implementation of emerald ash borer biocontrol. This appropriation is available until June 30, 2014, by which time the project must be completed and final products delivered.

**(c) Evaluation of Switchgrass as Biofuel Crop**

\$60,000 the first year and \$60,000 the second year are from the trust fund to the Minnesota State Colleges and Universities System for Central Lakes College in cooperation with the University of Minnesota to determine the invasion risk of selectively bred native grasses for biofuel production and develop strategies to minimize the invasion potential and impacts on biodiversity. This appropriation is available until June 30, 2014, by which time the project must be completed and final products delivered.

**Subd. 7. Renewable Energy and Air Quality**75,00075,000**Supporting Community-Driven Sustainable Bioenergy Projects**

\$75,000 the first year and \$75,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with Dovetail Partners, Inc., in cooperation with the University of Minnesota to assess feasibility, impacts, and management needs of community-scale forest bioenergy systems through pilot studies in Ely and Cook County and to disseminate findings to inform related efforts in other communities.

**Subd. 8. Environmental Education**123,000123,000**Youth-Led Renewable Energy and Energy Conservation in West Central and Southwest Minnesota**

\$123,000 the first year and \$123,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with Prairie Woods Environmental Learning Center to initiate youth-led renewable energy and conservation projects in over thirty communities in west central and southwest Minnesota.

**Subd. 9. Emerging Issues**5,964,0004,213,000**(a) Minnesota Conservation Apprentice Academy**

\$100,000 the first year and \$100,000 the second year are from the trust fund to the Board of Water and Soil Resources in cooperation with Conservation Corps Minnesota to train and mentor future conservation professionals by providing apprenticeship service opportunities to soil and water conservation districts. This appropriation is available until June 30, 2014, by which time the project must be completed and the final products delivered.

**(b) Wild Rice Standards**

\$1,000,000 the first year is from the trust fund to the commissioner of the Pollution Control Agency for a wild rice standards study. This appropriation is available until June 30, 2015.

**(c) Chronic Wasting Disease and Animal Health**

\$600,000 the first year and \$600,000 the second year are from the trust fund to the commissioner of natural resources to address chronic wasting disease and accelerate wildlife health programs.

**(d) Aquatic Invasive Species**

\$2,177,000 the first year and \$3,513,000 the second year are from the trust fund to the commissioner of natural resources to accelerate aquatic invasive species programs, including the development and implementation of best management practices for public water access facilities to implement aquatic invasive species prevention strategies. \$50,000 is for a grant to develop and produce a documentary identifying the challenges presented by aquatic invasive species. The documentary shall be available to the Department of Natural Resources to distribute to watercraft license purchasers and the general public through online and other media.

**(e) Coon Rapids Dam**

\$442,000 the first year is from the trust fund to the commissioner of natural resources for a grant to Three Rivers Park District for predesign and design of the Coon Rapids Dam for improvements and to function as a barrier to invasive fish.

**(f) Reinvest in Minnesota Wetlands Reserve Acquisition and Restoration Program Partnership**

\$1,645,000 the first year is to the Board of Water and Soil Resources to acquire permanent conservation easements and restore wetlands and associated upland habitat in cooperation with the United States Department of Agriculture Wetlands Reserve Program. A list of proposed land acquisitions must be provided as part of the required work program.

**Subd. 10. Administration and Contract Management**564,000560,000**(a) Legislative-Citizen Commission on Minnesota Resources (LCCMR)**

\$473,000 the first year and \$473,000 the second year are from the trust fund to the LCCMR for administration as provided in Minnesota Statutes, section 116P.09, subdivision 5.

**(b) Contract Management**

\$88,000 the first year and \$87,000 the second year are from the trust fund to the commissioner of natural resources for expenses incurred for contract fiscal services for the agreements specified in this section. The commissioner shall provide documentation to the



Legislative-Citizen Commission on Minnesota Resources on the expenditure of these funds. This appropriation is available until June 30, 2014.

**(c) LCC Web Site**

\$3,000 in the first year is appropriated to the Legislative Coordinating Commission for the Web site required in Minnesota Statutes, section 3.303, subdivision 10.

**Subd. 11. Availability of Appropriations**

Money appropriated in this section may not be spent on activities unless they are directly related to the specific appropriation and are specified in the approved work program. Money appropriated in this section must not be spent on indirect costs or other institutional overhead charges. Unless otherwise provided, the amounts in this section are available until June 30, 2013, when projects must be completed and final products delivered. For acquisition of real property, the amounts in this section are available until June 30, 2014, if a binding contract is entered into by June 30, 2013, and closed not later than June 30, 2014. If a project receives a federal grant, the time period of the appropriation is extended to equal the federal grant period.

**Subd. 12. Data Availability Requirements**

Data collected by the projects funded under this section must conform to guidelines and standards adopted by the Office of Enterprise Technology. Spatial data also must conform to additional guidelines and standards designed to support data coordination and distribution that have been published by the Minnesota Geospatial Information Office. Descriptions of spatial data must be prepared as specified in the state's geographic metadata guideline and must be submitted to the Minnesota Geospatial Information Office. All data must be accessible and free to the public unless made private under the Data Practices Act, Minnesota Statutes, chapter 13.

To the extent practicable, summary data and results of projects funded under this section should be readily accessible on the Internet and identified as an environment and natural resources trust fund project.

**Subd. 13. Project Requirements**

(a) As a condition of accepting an appropriation under this section, any agency or entity receiving an appropriation or a party to an agreement from an appropriation must comply with paragraphs (b) to (k) and Minnesota Statutes, chapter 116P, and must submit a work program and semiannual progress reports in the form

determined by the Legislative-Citizen Commission on Minnesota Resources for any project funded in whole or in part with funds from the appropriation.

(b) For all restorations conducted with money appropriated under this section, a recipient must prepare an ecological restoration and management plan that, to the degree practicable, is consistent with the highest quality conservation and ecological goals for the restoration site. Consideration should be given to soil, geology, topography, and other relevant factors that would provide the best chance for long-term success of the restoration projects. The plan must include the proposed timetable for implementing the restoration, including site preparation, establishment of diverse plant species, maintenance, and additional enhancement to establish the restoration; identify long-term maintenance and management needs of the restoration and how the maintenance, management, and enhancement will be financed; and take advantage of the best available science and include innovative techniques to achieve the best restoration.

(c) Any entity receiving an appropriation in this section for restoration activities must provide an initial restoration evaluation at the completion of the appropriation and an evaluation three years beyond the completion of the expenditure. Restorations must be evaluated relative to the stated goals and standards in the restoration plan, current science, and, when applicable, the Board of Water and Soil Resources' native vegetation establishment and enhancement guidelines. The evaluation shall determine whether the restorations are meeting planned goals, identify any problems with the implementation of the restorations, and, if necessary, give recommendations on improving restorations. The evaluation shall be focused on improving future restorations.

(d) Except as otherwise provided in this section, all restoration and enhancement projects funded with money appropriated in this section must be on land permanently protected by a conservation easement or public ownership or in public waters as defined in Minnesota Statutes, section 103G.005, subdivision 15.

(e) A recipient of money from an appropriation under this section must give consideration to contracting with Conservation Corps Minnesota or its successor for contract restoration and enhancement services.

(f) All conservation easements acquired with money appropriated under this section must:

(1) be perpetual;

(2) specify the parties to an easement in the easement;

- (3) specify all of the provisions of an agreement that are perpetual;
- (4) be sent to the Office of the Legislative-Citizen Commission on Minnesota Resources in an electronic format;
- (5) include a long-term monitoring and enforcement plan and funding for monitoring and enforcing the easement agreement; and
- (6) include requirements in the easement document to address specific water quality protection activities such as keeping water on the landscape, reducing nutrient and contaminant loading, protecting groundwater, and not permitting artificial hydrological modifications.
- (g) For any acquisition of land or interest in land, a recipient of money appropriated under this section must give priority to high quality natural resources or conservation lands that provide natural buffers to water resources.
- (h) For new lands acquired with money appropriated under this section, a recipient must prepare a restoration and management plan in compliance with paragraph (b), including sufficient funding for implementation unless the work program addresses why a portion of the money is not necessary to achieve a high quality restoration.
- (i) To the extent an appropriation is used to acquire an interest in real property, a recipient of an appropriation under this section must provide to the Legislative-Citizen Commission on Minnesota Resources and the commissioner of management and budget an analysis of increased operations and maintenance costs likely to be incurred by public entities as a result of the acquisition and how these costs are to be paid.
- (j) To ensure public accountability for the use of public funds, a recipient of money appropriated under this section must provide to the Legislative-Citizen Commission on Minnesota Resources documentation of the selection process used to identify parcels acquired and provide documentation of all related transaction costs, including but not limited to appraisals, legal fees, recording fees, commissions, other similar costs, and donations. This information must be provided for all parties involved in the transaction. The recipient must also report to the Legislative-Citizen Commission on Minnesota Resources any difference between the acquisition amount paid to the seller and the state-certified or state-reviewed appraisal, if a state-certified or state-reviewed appraisal was conducted. Acquisition data such as appraisals may remain private during negotiations but must ultimately be made public according to Minnesota Statutes, chapter 13. The Legislative-Citizen Commission on Minnesota Resources shall review the requirement in this paragraph and provide a recommendation on whether to continue or modify the requirement in future years. The commission may waive the application of this paragraph for specific projects.

(k) A recipient of an appropriation from the trust fund under this section must acknowledge financial support from the Minnesota environment and natural resources trust fund in project publications, signage, and other public communications and outreach related to work completed using the appropriation. Acknowledgment may occur, as appropriate, through use of the trust fund logo or inclusion of language attributing support from the trust fund.

**Subd. 14. Payment Conditions and Capital Equipment Expenditures**

All agreements, grants, or contracts referred to in this section must be administered on a reimbursement basis unless otherwise provided in this section. Notwithstanding Minnesota Statutes, section 16A.41, expenditures made on or after July 1, 2011, or the date the work program is approved, whichever is later, are eligible for reimbursement unless otherwise provided in this section. Periodic payment must be made upon receiving documentation that the deliverable items articulated in the approved work program have been achieved, including partial achievements as evidenced by approved progress reports. Reasonable amounts may be advanced to projects to accommodate cash flow needs or match federal money. The advances must be approved as part of the work program. No expenditures for capital equipment are allowed unless expressly authorized in the project work program.

**Subd. 15. Purchase of Recycled and Recyclable Materials**

A political subdivision, public or private corporation, or other entity that receives an appropriation under this section must use the appropriation in compliance with Minnesota Statutes, section 16B.121, regarding purchase of recycled, repairable, and durable materials; and Minnesota Statutes, section 16B.122, regarding purchase and use of paper stock and printing.

**Subd. 16. Energy Conservation and Sustainable Building Guidelines**

A recipient to whom an appropriation is made under this section for a capital improvement project must ensure that the project complies with the applicable energy conservation and sustainable building guidelines and standards contained in law, including Minnesota Statutes, sections 16B.325, 216C.19, and 216C.20, and rules adopted under those sections. The recipient may use the energy planning, advocacy, and State Energy Office units of the Department of Commerce to obtain information and technical assistance on energy conservation and alternative energy development relating to the planning and construction of the capital improvement project.

**Subd. 17. Accessibility**

Structural and nonstructural facilities must meet the design standards in the Americans with Disabilities Act (ADA) accessibility guidelines.

**Subd. 18. Carryforward**

(a) The availability of the appropriation for the following projects is extended to June 30, 2012:

(1) Laws 2008, chapter 367, section 2, subdivision 4, paragraph (f), Native Shoreland Buffer Incentives Program;

(2) Laws 2008, chapter 367, section 2, subdivision 4, paragraph (g), Southeast Minnesota Stream Restoration Projects;

(3) Laws 2009, chapter 143, section 2, subdivision 4, paragraph (a), State Park Acquisition;

(4) Laws 2009, chapter 143, section 2, subdivision 4, paragraph (b), State Trail Acquisition;

(5) Laws 2009, chapter 143, section 2, subdivision 6, paragraph (c), Improving Emerging Fish Disease Surveillance in Minnesota;

(6) Laws 2009, chapter 143, section 2, subdivision 8, paragraph (a), Contract Management; and

(7) Laws 2009, chapter 143, section 2, subdivision 8, paragraph (b), Legislative-Citizen Commission on Minnesota Resources (LCCMR) for purposes provided under Minnesota Statutes, section 16A.281.

(b) The availability of the appropriation for the following project is extended to June 30, 2013:

(1) Laws 2010, chapter 362, section 2, subdivision 8, paragraph (f), Expanding Outdoor Classrooms at Minnesota Schools; and

(2) Laws 2010, chapter 362, section 2, subdivision 8, paragraph (g), Integrating Environmental and Outdoor Education in Grades 7-12.

**Subd. 19. Easement Monitoring and Enforcement Requirements**

Money appropriated under this section and adjustments made under subdivision 20 for easement monitoring and enforcement may be spent only on activities included in an easement monitoring and enforcement plan contained within the work program. Money received for monitoring and enforcement, including earnings on the money received, shall be kept in a monitoring and enforcement

fund held by the organization and dedicated to monitoring and enforcing conservation easements within Minnesota. Within 120 days after the close of the entity's fiscal year, an entity receiving appropriations for easement monitoring and enforcement must provide an annual financial report to the Legislative-Citizen Commission on Minnesota Resources on the easement monitoring and enforcement fund as specified in the work program. Money appropriated under this section for monitoring and enforcement of easements and earnings on the money appropriated shall revert to the state if: (1) the easement transfers to the state; (2) the holder of the easement fails to file an annual report and then fails to cure that default within 30 days of notification of the default by the state; or (3) the holder of the easement fails to comply with the terms of the monitoring and enforcement plan contained within the work program and fails to cure that default within 90 days of notification of the default by the state.

**Subd. 20. Appropriations Adjustment**

**(a) Metropolitan Conservation Corridors**

(1) Of the amount appropriated in Laws 2003, chapter 128, article 1, section 9, subdivision 5, paragraph (b), up to \$48,000 is for deposit in a monitoring and enforcement account as authorized in subdivision 19.

(2) Of the amount appropriated in Laws 2005, First Special Session, chapter 1, article 2, section 11, subdivision 5, paragraph (b), up to \$49,000 is for deposit in a monitoring and enforcement account as authorized in subdivision 19.

(3) Of the amount appropriated in Laws 2007, chapter 30, section 2, subdivision 4, paragraph (c), up to \$59,000 is for deposit in a monitoring and enforcement account as authorized in subdivision 19.

(4) Of the amount appropriated in Laws 2008, chapter 367, section 2, subdivision 3, paragraph (a), up to \$42,000 is for deposit in a monitoring and enforcement account as authorized in subdivision 19.

(5) Of the amount appropriated in Laws 2009, chapter 143, section 2, subdivision 4, paragraph (f), up to \$80,000 is for deposit in a monitoring and enforcement account as authorized in subdivision 19.

(6) Of the amount appropriated in Laws 2010, chapter 362, section 2, subdivision 4, paragraph (g), up to \$10,000 is for deposit in a monitoring and enforcement account as authorized in subdivision 19.

**(b) Habitat Conservation Partnership**

(1) Of the amount appropriated in Laws 2001, First Special Session chapter 2, section 14, subdivision 4, paragraph (e), up to \$288,000 is for deposit in a monitoring and enforcement account as authorized in subdivision 19.

(2) Of the amount appropriated in Laws 2003, chapter 128, article 1, section 9, subdivision 5, paragraph (a), up to \$78,000 is for deposit in a monitoring and enforcement account as authorized in subdivision 19.

(3) Of the amount appropriated in Laws 2005, First Special Session chapter 1, section 11, subdivision 5, paragraph (a), up to \$55,000 is for deposit in a monitoring and enforcement account as authorized in subdivision 19.

(4) Of the amount appropriated in Laws 2007, chapter 30, section 2, subdivision 4, paragraph (b), up to \$123,000 is for deposit in a monitoring and enforcement account as authorized in subdivision 19.

(5) Of the amount appropriated in Laws 2008, chapter 367, section 2, subdivision 3, paragraph (c), up to \$120,000 is for deposit in a monitoring and enforcement account as authorized in subdivision 19.

(6) Of the amount appropriated in Laws 2009, chapter 143, section 2, subdivision 4, paragraph (e), up to \$60,000 is for deposit in a monitoring and enforcement account as authorized in subdivision 19.

(7) Of the amount appropriated in Laws 2010, chapter 362, section 2, subdivision 4, paragraph (f), up to \$30,000 is for deposit in a monitoring and enforcement account as authorized in subdivision 19.

**(c) Preserving the Avon Hills Landscape**

Of the amount appropriated in Laws 2008, chapter 367, section 2, subdivision 3, paragraph (d), up to \$120,000 is for deposit in a monitoring and enforcement account as authorized in subdivision 19.

**(d) New Models for Land-Use Planning**

Of the amount appropriated in Laws 1997, chapter 216, section 15, subdivision 9, paragraph (d), up to \$33,000 is for deposit in a monitoring and enforcement account as authorized in subdivision 19.

**(e) Conservation-Based Development Program**

Of the amount appropriated in Laws 1999, chapter 231, section 16, subdivision 8, paragraph (e), up to \$5,000 is for deposit in a monitoring and enforcement account as authorized in subdivision 19.

ARTICLE 4  
STATUTORY CHANGES

Section 1. **[16E.0475] ADVISORY COMMITTEE FOR TECHNOLOGY STANDARDS FOR ACCESSIBILITY AND USABILITY.**

Subdivision 1. **Membership.** (a) The Advisory Committee for Technology Standards for Accessibility and Usability consists of ten members, appointed as follows:

(1) the state chief information officer, or the state chief information officer's designee;

(2) a representative from State Services for the Blind, appointed by the commissioner of employment and economic development;

(3) the commissioner of administration, or the commissioner's designee;

(4) a representative selected by the Minnesota system of technology to achieve results program;

(5) a representative selected by the Commission of Deaf, DeafBlind, and Hard-of-Hearing Minnesotans;

(6) the commissioner of education, or the commissioner's designee;

(7) the commissioner of health, or the commissioner's designee;

(8) the commissioner of human services, or the commissioner's designee;

(9) one representative from the Minnesota judicial system designated by the chief justice; and

(10) one staff member from the legislature, appointed by the chair of the Legislative Coordinating Commission.

(b) The appointing authorities under this subdivision must use their best efforts to ensure that the membership of the advisory committee includes at least one representative who is deaf, hard-of-hearing, or deafblind and at least one representative who is blind.

(c) The advisory committee shall elect a chair from its membership.

Subd. 2. **Duties.** (a) The advisory committee shall:

(1) recommend review processes to be used for the evaluation or certification of accessibility of technology against accessibility standards;

(2) recommend an exception process and thresholds for any deviation from the accessibility standards;

(3) identify, in consultation with state agencies serving Minnesotans with disabilities, resources for training and technical assistance for state agency staff, including instruction regarding compliance with accessibility standards;

(4) convene customer groups composed of individuals with disabilities to assist in implementation of accessibility standards;

(5) review customer comments about accessibility and usability issues collected by State Services for the Blind; and

(6) develop proposals for funding captioning of live videoconferencing, live Webcasts, Web streaming, podcasts, and other emerging technologies.

(b) The advisory committee shall report to the chairs and ranking minority members of the legislative committees with jurisdiction over state technology systems by January 15 each year regarding the findings, progress, and recommendations made by the advisory committee under this subdivision. The report shall include any draft legislation necessary to implement the committee's recommendations.



Subd. 3. **Terms, compensation, and removal.** The terms, compensation, and removal of members are governed by section 15.059.

Subd. 4. **Expiration.** This section expires June 30, 2013.

Sec. 2. Minnesota Statutes 2010, section 41A.105, is amended by adding a subdivision to read:

Subd. 1a. **Definitions.** For the purpose of this section:

(1) "biobutanol facility" means a facility at which biobutanol is produced; and

(2) "biobutanol" means fermentation isobutyl alcohol that is derived from agricultural products, including potatoes, cereal grains, cheese whey, and sugar beets; forest products; or other renewable resources, including residue and waste generated from the production, processing, and marketing of agricultural products, forest products, and other renewable resources.

Sec. 3. Minnesota Statutes 2010, section 65B.84, is amended to read:

#### **65B.84 AUTOMOBILE THEFT PREVENTION PROGRAM.**

Subdivision 1. **Program described; commissioner's duties; appropriation.** (a) The commissioner of ~~commerce~~ public safety 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 of public safety 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 of public safety 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 of public safety 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 general fund described in section 168A.40, subdivision 4.

Subd. 2. **Annual report.** By January 15 of each year, the commissioner of public safety 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.

Subd. 3. **Grant criteria; application.** (a) A county attorney's office, law enforcement agency, neighborhood organization, community organization, or business organization may apply for a grant under this section. Multiple offices or agencies within a county may apply for a grant under this section.

(b) The commissioner, ~~in consultation with the commissioner~~ of public safety, must develop criteria for the fair distribution of grants from the automobile theft prevention account that address the following factors:

(1) the number of reported automobile thefts per capita in a city, county, or region, not merely the total number of automobile thefts;

(2) the population of the jurisdiction of the applicant office or agency;

(3) the total funds distributed within a county or region; and

(4) the statewide interest in automobile theft reduction.

(c) The commissioner of public safety may give priority to:

(1) offices and agencies engaged in a collaborative effort to reduce automobile theft; and

(2) counties or regions with the greatest rates of automobile theft.

(d) The minimum amount of a grant award is \$5,000. After considering the automobile theft rate and total population of an applicant's jurisdiction, if a grant award, as determined under the criteria and priorities in this subdivision, would be less than \$5,000, it must not be awarded.

Subd. 4. **Advisory board; creation; membership.** An Automobile Theft Prevention Advisory Board is established to advise the commissioner on the distribution of grants under this section. The board must consist of seven members appointed by the commissioner of public safety and must include representatives of law enforcement, prosecuting agencies, automobile insurers, and the public. The commissioner of public safety must annually select a chair from among its members.

**EFFECTIVE DATE.** This section is effective June 30, 2013.

Sec. 4. **[84.0264] FEDERAL LAND AND WATER CONSERVATION FUNDS.**

Subdivision 1. **Designated agency.** The Department of Natural Resources is designated as the state agency to apply for, accept, receive, and disburse federal reimbursement funds and private funds that are granted to the state of Minnesota from section 6 of the federal Land and Water Conservation Fund Act.

Subd. 2. **State land and water conservation account.** A state land and water conservation account is created in the natural resources fund. All of the money made available to the state from funds granted under subdivision 1 shall be deposited in the state land and water conservation account.

Subd. 3. **Local share.** Fifty percent of all money made available to the state from funds granted under subdivision 1 shall be distributed for projects to be acquired, developed, and maintained by local units of government, provided that any project approved is consistent with a statewide or a county or regional recreational plan and compatible with the statewide recreational plan. All money received by the commissioner for local units of government is appropriated annually to carry out the purposes for which the funds are received.

Subd. 4. **State share.** Fifty percent of the money made available to the state from funds granted under subdivision 1 shall be used for state land acquisition and development for the state outdoor recreation system under chapter 86A and the administrative expenses necessary to maintain eligibility for the federal land and water conservation fund.

Sec. 5. **[84.8035] NONRESIDENT OFF-ROAD VEHICLE STATE TRAIL PASS.**

Subdivision 1. **Pass required; fee.** (a) A nonresident may not operate an off-road vehicle on a state or grant-in-aid off-road vehicle trail unless the vehicle displays a nonresident off-road vehicle state trail pass sticker issued according to this section. The pass must be viewable by a peace officer, a conservation officer, or an employee designated under section 84.0835.

(b) The fee for an annual pass is \$20. The pass is valid from January 1 through December 31. The fee for a three-year pass is \$30. The commissioner of natural resources shall issue a pass upon application and payment of the fee. Fees collected under this section, except for the issuing fee for licensing agents, shall be deposited in the state treasury and credited to the off-road vehicle account in the natural resources fund and, except for the electronic licensing system commission established by the commissioner under section 84.027, subdivision 15, must be used for grants-in-aid to counties and municipalities for off-road vehicle organizations to construct and maintain off-road vehicle trails and use areas.

(c) A nonresident off-road vehicle state trail pass is not required for:

(1) an off-road vehicle that is owned and used by the United States, another state, or a political subdivision thereof that is exempt from registration under section 84.798, subdivision 2;

(2) a person operating an off-road vehicle only on the portion of a trail that is owned by the person or the person's spouse, child, or parent; or

(3) a nonresident operating an off-road vehicle that is registered according to section 84.798.

Subd. 2. **License agents.** The commissioner shall appoint agents to issue and sell nonresident off-road vehicle state trail passes. The commissioner may revoke the appointment of an agent at any time. The commissioner may adopt additional rules as provided in section 97A.485, subdivision 11. An agent shall observe all rules adopted by the commissioner for accounting and handling of passes pursuant to section 97A.485, subdivision 11. An agent shall promptly deposit and remit all money received from the sale of the passes, exclusive of the issuing fee, to the commissioner.

Subd. 3. **Issuance of passes.** The commissioner and agents shall issue and sell nonresident off-road vehicle state trail passes. The commissioner shall also make the passes available through the electronic licensing system established under section 84.027, subdivision 15.

Subd. 4. **Agent's fee.** In addition to the fee for a pass, an issuing fee of \$1 per pass shall be charged. The issuing fee may be retained by the seller of the pass. Issuing fees for passes issued by the commissioner shall be deposited in the off-road vehicle account in the natural resources fund and retained for the operation of the electronic licensing system.

Subd. 5. **Duplicate passes.** The commissioner and agents shall issue a duplicate pass to persons whose pass is lost or destroyed using the process established under section 97A.405, subdivision 3, and rules adopted thereunder. The fee for a duplicate nonresident off-road vehicle state trail pass is \$4, with an issuing fee of 50 cents.

Sec. 6. Minnesota Statutes 2010, section 84D.15, subdivision 2, is amended to read:

Subd. 2. **Receipts.** Money received from surcharges on watercraft licenses under section 86B.415, subdivision 7, and civil penalties under section 84D.13 shall be deposited in the invasive species account. Each year, the commissioner of management and budget shall transfer from the game and fish fund to the invasive species account, the annual surcharge collected on nonresident fishing licenses under section 97A.475, subdivision 7, paragraph (b). ~~In fiscal years 2010 and 2011~~ Each fiscal year, the commissioner of management and budget shall transfer ~~\$725,000~~ \$750,000 from the water recreation account under section 86B.706 to the invasive species account.

Sec. 7. Minnesota Statutes 2010, section 85.052, subdivision 4, is amended to read:

Subd. 4. **Deposit of fees.** (a) Fees paid for providing contracted products and services within a state park, state recreation area, or wayside, and for special state park uses under this section shall be deposited in the natural resources fund and credited to a state parks account.

(b) Gross receipts derived from sales, rentals, or leases of natural resources within state parks, recreation areas, and waysides, other than those on trust fund lands, must be deposited in the state treasury and credited to the state parks working capital account. ~~The appropriation under section 85.22 for revenue deposited in this section is limited to \$25,000 per fiscal year.~~

(c) Notwithstanding paragraph (b), the gross receipts from the sale of stockpile materials, aggregate, or other earth materials from the Iron Range Off-Highway Vehicle Recreation Area shall be deposited in the dedicated accounts in the natural resources fund from which the purchase of the stockpile material was made.

Sec. 8. **[89.0385] FOREST MANAGEMENT INVESTMENT ACCOUNT; COST CERTIFICATION.**

(a) After each fiscal year, the commissioner shall certify the total costs incurred for forest management, forest improvement, and road improvement on state-managed lands during that year. The commissioner shall distribute forest management receipts credited to various accounts according to this section.

(b) The amount of the certified costs incurred for forest management activities on state lands shall be transferred from the account where receipts are deposited to the forest management investment account in the natural resources fund, except for those costs certified under section 16A.125. Transfers in a fiscal year cannot exceed receipts credited to the account.

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

Sec. 9. Minnesota Statutes 2010, section 89.039, subdivision 1, is amended to read:

Subdivision 1. **Account established; sources.** The forest management investment account is created in the natural resources fund in the state treasury and money in the account may be spent only for the purposes provided in subdivision 2. The following revenue shall be deposited in the forest management investment account:

(1) timber sales receipts transferred from the consolidated conservation areas account as provided in section 84A.51, subdivision 2;

(2) timber sales receipts from forest lands as provided in section 89.035;

(3) money transferred from the forest suspense account according to section 16A.125, subdivision 5; ~~and~~

(4) interest accruing from investment of the account-; ~~and~~

(5) money transferred from other accounts according to section 89.0385.

Sec. 10. Minnesota Statutes 2010, section 89.21, is amended to read:

**89.21 CAMPGROUNDS, ESTABLISHMENT AND FEES.**

(a) The commissioner is authorized to establish and develop state forest campgrounds and may establish minimum standards not inconsistent with the laws of the state for the care and use of such campgrounds and charge fees for such uses as specified by the commissioner of natural resources.

(b) Notwithstanding section 16A.1283, the commissioner shall, by written order, establish fees providing for the use of state forest campgrounds. The fees are not subject to the rulemaking provisions of chapter 14 and section 14.386 does not apply.

(c) All fees shall be deposited in ~~the general fund~~ an account in the natural resources fund and are appropriated annually to the commissioner.

Sec. 11. Minnesota Statutes 2010, section 89.35, subdivision 2, is amended to read:

Subd. 2. **Purpose of planting.** The purposes for which trees may be produced, procured, distributed, and planted under sections 89.35 to 89.39 shall include auxiliary forests, woodlots, windbreaks, shelterbelts, erosion control, soil conservation, water conservation, provision of permanent food and cover for wild life, environmental education, and afforestation and reforestation on ~~public or private state lands of any kind~~, but shall not include the raising of fruit for human consumption or planting for purely ornamental purposes. It is hereby declared that all such authorized purposes are in furtherance of the public health, safety, and welfare.

Sec. 12. Minnesota Statutes 2010, section 89.36, subdivision 1, is amended to read:

Subdivision 1. **Production at state nurseries.** The commissioner of natural resources may produce tree planting stock for the purposes of sections 89.35 to 89.39 upon any lands under control of the commissioner which may be deemed suitable and available ~~therefor so far as not inconsistent~~ consistent with other uses to which ~~such the~~ lands may be dedicated by law. The commissioner may not produce more than ~~10,000,000~~ 8,000,000 units of planting stock annually, after ~~January 1, 2003~~ June 30, 2011. The commissioner shall limit deciduous tree stock production to no more than two percent of total annual production.

Sec. 13. Minnesota Statutes 2010, section 89.37, subdivision 1, is amended to read:

Subdivision 1. ~~Planting conditions~~ **State lands.** The commissioner of natural resources may supply planting stock produced or procured ~~hereunder~~ for use on any ~~public or private~~ state lands ~~within the state~~ for the purposes ~~herein~~ authorized under ~~such conditions as~~ sections 89.35 to 89.39. The commissioner may prescribe for planting, care, and maintenance in furtherance of ~~such the~~ purposes specified. The commissioner may sell excess tree planting stock to licensed, private nurseries.

Sec. 14. Minnesota Statutes 2010, section 89.37, subdivision 3b, is amended to read:

Subd. 3b. **Sales to nurseries.** To promote the availability and use of native plant material, the commissioner may sell native tree seed to licensed, private Minnesota nurseries when supplies of seed from geographically adapted sources are not available from private Minnesota seed dealers. ~~The commissioner may also sell native trees and shrubs in lots of ten or more to nonprofit groups and local units of government.~~

Sec. 15. Minnesota Statutes 2010, section 93.481, subdivision 7, is amended to read:

Subd. 7. **Mining administration account.** The mining administration account is established as an account in the natural resources fund. Fees charged to owners, operators, or managers of mines under this section and section 93.482 shall be credited to the account and ~~may be~~ are appropriated to the commissioner to cover the costs of providing and monitoring permits to mine. Earnings accruing from investment of the account remain with the account until appropriated.

Sec. 16. **[97A.052] PEACE OFFICER TRAINING ACCOUNT.**

Subdivision 1. **Account established; sources.** The peace officer training account is created in the game and fish fund in the state treasury. Revenue from the portion of the surcharges assessed to criminal and traffic offenders in section 357.021, subdivision 7, clause (1), shall be deposited in the account. Money in the account may be spent only for the purposes provided in subdivision 2.

Subd. 2. **Purposes of account.** Money in the peace officer training account may only be spent by the commissioner for peace officer training for employees of the Department of Natural Resources who are licensed under sections 626.84 to 626.863 to enforce game and fish laws.

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

Sec. 17. Minnesota Statutes 2010, section 97A.055, is amended by adding a subdivision to read:

Subd. 2b. **Certified costs.** Money for the certified costs under section 89.0385 is transferred annually for reimbursement of certified costs on state lands acquired by purchase or gift for game and fish purposes.

Sec. 18. Minnesota Statutes 2010, section 97A.071, subdivision 2, is amended to read:

Subd. 2. **Revenue from small game license surcharge and lifetime licenses.** Revenue from the small game surcharge and \$6.50 annually from the lifetime fish and wildlife trust fund, established in section 97A.4742, for each license issued under sections 97A.473, subdivisions 3 and 5, and 97A.474, subdivision 3, shall be credited to the wildlife acquisition account and is appropriated to the commissioner. The money in the account shall be used by the commissioner only for the purposes of this section, and acquisition and development of wildlife lands under section 97A.145 and maintenance of the lands, in accordance with appropriations made by the legislature.

Sec. 19. Minnesota Statutes 2010, section 97A.075, is amended to read:

**97A.075 USE OF LICENSE REVENUES.**

Subdivision 1. **Deer, bear, and lifetime licenses.** (a) For purposes of this subdivision, "deer license" means a license issued under section 97A.475, subdivisions 2, clauses (5), (6), (7), (13), (14), and (15), and 3, clauses (2), (3), (4), (10), (11), and (12), and licenses issued under section 97B.301, subdivision 4.

(b) \$2 from each annual deer license and \$2 annually from the lifetime fish and wildlife trust fund, established in section 97A.4742, for each license issued under section 97A.473, subdivision 4, shall be credited to the deer management account and ~~shall be used~~ is appropriated to the commissioner for deer habitat improvement or deer management programs.

(c) \$1 from each annual deer license and each bear license and \$1 annually from the lifetime fish and wildlife trust fund, established in section 97A.4742, for each license issued under section 97A.473, subdivision 4, shall be credited to the deer and bear management account and ~~shall be used~~ is appropriated to the commissioner for deer and bear management programs, including a computerized licensing system.

(d) Fifty cents from each deer license is credited to the emergency deer feeding and wild cervidae health management account and is appropriated for emergency deer feeding and wild cervidae health management. Money appropriated for emergency deer feeding and wild cervidae health management is available until expended. The commissioner must inform the legislative chairs of the natural resources finance committees every two years on how the money for emergency deer feeding and wild cervidae health management has been spent.

When the unencumbered balance in the appropriation for emergency deer feeding and wild cervidae health management exceeds \$2,500,000 at the end of a fiscal year, the unencumbered balance in excess of \$2,500,000 is canceled and available for deer and bear management programs and computerized licensing.

Subd. 2. **Minnesota migratory waterfowl stamp.** (a) Ninety percent of the revenue from the Minnesota migratory waterfowl stamps must be credited to the waterfowl habitat improvement account. ~~Money in the account may be used~~ and is appropriated to the commissioner only for:

(1) development of wetlands and lakes in the state and designated waterfowl management lakes for maximum migratory waterfowl production including habitat evaluation, the construction of dikes, water control structures and impoundments, nest cover, rough fish barriers, acquisition of sites and facilities necessary for development and management of existing migratory waterfowl habitat and the designation of waters under section 97A.101;

(2) management of migratory waterfowl;

(3) development, restoration, maintenance, or preservation of migratory waterfowl habitat;

(4) acquisition of and access to structure sites; and

(5) the promotion of waterfowl habitat development and maintenance, including promotion and evaluation of government farm program benefits for waterfowl habitat.

(b) Money in the account may not be used for costs unless they are directly related to a specific parcel of land or body of water under paragraph (a), clause (1), (3), (4), or (5), or to specific management activities under paragraph (a), clause (2).

Subd. 3. **Trout and salmon stamp.** (a) Ninety percent of the revenue from trout and salmon stamps must be credited to the trout and salmon management account. ~~Money in the account may be used~~ and is appropriated to the commissioner only for:

(1) the development, restoration, maintenance, improvement, protection, and preservation of habitat for trout and salmon in trout streams and lakes, including, but not limited to, evaluating habitat; stabilizing eroding stream banks; adding fish cover; modifying stream channels; managing vegetation to protect, shade, or reduce runoff on stream banks; and purchasing equipment to accomplish these tasks;

(2) rearing trout and salmon, including utility and service costs associated with coldwater hatchery buildings and systems; stocking trout and salmon in streams and lakes and Lake Superior; and monitoring and evaluating stocked trout and salmon;

(3) acquisition of easements and fee title along trout waters;

(4) identifying easement and fee title areas along trout waters; and

(5) research and special management projects on trout streams, trout lakes, and Lake Superior and portions of its tributaries.

(b) Money in the account may not be used for costs unless they are directly related to a specific parcel of land or body of water under paragraph (a), to specific fish rearing activities under paragraph (a), clause (2), or for costs associated with supplies and equipment to implement trout and salmon management activities under paragraph (a).

Subd. 4. **Pheasant stamp.** (a) Ninety percent of the revenue from pheasant stamps must be credited to the pheasant habitat improvement account. ~~Money in the account may be used~~ and is appropriated to the commissioner only for:

(1) the development, restoration, and maintenance of suitable habitat for ringnecked pheasants on public and private land including the establishment of nesting cover, winter cover, and reliable food sources;

(2) reimbursement of landowners for setting aside lands for pheasant habitat;

(3) reimbursement of expenditures to provide pheasant habitat on public and private land;

(4) the promotion of pheasant habitat development and maintenance, including promotion and evaluation of government farm program benefits for pheasant habitat; and

(5) the acquisition of lands suitable for pheasant habitat management and public hunting.

(b) Money in the account may not be used for:

(1) costs unless they are directly related to a specific parcel of land under paragraph (a), clause (1), (3), or (5), or to specific promotional or evaluative activities under paragraph (a), clause (4); or



(2) any personnel costs, except that prior to July 1, 2019, personnel may be hired to provide technical and promotional assistance for private landowners to implement conservation provisions of state and federal programs.

Subd. 5. **Turkey account.** (a) \$4.50 from each turkey license sold, except youth licenses under section 97A.475, subdivision 2, clause (4), and subdivision 3, clause (7), must be credited to the wild turkey management account. ~~Money in the account may be used and is appropriated to the commissioner~~ only for:

(1) the development, restoration, and maintenance of suitable habitat for wild turkeys on public and private land including forest stand improvement and establishment of nesting cover, winter roost area, and reliable food sources;

(2) acquisitions of, or easements on, critical wild turkey habitat;

(3) reimbursement of expenditures to provide wild turkey habitat on public and private land;

(4) trapping and transplantation of wild turkeys; and

(5) the promotion of turkey habitat development and maintenance, population surveys and monitoring, and research.

(b) Money in the account may not be used for:

(1) costs unless they are directly related to a specific parcel of land under paragraph (a), clauses (1) to (3), a specific trap and transplant project under paragraph (a), clause (4), or to specific promotional or evaluative activities under paragraph (a), clause (5); or

(2) any permanent personnel costs.

Subd. 6. **Walleye stamp.** (a) Revenue from walleye stamps must be credited to the walleye stamp account. ~~Money in the account must be used and is appropriated to the commissioner~~ only for stocking walleye in waters of the state and related activities.

(b) Money in the account may not be used for costs unless they are directly related to a specific body of water under paragraph (a), or for costs associated with supplies and equipment to implement walleye stocking activities under paragraph (a).

Sec. 20. **103G.27] WATER MANAGEMENT ACCOUNT.**

Subdivision 1. **Account established; sources.** The water management account is created in the natural resources fund in the state treasury. Revenues collected from permit application fees, water use fees, field inspection fees, penalties, and other receipts according to sections 103G.271 and 103G.301 shall be deposited in the account. Interest earned on money in the account accrues to the account.

Subd. 2. **Purposes of account.** Money in the water management account may be spent only for the costs associated with administering this chapter.

Sec. 21. Minnesota Statutes 2010, section 103G.271, subdivision 6, is amended to read:

Subd. 6. **Water use permit processing fee.** (a) Except as described in paragraphs (b) to (f), a water use permit processing fee must be prescribed by the commissioner in accordance with the schedule of fees in this subdivision for each water use permit in force at any time during the year. Fees collected under this paragraph are credited to the water management account in the natural resources fund. The schedule is as follows, with the stated fee in each clause applied to the total amount appropriated:

- (1) \$140 for amounts not exceeding 50,000,000 gallons per year;
  - (2) \$3.50 per 1,000,000 gallons for amounts greater than 50,000,000 gallons but less than 100,000,000 gallons per year;
  - (3) \$4 per 1,000,000 gallons for amounts greater than 100,000,000 gallons but less than 150,000,000 gallons per year;
  - (4) \$4.50 per 1,000,000 gallons for amounts greater than 150,000,000 gallons but less than 200,000,000 gallons per year;
  - (5) \$5 per 1,000,000 gallons for amounts greater than 200,000,000 gallons but less than 250,000,000 gallons per year;
  - (6) \$5.50 per 1,000,000 gallons for amounts greater than 250,000,000 gallons but less than 300,000,000 gallons per year;
  - (7) \$6 per 1,000,000 gallons for amounts greater than 300,000,000 gallons but less than 350,000,000 gallons per year;
  - (8) \$6.50 per 1,000,000 gallons for amounts greater than 350,000,000 gallons but less than 400,000,000 gallons per year;
  - (9) \$7 per 1,000,000 gallons for amounts greater than 400,000,000 gallons but less than 450,000,000 gallons per year;
  - (10) \$7.50 per 1,000,000 gallons for amounts greater than 450,000,000 gallons but less than 500,000,000 gallons per year; and
  - (11) \$8 per 1,000,000 gallons for amounts greater than 500,000,000 gallons per year.
- (b) For once-through cooling systems, a water use processing fee must be prescribed by the commissioner in accordance with the following schedule of fees for each water use permit in force at any time during the year:
- (1) for nonprofit corporations and school districts, \$200 per 1,000,000 gallons; and
  - (2) for all other users, \$420 per 1,000,000 gallons.
- (c) The fee is payable based on the amount of water appropriated during the year and, except as provided in paragraph (f), the minimum fee is \$100.
- (d) For water use processing fees other than once-through cooling systems:
- (1) the fee for a city of the first class may not exceed \$250,000 per year;
  - (2) the fee for other entities for any permitted use may not exceed:
    - (i) \$60,000 per year for an entity holding three or fewer permits;
    - (ii) \$90,000 per year for an entity holding four or five permits; or

(iii) \$300,000 per year for an entity holding more than five permits;

(3) the fee for agricultural irrigation may not exceed \$750 per year;

(4) the fee for a municipality that furnishes electric service and cogenerates steam for home heating may not exceed \$10,000 for its permit for water use related to the cogeneration of electricity and steam; and

(5) no fee is required for a project involving the appropriation of surface water to prevent flood damage or to remove flood waters during a period of flooding, as determined by the commissioner.

(e) Failure to pay the fee is sufficient cause for revoking a permit. A penalty of two percent per month calculated from the original due date must be imposed on the unpaid balance of fees remaining 30 days after the sending of a second notice of fees due. A fee may not be imposed on an agency, as defined in section 16B.01, subdivision 2, or federal governmental agency holding a water appropriation permit.

(f) The minimum water use processing fee for a permit issued for irrigation of agricultural land is \$20 for years in which:

(1) there is no appropriation of water under the permit; or

(2) the permit is suspended for more than seven consecutive days between May 1 and October 1.

(g) A surcharge of \$30 per million gallons in addition to the fee prescribed in paragraph (a) shall be applied to the volume of water used in each of the months of June, July, and August that exceeds the volume of water used in January for municipal water use, irrigation of golf courses, and landscape irrigation. The surcharge for municipalities with more than one permit shall be determined based on the total appropriations from all permits that supply a common distribution system.

Sec. 22. Minnesota Statutes 2010, section 103G.301, is amended by adding a subdivision to read:

**Subd. 8. Deposit of fees.** Fees collected under this section must be credited to the water management account in the natural resources fund.

Sec. 23. Minnesota Statutes 2010, section 103G.615, subdivision 2, is amended to read:

Subd. 2. **Fees.** (a) The commissioner shall establish a fee schedule for permits to control or harvest aquatic plants other than wild rice. The fees must be set by rule, and section 16A.1283 does not apply, but the rule must not take effect until 45 legislative days after it has been reported to the legislature. The fees shall not exceed \$2,500 per permit and shall be based upon the cost of receiving, processing, analyzing, and issuing the permit, and additional costs incurred after the application to inspect and monitor the activities authorized by the permit, and enforce aquatic plant management rules and permit requirements.

(b) A fee for a permit for the control of rooted aquatic vegetation for each contiguous parcel of shoreline owned by an owner may be charged. This fee may not be charged for permits issued in connection with purple loosestrife control or lakewide Eurasian water milfoil control programs.

(c) A fee may not be charged to the state or a federal governmental agency applying for a permit.

(d) A fee for a permit for the control of rooted aquatic vegetation in a public water basin that is 20 acres or less in size shall be one-half of the fee established under paragraph (a).

(e) The money received for the permits under this subdivision shall be deposited in the treasury and credited to the water recreation account.

Sec. 24. Minnesota Statutes 2010, section 115.073, is amended to read:

**115.073 ENFORCEMENT FUNDING.**

Except as provided in section 115C.05, ~~at~~ one-half of the money recovered by the state under this chapter and chapters 115A and 116, including civil penalties and money paid under an agreement, stipulation, or settlement, excluding money paid for past due fees or taxes, must be deposited in the state treasury and credited to the environmental fund. The remaining amount collected shall be deposited in the general fund.

Sec. 25. Minnesota Statutes 2010, section 115A.1314, is amended to read:

**115A.1314 MANUFACTURER'S REGISTRATION FEE; ~~CREATION OF ACCOUNT.~~**

Subdivision 1. **Registration fee.** (a) Each manufacturer who registers under section 115A.1312 must, by September 1, 2007, and each year thereafter, pay to the commissioner of revenue an annual registration fee. The commissioner of revenue must deposit the fee in the ~~account established in subdivision 2~~ state treasury and credit the fee to the environmental fund.

~~(b) The registration fee for the initial program year during which a manufacturer's video display devices are sold to households is \$5,000. Each year thereafter,~~ The registration fee is equal to a base fee of \$2,500, plus a variable recycling fee calculated according to the formula:

$((A \times B) - (C + D)) \times E$ , where:

(1) A = the number of pounds of a manufacturer's video display devices sold to households during the previous program year, as reported to the department under section 115A.1316, subdivision 1;

(2) B = the proportion of sales of video display devices required to be recycled, set at 0.6 for the first program year and 0.8 for the second program year and every year thereafter;

(3) C = the number of pounds of covered electronic devices recycled by a manufacturer from households during the previous program year, as reported to the department under section 115A.1316, subdivision 1;

(4) D = the number of recycling credits a manufacturer elects to use to calculate the variable recycling fee, as reported to the department under section 115A.1316, subdivision 1; and

(5) E = the estimated per-pound cost of recycling, initially set at \$0.50 per pound for manufacturers who recycle less than 50 percent of the product (A x B); \$0.40 per pound for manufacturers who recycle at least 50 percent but less than 90 percent of the product (A x B); and \$0.30 per pound for manufacturers who recycle at least 90 percent but less than 100 percent of the product (A x B).

(c) If, as specified in paragraph (b), the term  $C - (A \times B)$  equals a positive number of pounds, that amount is defined as the manufacturer's recycling credits. A manufacturer may retain recycling credits to be added, in whole or in part, to the actual value of C, as reported under section 115A.1316, subdivision 2, during any succeeding program year, provided that no more than 25 percent of a manufacturer's obligation (A x B) for any program year may be met with recycling credits generated in a prior program year. A manufacturer may sell any portion or all of its recycling credits to another manufacturer, at a price negotiated by the parties, who may use the credits in the same manner.

(d) For the purpose of calculating a manufacturer's variable recycling fee under paragraph (b), the weight of covered electronic devices collected from households located outside the 11-county metropolitan area, as defined in subdivision 2, paragraph (c), is calculated at 1.5 times their actual weight.

(e) The registration fee for the initial program year and the base registration fee thereafter for a manufacturer who produces fewer than 100 video display devices for sale annually to households is \$1,250.

Subd. 2. ~~Creation of account; appropriations~~ Use of registration fees. ~~(a) The electronic waste account is established in the environmental fund. The commissioner of revenue must deposit receipts from the fee established in subdivision 1 in the account. Any interest earned on the account must be credited to the account. Money from other sources may be credited to the account. Beginning in the second program year and continuing each program year thereafter, as of the last day of each program year, the commissioner shall determine the total amount of the variable fees that were collected. To the extent that the total fees collected by the commissioner in connection with this section exceed the amount the commissioner determines necessary to operate the program for the new program year, the commissioner shall refund on a pro rata basis, to all manufacturers who paid any fees for the previous program year, the amount of fees collected by the commissioner in excess of the amount necessary to operate the program for the new program year. No individual refund is required of amounts of \$100 or less for a fiscal year. Manufacturers who report collections less than 50 percent of their obligation for the previous program year are not eligible for a refund.~~

~~(b) Until June 30, 2011, money in the account is annually appropriated to the Pollution Control Agency:~~  
(a) Registration fees may be used by the commissioner for:

~~(1) for the purpose of implementing sections 115A.1312 to 115A.1330, including transfer to the commissioner of revenue to carry out the department's duties under section 115A.1320, subdivision 2, and transfer to the commissioner of administration for responsibilities under section 115A.1324; and~~

~~(2) to the commissioner of the Pollution Control Agency to be distributed on a competitive basis through contracts with grants to counties outside the 11-county metropolitan area, as defined in paragraph (e) (b), and with to private entities that collect for recycling covered electronic devices in counties outside the 11-county metropolitan area, where the collection and recycling is consistent with the respective county's solid waste plan, for the purpose of carrying out the activities under sections 115A.1312 to 115A.1330. In awarding competitive grants under this clause, the commissioner must give preference to counties and private entities that are working cooperatively with manufacturers to help them meet their recycling obligations under section 115A.1318, subdivision 1.~~

~~(e) (b) The 11-county metropolitan area consists of the counties of Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, Sherburne, Washington, and Wright.~~

Sec. 26. Minnesota Statutes 2010, section 115A.1320, subdivision 1, is amended to read:

Subdivision 1. **Duties of the agency.** (a) The agency shall administer sections 115A.1310 to 115A.1330.

(b) The agency shall establish procedures for:

(1) receipt and maintenance of the registration statements and certifications filed with the agency under section 115A.1312; and

(2) making the statements and certifications easily available to manufacturers, retailers, and members of the public.

(c) The agency shall annually review the value of the following variables that are part of the formula used to calculate a manufacturer's annual registration fee under section 115A.1314, subdivision 1:

- (1) the proportion of sales of video display devices sold to households that manufacturers are required to recycle;
- (2) the estimated per-pound price of recycling covered electronic devices sold to households;
- (3) the base registration fee; and

(4) the multiplier established for the weight of covered electronic devices collected in section 115A.1314, subdivision 1, paragraph (d). If the agency determines that any of these values must be changed in order to improve the efficiency or effectiveness of the activities regulated under sections 115A.1312 to 115A.1330 ~~or if the revenues in the account exceed the amount that the agency determines is necessary~~, the agency shall submit recommended changes and the reasons for them to the chairs of the senate and house of representatives committees with jurisdiction over solid waste policy.

(d) By January 15 each year, beginning in 2008, the agency shall calculate estimated sales of video display devices sold to households by each manufacturer during the preceding program year, based on national sales data, and forward the estimates to the department.

~~(e) The agency shall manage the account established in section 115A.1314, subdivision 2. If the revenues in the account exceed the amount that the agency determines is necessary for efficient and effective administration of the program, including any amount for contingencies, the agency must recommend to the legislature that the base registration fee, the proportion of sales of video display devices required to be recycled, or the estimated per pound cost of recycling established under section 115A.1314, subdivision 1, paragraph (b), or any combination thereof, be lowered in order to reduce revenues collected in the subsequent program year by the estimated amount of the excess.~~

~~(f)~~ (e) On or before December 1, 2010, and each year thereafter, the agency shall provide a report to the governor and the legislature on the implementation of sections 115A.1310 to 115A.1330. For each program year, the report must discuss the total weight of covered electronic devices recycled and a summary of information in the reports submitted by manufacturers and recyclers under section 115A.1316. The report must also discuss the various collection programs used by manufacturers to collect covered electronic devices; information regarding covered electronic devices that are being collected by persons other than registered manufacturers, collectors, and recyclers; and information about covered electronic devices, if any, being disposed of in landfills in this state. The report must include a description of enforcement actions under sections 115A.1310 to 115A.1330. The agency may include in its report other information received by the agency regarding the implementation of sections 115A.1312 to 115A.1330.

~~(g)~~ (f) The agency shall promote public participation in the activities regulated under sections 115A.1312 to 115A.1330 through public education and outreach efforts.

~~(h)~~ (g) The agency shall enforce sections 115A.1310 to 115A.1330 in the manner provided by sections 115.071, subdivisions 1, 3, 4, 5, and 6; and 116.072, except for those provisions enforced by the department, as provided in subdivision 2. The agency may revoke a registration of a collector or recycler found to have violated sections 115A.1310 to 115A.1330.

~~(i)~~ (h) The agency shall facilitate communication between counties, collection and recycling centers, and manufacturers to ensure that manufacturers are aware of video display devices available for recycling.

~~(j)~~ (i) The agency shall develop a form retailers must use to report information to manufacturers under section 115A.1318 and post it on the agency's Web site.

~~(k)~~ (j) The agency shall post on its Web site the contact information provided by each manufacturer under section 115A.1318, paragraph (e).

Sec. 27. Minnesota Statutes 2010, section 115C.09, subdivision 3c, is amended to read:

Subd. 3c. **Release at refineries and tank facilities not eligible for reimbursement.** (a) Reimbursement may not be made under this chapter for costs associated with a release:

(1) from a tank located at a petroleum refinery; or

(2) from a tank facility, including a pipeline terminal, with more than 1,000,000 gallons of total petroleum storage capacity at the tank facility.

(b) Paragraph (a), clause (2), does not apply to reimbursement for costs associated with a release from a tank facility:

(1) owned or operated by a person engaged in the business of mining iron ore or taconite;

(2) owned by a political subdivision, a housing and redevelopment authority, an economic development authority, or a port authority that acquired the tank facility prior to May 23, 1989; ~~or~~

(3) owned by a person:

(i) who acquired the tank facility prior to May 23, 1989;

(ii) who did not use the tank facility for the bulk storage of petroleum; and

(iii) who is not affiliated with the party who used the tank facility for the bulk storage of petroleum; ~~or~~

(4) that is not a petroleum refinery or pipeline terminal and is owned by a person engaged in the business of storing used oil primarily for sales to end users.

Sec. 28. Minnesota Statutes 2010, section 115C.13, is amended to read:

#### **115C.13 REPEALER.**

Sections 115C.01, 115C.02, 115C.021, 115C.03, 115C.04, 115C.045, 115C.05, 115C.06, 115C.065, 115C.07, 115C.08, 115C.09, 115C.093, 115C.094, 115C.10, 115C.11, 115C.111, 115C.112, 115C.113, 115C.12, and 115C.13, are repealed effective June 30, ~~2012~~ 2017.

Sec. 29. Minnesota Statutes 2010, section 116.06, is amended by adding a subdivision to read:

Subd. 5a. **Capacity.** "Capacity" means the maximum number of animal units actually confined or proposed to be confined at an animal feedlot.

Sec. 30. Minnesota Statutes 2010, section 116.07, subdivision 7c, is amended to read:

Subd. 7c. **NPDES feedlot permitting requirements.** (a) The agency must issue national pollutant discharge elimination system permits for feedlots ~~with 1,000 animal units or more and that meet the definition of a "concentrated animal feeding operation" in Code of Federal Regulations, title 40, section 122.23, only as required by federal law.~~ The issuance of national pollutant discharge elimination system permits for feedlots must be based on the following:

(1) a permit for a newly constructed or expanded animal feedlot that is identified as a priority by the commissioner, using criteria ~~established under paragraph (d)~~ in effect on January 1, 2010, must be issued as an individual permit;

(2) ~~after January 1, 2001~~, an existing feedlot that is identified as a priority by the commissioner, using criteria ~~established under paragraph (e)~~ in effect on January 1, 2010, must be issued as an individual permit; and

(3) the agency must issue a general national pollutant discharge elimination system permit, if required, for animal feedlots that are not identified under clause (1) or (2).

(b) Prior to the issuance of a general national pollutant discharge elimination system permit for a category of animal feedlot facility permittees, the agency must hold at least one public hearing on the permit issuance.

(c) To the extent practicable, the agency must include a public notice and comment period for an individual national pollutant discharge elimination system permit concurrent with any public notice and comment for:

(1) the purpose of environmental review of the same facility under chapter 116D; or

(2) the purpose of obtaining a conditional use permit from a local unit of government where the local government unit is the responsible governmental unit for purposes of environmental review under chapter 116D.

~~(d) The commissioner, in consultation with the Feedlot and Manure Management Advisory Committee, created under section 17.136, and other interested parties must develop criteria for determining whether an individual national pollutant discharge elimination system permit is required under paragraph (a), clause (1). The criteria must be based on proximity to waters of the state, facility design, and other site specific environmental factors.~~

~~(e) The commissioner, in consultation with the Feedlot and Manure Management Advisory Committee, created under section 17.136, and other interested parties must develop criteria for determining whether an individual national pollutant discharge elimination system permit is required for an existing animal feedlot, under paragraph (a), clause (2). The criteria must be based on violations and other compliance problems at the facility.~~

~~(f) The commissioner, in consultation with the Feedlot and Manure Management Advisory Committee, created under section 17.136, and other interested parties must develop criteria for determining when an individual national pollutant discharge elimination system permit is transferred from individual to general permit status.~~

~~(g) Notwithstanding the provisions in paragraph (a), until January 1, 2001, the commissioner may issue an individual national pollutant discharge elimination system permit for an animal feedlot. After the general permit is issued and the criteria under paragraphs (d) and (e) are developed, individual permits issued pursuant to this paragraph that do not fit the criteria for an individual permit under the applicable provisions of paragraph (d) or (e) must be transferred to general permit status.~~

~~(h) The commissioner, in consultation with the Feedlot and Manure Management Advisory Committee, created under section 17.136, and other interested parties must develop criteria for determining which feedlots are required to apply for and obtain a national pollutant discharge elimination system permit and which feedlots are required to apply for and obtain a state disposal system permit based upon the actual or potential to discharge. A feedlot owner may choose to apply for a national pollutant discharge elimination system permit even if the feedlot is not required by federal law to have a national pollutant discharge elimination system permit.~~

Sec. 31. Minnesota Statutes 2010, section 116D.04, subdivision 2a, as amended by Laws 2011, chapter 4, section 6, is amended to read:



Subd. 2a. **When prepared.** Where there is potential for significant environmental effects resulting from any major governmental action, the action shall be preceded by a detailed environmental impact statement prepared by the responsible governmental unit. The environmental impact statement shall be an analytical rather than an encyclopedic document which describes the proposed action in detail, analyzes its significant environmental impacts, discusses appropriate alternatives to the proposed action and their impacts, and explores methods by which adverse environmental impacts of an action could be mitigated. The environmental impact statement shall also analyze those economic, employment and sociological effects that cannot be avoided should the action be implemented. To ensure its use in the decision-making process, the environmental impact statement shall be prepared as early as practical in the formulation of an action. No mandatory environmental impact statement may be required for an ethanol plant, as defined in section 41A.09, subdivision 2a, paragraph (b), that produces less than 125,000,000 gallons of ethanol annually and is located outside of the seven-county metropolitan area.

(a) The board shall by rule establish categories of actions for which environmental impact statements and for which environmental assessment worksheets shall be prepared as well as categories of actions for which no environmental review is required under this section. A mandatory environmental assessment worksheet shall not be required for the expansion of an ethanol plant, as defined in section 41A.09, subdivision 2a, paragraph (b), or the conversion of an ethanol plant to a biobutanol facility or the expansion of a biobutanol facility, as defined in section 41A.105, subdivision 1a, based on the capacity of the expanded or converted facility to produce alcohol fuel, but must be required if the ethanol plant meets or exceeds thresholds of other categories of actions for which environmental assessment worksheets must be prepared. The responsible governmental unit for an ethanol plant project for which an environmental assessment worksheet is prepared shall be the state agency with the greatest responsibility for supervising or approving the project as a whole.

(b) The responsible governmental unit shall promptly publish notice of the completion of an environmental assessment worksheet in a manner to be determined by the board and shall provide copies of the environmental assessment worksheet to the board and its member agencies. Comments on the need for an environmental impact statement may be submitted to the responsible governmental unit during a 30-day period following publication of the notice that an environmental assessment worksheet has been completed. The responsible governmental unit's decision on the need for an environmental impact statement shall be based on the environmental assessment worksheet and the comments received during the comment period, and shall be made within 15 days after the close of the comment period. The board's chair may extend the 15-day period by not more than 15 additional days upon the request of the responsible governmental unit.

(c) An environmental assessment worksheet shall also be prepared for a proposed action whenever material evidence accompanying a petition by not less than 25 100 individuals who reside or own property in the county or an adjoining county where the proposed action will be located, submitted before the proposed project has received final approval by the appropriate governmental units, demonstrates that, because of the nature or location of a proposed action, there may be potential for significant environmental effects. Petitions requesting the preparation of an environmental assessment worksheet shall be submitted to the board. The chair of the board shall determine the appropriate responsible governmental unit and forward the petition to it. A decision on the need for an environmental assessment worksheet shall be made by the responsible governmental unit within 15 days after the petition is received by the responsible governmental unit. The board's chair may extend the 15-day period by not more than 15 additional days upon request of the responsible governmental unit.

(d) Except in an environmentally sensitive location where Minnesota Rules, part 4410.4300, subpart 29, item B, applies, the proposed action is exempt from environmental review under this chapter and rules of the board, if:

(1) the proposed action is:

(i) an animal feedlot facility with a capacity of less than 1,000 animal units; or

(ii) an expansion of an existing animal feedlot facility with a total cumulative capacity of less than 1,000 animal units;

(2) the application for the animal feedlot facility includes a written commitment by the proposer to design, construct, and operate the facility in full compliance with Pollution Control Agency feedlot rules; and

(3) the county board holds a public meeting for citizen input at least ten business days prior to the Pollution Control Agency or county issuing a feedlot permit for the animal feedlot facility unless another public meeting for citizen input has been held with regard to the feedlot facility to be permitted. The exemption in this paragraph is in addition to other exemptions provided under other law and rules of the board.

(e) The board may, prior to final approval of a proposed project, require preparation of an environmental assessment worksheet by a responsible governmental unit selected by the board for any action where environmental review under this section has not been specifically provided for by rule or otherwise initiated.

(f) An early and open process shall be utilized to limit the scope of the environmental impact statement to a discussion of those impacts, which, because of the nature or location of the project, have the potential for significant environmental effects. The same process shall be utilized to determine the form, content and level of detail of the statement as well as the alternatives which are appropriate for consideration in the statement. In addition, the permits which will be required for the proposed action shall be identified during the scoping process. Further, the process shall identify those permits for which information will be developed concurrently with the environmental impact statement. The board shall provide in its rules for the expeditious completion of the scoping process. The determinations reached in the process shall be incorporated into the order requiring the preparation of an environmental impact statement.

(g) The responsible governmental unit shall, to the extent practicable, avoid duplication and ensure coordination between state and federal environmental review and between environmental review and environmental permitting. Whenever practical, information needed by a governmental unit for making final decisions on permits or other actions required for a proposed project shall be developed in conjunction with the preparation of an environmental impact statement.

(h) An environmental impact statement shall be prepared and its adequacy determined within 280 days after notice of its preparation unless the time is extended by consent of the parties or by the governor for good cause. The responsible governmental unit shall determine the adequacy of an environmental impact statement, unless within 60 days after notice is published that an environmental impact statement will be prepared, the board chooses to determine the adequacy of an environmental impact statement. If an environmental impact statement is found to be inadequate, the responsible governmental unit shall have 60 days to prepare an adequate environmental impact statement.

(i) The proposer of a specific action may include in the information submitted to the responsible governmental unit a preliminary draft environmental impact statement under this section on that action for review, modification, and determination of completeness and adequacy by the responsible governmental unit. A preliminary draft environmental impact statement prepared by the project proposer and submitted to the responsible governmental unit shall identify or include as an appendix all studies and other sources of information used to substantiate the analysis contained in the preliminary draft environmental impact statement. The responsible governmental unit shall require additional studies, if needed, and obtain from the project proposer all additional studies and information necessary for the responsible governmental unit to perform its responsibility to review, modify, and determine the completeness and adequacy of the environmental impact statement.

Sec. 32. Minnesota Statutes 2010, section 116G.15, subdivision 1, is amended to read:

Subdivision 1. ~~Establishment; purpose~~ **Designation.** The federal Mississippi National River and Recreation Area established pursuant to United States Code, title 16, section 460zz-2(k), is designated an area of critical concern in accordance with this chapter. ~~The purpose of the designation is to:~~

~~(1) protect and preserve the Mississippi River and adjacent lands that the legislature finds to be unique and valuable state and regional resources for the benefit of the health, safety, and welfare of the citizens of the state, region, and nation;~~

~~(2) prevent and mitigate irreversible damages to these state, regional, and natural resources;~~

~~(3) preserve and enhance the natural, aesthetic, cultural, and historical values of the Mississippi River and adjacent lands for public use and benefit;~~

~~(4) protect and preserve the Mississippi River as an essential element in the national, state, and regional transportation, sewer and water, and recreational systems; and~~

~~(5) protect and preserve the biological and ecological functions of the Mississippi River corridor.~~

Sec. 33. Minnesota Statutes 2010, section 116P.05, subdivision 2, is amended to read:

Subd. 2. **Duties.** (a) The commission shall recommend an annual or biennial legislative bill for appropriations from the environment and natural resources trust fund and shall adopt a strategic plan as provided in section 116P.08. Approval of the recommended legislative bill requires an affirmative vote of at least 12 members of the commission.

~~(b) The commission shall recommend expenditures to the legislature from the state land and water conservation account in the natural resources fund.~~

~~(e)~~ It is a condition of acceptance of the appropriations made from the Minnesota environment and natural resources trust fund, and oil overcharge money under section 4.071, subdivision 2, that the agency or entity receiving the appropriation must submit a work program and semiannual progress reports in the form determined by the Legislative-Citizen Commission on Minnesota Resources, and comply with applicable reporting requirements under section 116P.16. None of the money provided may be spent unless the commission has approved the pertinent work program.

~~(d)~~ (c) The peer review panel created under section 116P.08 must also review, comment, and report to the commission on research proposals applying for an appropriation from the oil overcharge money under section 4.071, subdivision 2.

~~(e)~~ (d) The commission may adopt operating procedures to fulfill its duties under this chapter.

~~(f)~~ (e) As part of the operating procedures, the commission shall:

(1) ensure that members' expectations are to participate in all meetings related to funding decision recommendations;

(2) recommend adequate funding for increased citizen outreach and communications for trust fund expenditure planning;

- (3) allow administrative expenses as part of individual project expenditures based on need;
- (4) provide for project outcome evaluation;
- (5) keep the grant application, administration, and review process as simple as possible; and
- (6) define and emphasize the leveraging of additional sources of money that project proposers should consider when making trust fund proposals.

Sec. 34. Minnesota Statutes 2010, section 168A.40, is amended to read:

**168A.40 AUTOMOBILE THEFT PREVENTION PROGRAM.**

Subd. 3. **Surcharge.** Each insurer engaged in the writing of policies of automobile insurance shall collect a surcharge, at the rate of 50 cents per vehicle for every six months of coverage, on each policy of automobile insurance providing comprehensive insurance coverage issued or renewed in this state. The surcharge may not be considered premium for any purpose, including the computation of premium tax or agents' commissions. The amount of the surcharge must be separately stated on either a billing or policy declaration sent to an insured. Insurers shall remit the revenue derived from this surcharge at least quarterly to the commissioner of public safety for purposes of the automobile theft prevention program described in section ~~65B.84~~ 299A.625. For purposes of this subdivision, "policy of automobile insurance" has the meaning given it in section 65B.14, covering only the following types of vehicles as defined in section 168.002:

- (1) a passenger automobile;
- (2) a pickup truck;
- (3) a van but not commuter vans as defined in section 168.126; or
- (4) a motorcycle,

except that no vehicle with a gross vehicle weight in excess of 10,000 pounds is included within this definition.

Subd. 4. **Automobile theft prevention account.** A special revenue account is created in the state treasury to be credited with the proceeds of the surcharge imposed under subdivision 3. Of the revenue in the account, \$1,300,000 each year must be transferred to the general fund. Revenues in excess of \$1,300,000 each year may be used only for the automobile theft prevention program described in section ~~65B.84~~ 299A.625.

**EFFECTIVE DATE.** This section is effective June 30, 2013.

Sec. 35. Minnesota Statutes 2010, section 216H.02, subdivision 4, is amended to read:

Subd. 4. **General elements of the plan.** The plan must:

- (1) estimate 1990 and 2005 greenhouse gas emissions in the state and make projections of emissions in 2015, 2025, and 2050;
- (2) identify, evaluate, and integrate a broad range of statewide greenhouse gas reduction options for all emission sectors in the state;
- (3) assess the costs, benefits, and feasibility of implementing the options;

(4) recommend an integrated set of reduction options and strategies for implementing the options that will achieve the goals in subdivision 1, including analysis of the associated costs and benefits to Minnesotans;

(5) estimate the statewide greenhouse gas emissions reductions anticipated from implementation of existing state policies; and

(6) recommend a system to require the reporting of statewide greenhouse gas emissions, identifying which facilities must report, and how emission estimates should be made; ~~and.~~

~~(7) evaluate the option of exempting a project from the prohibitions contained in section 216H.03, subdivision 3, if the project contributes a specified fee per ton of carbon dioxide emissions emitted annually by the project, the proceeds of which would be used to fund permanent, quantifiable, verifiable, and enforceable reductions in greenhouse gas emissions that would not otherwise have occurred.~~

Sec. 36. Minnesota Statutes 2010, section 290.431, is amended to read:

**290.431 NONGAME WILDLIFE CHECKOFF.**

Every individual who files an income tax return or property tax refund claim form may designate on their original return that \$1 or more shall be added to the tax or deducted from the refund that would otherwise be payable by or to that individual and paid into an account to be established for the management of nongame wildlife. The commissioner of revenue shall, on the income tax return and the property tax refund claim form, notify filers of their right to designate that a portion of their tax or refund shall be paid into the nongame wildlife management account. The sum of the amounts so designated to be paid shall be credited to the nongame wildlife management account for use by the nongame program in the Department of Natural Resources. All interest earned on money accrued, gifts to the program, contributions to the program, and reimbursements of expenditures in the nongame wildlife management account shall be credited to the account by the commissioner of management and budget, except that gifts or contributions received directly by the commissioner of natural resources and directed by the contributor for use in specific nongame field projects or geographic areas shall be handled according to section 84.085, subdivision 1. ~~The commissioner of natural resources shall submit a work program for each fiscal year and semiannual progress reports to the Legislative Citizen Commission on Minnesota Resources in the form determined by the commission.~~

The state pledges and agrees with all contributors to the nongame wildlife management account to use the funds contributed solely for the management of nongame wildlife projects and further agrees that it will not impose additional conditions or restrictions that will limit or otherwise restrict the ability of the commissioner of natural resources to use the available funds for the most efficient and effective management of nongame wildlife. The commissioner may use funds appropriated for nongame wildlife programs for the purpose of developing, preserving, restoring, and maintaining wintering habitat for neotropical migrant birds in Latin America and the Caribbean under agreement or contract with any nonprofit organization dedicated to the construction, maintenance, and repair of such projects that are acceptable to the governmental agency having jurisdiction over the land and water affected by the projects. Under this authority, the commissioner may execute agreements and contracts if the commissioner determines that the use of the funds will benefit neotropical migrant birds that breed in or migrate through the state.

Sec. 37. Minnesota Statutes 2010, section 290.432, is amended to read:

**290.432 CORPORATE NONGAME WILDLIFE CHECKOFF.**

A corporation that files an income tax return may designate on its original return that \$1 or more shall be added to the tax or deducted from the refund that would otherwise be payable by or to that corporation and paid into the nongame wildlife management account established by section 290.431 for use by the Department of Natural Resources for its nongame wildlife program. The commissioner of revenue shall, on the corporate tax return, notify

filers of their right to designate that a portion of their tax return be paid into the nongame wildlife management account for the protection of endangered natural resources. All interest earned on money accrued, gifts to the program, contributions to the program, and reimbursements of expenditures in the nongame wildlife management account shall be credited to the account by the commissioner of management and budget, except that gifts or contributions received directly by the commissioner of natural resources and directed by the contributor for use in specific nongame field projects or geographic areas shall be handled according to section 84.085, subdivision 1. ~~The commissioner of natural resources shall submit a work program for each fiscal year to the Legislative Citizen Commission on Minnesota Resources in the form determined by the commission.~~

The state pledges and agrees with all corporate contributors to the nongame wildlife account to use the funds contributed solely for the nongame wildlife program and further agrees that it will not impose additional conditions or restrictions that will limit or otherwise restrict the ability of the commissioner of natural resources to use the available funds for the most efficient and effective management of those programs.

Sec. 38. Minnesota Statutes 2010, section 299C.40, subdivision 1, is amended to read:

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

(b) "CIBRS" means the Comprehensive Incident-Based Reporting System, located in the Department of Public Safety and managed by the Bureau of Criminal Apprehension. A reference in this section to "CIBRS" includes the Bureau of Criminal Apprehension.

(c) "Law enforcement agency" means a Minnesota municipal police department, the Metropolitan Transit Police, the Metropolitan Airports Police, the University of Minnesota Police Department, the Department of Corrections Fugitive Apprehension Unit, a Minnesota county sheriff's department, the Enforcement Division of the Department of Natural Resources, the Bureau of Criminal Apprehension, or the Minnesota State Patrol.

Sec. 39. Minnesota Statutes 2010, section 357.021, subdivision 7, is amended to read:

Subd. 7. **Disbursement of surcharges by commissioner of management and budget.** (a) Except as provided in paragraphs (b), (c), and (d), the commissioner of management and budget shall disburse surcharges received under subdivision 6 and section 97A.065, subdivision 2, as follows:

(1) one percent shall be credited to the peace officer training account in the game and fish fund to provide peace officer training for employees of the Department of Natural Resources who are licensed under sections 626.84 to 626.863, and who possess peace officer authority for the purpose of enforcing game and fish laws;

(2) 39 percent shall be credited to the peace officers training account in the special revenue fund; and

(3) 60 percent shall be credited to the general fund.

(b) The commissioner of management and budget shall credit \$3 of each surcharge received under subdivision 6 and section 97A.065, subdivision 2, to the general fund.

(c) In addition to any amounts credited under paragraph (a), the commissioner of management and budget shall credit \$47 of each surcharge received under subdivision 6 and section 97A.065, subdivision 2, and the \$12 parking surcharge, to the general fund.

(d) If the Ramsey County Board of Commissioners authorizes imposition of the additional \$1 surcharge provided for in subdivision 6, paragraph (a), the court administrator in the Second Judicial District shall transmit the surcharge to the commissioner of management and budget. The \$1 special surcharge is deposited in a Ramsey

County surcharge account in the special revenue fund and amounts in the account are appropriated to the trial courts for the administration of the petty misdemeanor diversion program operated by the Second Judicial District Ramsey County Violations Bureau.

Sec. 40. Minnesota Statutes 2010, section 609.66, subdivision 1h, is amended to read:

Subd. 1h. **Silencers; authorized for law enforcement and wildlife control purposes.** (a) Notwithstanding subdivision 1a, paragraph (a), clause (1), licensed peace officers may use devices designed to silence or muffle the discharge of a firearm for tactical emergency response operations. Tactical emergency response operations include execution of high risk search and arrest warrants, incidents of terrorism, hostage rescue, and any other tactical deployments involving high risk circumstances. The chief law enforcement officer of a law enforcement agency that has the need to use silencing devices must establish and enforce a written policy governing the use of the devices.

(b) Notwithstanding subdivision 1a, paragraph (a), clause (1), ~~until July 1, 2011,~~ an enforcement officer, as defined in section 97A.015, subdivision 18, a wildlife area manager, an employee designated under section 84.0835, or a person acting under contract with the commissioner of natural resources, at specific times and locations that are authorized by the commissioner of natural resources may use devices designed to silence or muffle the discharge of a firearm for wildlife control operations that require stealth. If the commissioner determines that the use of silencing devices is necessary under this paragraph, the commissioner must:

- ~~(1) establish and enforce a written policy governing the use, possession, and transportation of the devices;~~
- ~~(2) limit the number of the silencing devices maintained by the Department of Natural Resources to no more than ten; and~~
- ~~(3) keep direct custody and control of the devices when the devices are not specifically authorized for use.~~

Sec. 41. Laws 2005, chapter 156, article 2, section 45, as amended by Laws 2007, chapter 148, article 2, section 73, and Laws 2009, chapter 37, article 1, section 59, is amended to read:

Sec. 45. **SALE OF STATE LAND.**

Subdivision 1. **State land sales.** The commissioner of administration shall coordinate with the head of each department or agency having control of state-owned land to identify and sell at least \$6,440,000 of state-owned land. Sales should be completed according to law and as provided in this section as soon as practicable but no later than June 30, ~~2011~~ 2013. Notwithstanding Minnesota Statutes, sections 16B.281 and 16B.282, 94.09 and 94.10, or any other law to the contrary, the commissioner may offer land for public sale by only providing notice of lands or an offer of sale of lands to state departments or agencies, the University of Minnesota, cities, counties, towns, school districts, or other public entities.

Subd. 2. **Anticipated savings.** Notwithstanding Minnesota Statutes, section 94.16, subdivision 3, or other law to the contrary, the amount of the proceeds from the sale of land under this section that exceeds the actual expenses of selling the land must be deposited in the general fund, except as otherwise provided by the commissioner of finance. Notwithstanding Minnesota Statutes, section 94.11 or 16B.283, the commissioner of finance may establish the timing of payments for land purchased under this section. If the total of all money deposited into the general fund from the proceeds of the sale of land under this section is anticipated to be less than \$6,440,000, the governor must allocate the amount of the difference as reductions to general fund operating expenditures for other executive agencies for the biennium ending June 30, ~~2011~~ 2013.

Subd. 3. **Sale of state lands revolving loan fund.** \$290,000 is appropriated from the general fund in fiscal year 2006 to the commissioner of administration for purposes of paying the actual expenses of selling state-owned lands to achieve the anticipated savings required in this section. From the gross proceeds of land sales under this section, the commissioner of administration must cancel the amount of the appropriation in this subdivision to the general fund by June 30, ~~2014~~ 2013.

Sec. 42. Laws 2011, chapter 14, section 16, is amended to read:

Sec. 16. **REPEALER.**

Minnesota Statutes 2010, section 41A.09, subdivisions 1a, ~~2a~~, 3a, 4, and 10, are repealed.

Sec. 43. **STATE TREE NURSERY PROGRAM RESTRUCTURING; REPORT REQUIRED; ACCOUNT BALANCE TRANSFER.**

(a) By June 30, 2013, the commissioner of natural resources shall discontinue the tree nursery operations at the General C.C. Andrews State Nursery. After July 1, 2011, the commissioner shall limit nursery operations at the Baudora State Nursery to the production of stock for use by the state, concentrating on the production of coniferous tree stock, with deciduous tree stock production making up no more than two percent of total annual production.

(b) By January 15, 2012, the commissioner of natural resources shall submit a budget and financial plan for the state nurseries to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over environment and natural resources policy and finance. The plan shall include a long-term business plan to operate the Baudora State Nursery in a manner that is self sufficient. The plan shall also include options for the General C.C. Andrews State Nursery land and assets, including selling the land, leasing the nursery, and selling the nursery and assets to a licensed, private nursery.

(c) By June 30, 2012, the commissioner of management and budget shall transfer \$500,000 from the forest nursery account to the general fund. By June 30, 2013, the commissioner of management and budget shall transfer an additional \$500,000 from the forest nursery account to the general fund.

(d) If the Baudora Nursery operation draws upon more than ten percent of reserves in two consecutive fiscal years after fiscal year 2012, the commissioner of natural resources shall immediately begin a three year phase-out of all state nursery operations.

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

Sec. 44. **COORDINATION OF MINNESOTA AND WISCONSIN PHOSPHORUS STANDARD; LAKE PEPIN.**

The commissioner of the Pollution Control Agency shall coordinate with the Wisconsin Department of Natural Resources in establishing a phosphorus standard for Lake Pepin and shall advocate implementation of a phosphorus standard that considers nutrient impacts on algal growth applicable during the June to September growing season only. If necessary, the commissioner may engage in a conference with the Wisconsin Department of Natural Resources according to section 103 of the Clean Water Act, United States Code, title 33, section 1253, to resolve any discrepancies in the states' respective standards.



Sec. 45. **TERRY MCGAUGHEY MEMORIAL BRIDGE.**

The commissioner of natural resources shall designate the Paul Bunyan Trail bridge that crosses Excelsior Road in Baxter as the Terry McGaughey Memorial Bridge. The commissioner shall place signs with the designation on both ends of the bridge.

Sec. 46. **RULEMAKING.**

The rulemaking authority granted under Minnesota Statutes, section 116G.15, subdivision 7, is explicitly repealed by this act and any rulemaking to effectuate the purpose of Laws 2009, chapter 172, article 2, section 27, commenced by the commissioner of natural resources under that authority or any other authority is void and must cease on the effective date of this section.

Sec. 47. **WILD RICE RULEMAKING AND RESEARCH.**

(a) Upon completion of the research referenced in paragraph (d), the commissioner of the Pollution Control Agency shall initiate a process to amend Minnesota Rules, chapter 7050. The amended rule shall:

(1) establish water quality standards for waters containing natural beds of wild rice, as well as for irrigation waters used for the production of wild rice; and

(2) designate each body of water, or specific portion thereof, to which the wild rice water quality standard applies and the specific times of year during which the standard applies.

(b) "Waters containing natural beds of wild rice" means waters where significant quantities of wild rice occur naturally. Before designating waters containing natural beds of wild rice as waters subject to a standard, the commissioner of the Pollution Control Agency shall establish criteria for the waters after consultation with the Department of Natural Resources, Minnesota Indian tribes, and other interested parties and after public notice and comment. The criteria shall include, but not be limited to, documented history of wild rice harvests, minimum acreage, and wild rice density. Waters where individual wild rice plants or isolated, sparse stands of wild rice exist shall not be designated as subject to the standard.

(c) Within 30 days of the effective date of this section, the commissioner of the Pollution Control Agency must create an advisory group to provide input to the commissioner on a protocol for scientific research to assess the impacts of sulfates and other substances on the growth of wild rice, review research results, and provide other advice on the development of future rule amendments to protect wild rice. The group must include representatives of tribal governments, municipal wastewater treatment facilities, industrial dischargers, wild rice harvesters, wild rice research experts, and citizen organizations.

(d) After receiving the advice of the advisory group under paragraph (c), consultation with the commissioner of natural resources, and review of all available scientific research on water quality and other environmental impacts on the growth of wild rice, the commissioner of the Pollution Control Agency shall adopt and implement a wild rice research plan using the money appropriated to contract with appropriate scientific experts. The commissioner shall periodically review the results of the research with the commissioner of natural resources and the advisory group.

(e) To the extent allowable under the federal Clean Water Act, during the pendency of the rule amendment described in paragraph (a), the Pollution Control Agency, with respect to permits issued for the discharge of wastewater, shall exercise its powers under Minnesota Statutes, section 115.03, subdivision 1, paragraph (e), to enter into schedules of compliance to ensure that no permittee is required to expend funds for design and implementation of sulfate treatment technologies until after the rule amendment is complete. Nothing shall prevent the Pollution Control Agency from including in a schedule of compliance a requirement to monitor sulfate concentrations in discharges and, if appropriate, based on site-specific conditions, a requirement to implement a sulfate minimization plan to avoid or minimize sulfate concentrations during periods when wild rice may be susceptible to damage.

(f) To the extent that the commissioner of the Pollution Control Agency determines that provisions of the federal Clean Water Act or other federal laws limits full implementation of paragraph (e), the commissioner shall fully exercise the agency's authority under state and federal law and regulations to ensure, to the fullest extent possible, that no permittee is required to expend funds for design and implementation of sulfate treatment technologies until after the rule amendment described in paragraph (a) is complete. If the commissioner determines that amendments to Minnesota Rules are necessary to ensure that no permittee is required to expend funds for design and implementation of sulfate treatment technologies until after the rule amendment described in paragraph (a) is complete, the commissioner may use the good cause exemption under Minnesota Statutes, section 14.388, subdivision 1, clause (3), to adopt rules necessary to implement this section, and Minnesota Statutes, section 14.386, does not apply, except as provided in Minnesota Statutes, section 14.388.

(g) Upon completion of the rule amendment described in paragraph (a), the Pollution Control Agency shall modify the discharge limits in the affected wastewater discharge permits to reflect the new standards in accordance with state and federal regulations and shall exercise its powers to enter into schedules of compliance in the permits.

(h) By December 15, 2011, the commissioner of the Pollution Control Agency shall submit a report to the chairs and ranking minority members of the environment and natural resources committees of the house of representatives and senate on the status of implementation of this section. The report must include an estimated timeline for completion of the wild rice research plan and initiation and completion of the formal rulemaking process under Minnesota Statutes, chapter 14.

(i) To the extent allowable under the federal Clean Water Act, until the rule amendment described in paragraph (a) is finally adopted, the agency shall suspend the standard for sulfate for class 4 waters.

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

Sec. 48. **WATER RULEMAKING LEGISLATIVE REVIEW.**

Until June 30, 2013, all proposed rules related to water quality or water resource protection must be consistent with other local, state, and federal rules, and must be able to achieve the legislatively intended outcome as effectively and efficiently as possible. To ensure that all proposed rules satisfy this legislative policy, the proposed rules must be submitted to the Legislative Coordinating Commission prior to the filing of the notice of intent to adopt. The agency submitting the proposed rule shall provide the following information:

(1) an explanation of how the proposed rule is consistent with other water-related rules; and

(2) a statement from other affected agencies that they do not object to the proposed rule being inconsistent or contrary to any existing rule and accept the proposing agency's jurisdiction over the subject matter of the proposed rule.

Within 60 days of receipt of the proposed water-related rule, the commission may notify the agency proposing the rule that the commission agrees that the rule does not comply with the legislative policy, that rules are not consistent with all other water-related rules, or the agency is not the appropriate authority for jurisdiction over the proposed rules.

Sec. 49. **INTEREST IN LANDS EXTENDED.**

Notwithstanding any law to the contrary, Dakota County's reversionary interests in lands deeded by Dakota County to the state of Minnesota, as contemplated by Laws 1975, chapter 382, and currently maintained and used for the purposes of a state zoological garden in Apple Valley, Minnesota, to wit, those lands described in documents

recorded in the Dakota County Property Records Office as Document No. 433980 and Document No. 439719, excluding lands subject to that certain quit claim deed recorded as Document No. 1246646 and excluding lands subject to that certain quit claim deed recorded as Document No. 1330383, are extended and remain permanently valid and operative.

**EFFECTIVE DATE.** This section is effective upon compliance by the Dakota County Board of Commissioners with the provisions of Minnesota Statutes, section 645.021.

Sec. 50. **EVALUATION REQUIRED.**

(a) The Department of Administration shall evaluate state and local water-related programs, policies, and permits to make recommendations for cost savings, increased productivity, and the elimination of duplication among public agencies.

(b) The evaluation must:

(1) identify current rules relating to surface and groundwater, including those related to storm water, residential, industrial, and agricultural use, shorelands, floodplains, wild and scenic rivers, wetlands, feedlots, and subsurface sewage treatment systems, and for each rule specify:

(i) the statutory authority;

(ii) intended outcomes;

(iii) the cost to state and local government and the private sector; and

(iv) the relationship of the rule to other local, state, and federal rules;

(2) assess the pros and cons of alternative approaches to implementing water-related programs, policies, and permits, including local, state, and regional-based approaches;

(3) identify inconsistencies and redundancy between local, state, and federal rules;

(4) identify means to coordinate rulemaking and implementation so as to achieve intended outcomes more effectively and efficiently;

(5) identify a rule assessment and evaluation process for determining whether each identified rule should be continued or repealed;

(6) rely on scientific, peer-reviewed data, including the studies of the National Academy of Sciences;

(7) evaluate current responsibilities of the Pollution Control Agency, Department of Natural Resources, Board of Water and Soil Resources, Environmental Quality Board, Department of Agriculture, and Department of Health for developing and implementing water-related programs, policies, and permits and make recommendations for reallocating responsibilities among the agencies; and

(8) assess the current role of the clean water fund in supporting water-related programs and policies and make recommendations for allocating resources among the agencies that collaborate and partner in spending the clean water fund consistent with the other recommendations of the study.

(c) The commissioner of administration must submit the study results and make recommendations to agencies listed under paragraph (a) and to the chairs and ranking minority party members of the senate and house of representatives committees having primary jurisdiction over environment and natural resources policy and finance no later than January 15, 2012.

Sec. 51. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall recodify section 65B.84 as section 299A.625.

**EFFECTIVE DATE.** This section is effective June 30, 2013.

Sec. 52. **REPEALER.**

Minnesota Statutes 2010, sections 84.027, subdivision 11; 89.06; 89.37, subdivisions 2, 3, and 3a; 116G.15, subdivisions 2, 3, 4, 5, 6, and 7; 116P.14; and 216H.03, are repealed."

Delete the title and insert:

"A bill for an act relating to state government; appropriating money for environment, natural resources, commerce, and energy; creating accounts; modifying disposition of certain receipts; creating an advisory committee; modifying automobile theft prevention program; requiring nonresident off-road vehicle state trail pass; modifying state tree nursery provisions; modifying fees; modifying feedlot provisions; modifying environmental review requirements; modifying critical areas; modifying greenhouse gas emissions control requirements; modifying reporting requirements; modifying requirements for department use of silencers; designating a bridge; modifying definitions; modifying Petroleum Tank Release Cleanup Act; requiring rulemaking; amending Minnesota Statutes 2010, sections 41A.105, by adding a subdivision; 65B.84; 84D.15, subdivision 2; 85.052, subdivision 4; 89.039, subdivision 1; 89.21; 89.35, subdivision 2; 89.36, subdivision 1; 89.37, subdivisions 1, 3b; 93.481, subdivision 7; 97A.055, by adding a subdivision; 97A.071, subdivision 2; 97A.075; 103G.271, subdivision 6; 103G.301, by adding a subdivision; 103G.615, subdivision 2; 115.073; 115A.1314; 115A.1320, subdivision 1; 115C.09, subdivision 3c; 115C.13; 116.06, by adding a subdivision; 116.07, subdivision 7c; 116D.04, subdivision 2a, as amended; 116G.15, subdivision 1; 116P.05, subdivision 2; 168A.40; 216H.02, subdivision 4; 290.431; 290.432; 299C.40, subdivision 1; 357.021, subdivision 7; 609.66, subdivision 1h; Laws 2005, chapter 156, article 2, section 45, as amended; Laws 2011, chapter 14, section 16; proposing coding for new law in Minnesota Statutes, chapters 16E; 84; 89; 97A; 103G; repealing Minnesota Statutes 2010, sections 84.027, subdivision 11; 89.06; 89.37, subdivisions 2, 3, 3a; 116G.15, subdivisions 2, 3, 4, 5, 6, 7; 116P.14; 216H.03."

We request the adoption of this report and repassage of the bill.

House Conferees: DENNY MCNAMARA, TOM HACKBARTH, PAUL TORKELSON and JOE HOPPE.

Senate Conferees: BILL G. INGEBRIGTSEN, JULIE A. ROSEN, JOHN C. PEDERSON, CHRIS GERLACH and GARY H. DAHMS.

McNamara moved that the report of the Conference Committee on H. F. No. 1010 be adopted and that the bill be repassed as amended by the Conference Committee.

A roll call was requested and properly seconded.

The Speaker called Davids to the Chair.

Hortman was excused between the hours of 5:05 p.m. and 8:30 p.m.

Atkins was excused between the hours of 5:35 p.m. and 10:20 p.m.

#### POINT OF ORDER

Buesgens raised a point of order pursuant to section 752 of "Mason's Manual of Legislative Procedure," relating to Reference to Executive in Debate. Speaker pro tempore Davids ruled the point of order well taken.

Urdahl was excused between the hours of 5:50 p.m. and 7:25 p.m.

Slawik was excused between the hours of 6:10 p.m. and 8:05 p.m.

Davnie was excused between the hours of 6:35 p.m. and 8:40 p.m.

Speaker pro tempore Davids called Lanning to the Chair.

Speaker pro tempore Lanning called Holberg to the Chair.

Knuth was excused between the hours of 9:50 p.m. and 11:10 p.m.

The question recurred on the McNamara motion that the report of the Conference Committee on H. F. No. 1010 be adopted and that the bill be repassed as amended by the Conference Committee and the roll was called. There were 72 yeas and 61 nays as follows:

Those who voted in the affirmative were:

Abeler	Crawford	Gottwalt	Kiffmeyer	McNamara	Scott
Anderson, B.	Daudt	Gruenhagen	Kriesel	Murdock	Shimanski
Anderson, D.	Davids	Gunther	Lanning	Murray	Smith
Anderson, P.	Dean	Hackbarth	Leidiger	Myhra	Stensrud
Anderson, S.	Dettmer	Hamilton	LeMieur	Nornes	Swedzinski
Banaian	Doepke	Hancock	Lohmer	O'Driscoll	Torkelson
Barrett	Downey	Holberg	Loon	Peppin	Urdahl
Beard	Drazkowski	Hoppe	Mack	Petersen, B.	Vogel
Benson, M.	Erickson	Howes	Mazorol	Quam	Wardlow
Bills	Fabian	Kelly	McDonald	Runbeck	Westrom
Buesgens	Franson	Kieffer	McElpatrick	Sanders	Woodard
Cornish	Garofalo	Kiel	McFarlane	Schomacker	Spk. Zellers

Those who voted in the negative were:

Anzelc	Carlson	Davnie	Eken	Gauthier	Hansen
Benson, J.	Champion	Dill	Falk	Greene	Hausman
Brynaert	Clark	Dittrich	Fritz	Greiling	Hayden

Hilstrom	Kath	Loeffler	Murphy, E.	Poppe	Wagenius
Hilty	Knuth	Mahoney	Murphy, M.	Rukavina	Ward
Hornstein	Koenen	Mariani	Nelson	Scalze	Winkler
Hortman	Laine	Marquart	Norton	Simon	
Hosch	Lenczewski	Melin	Paymar	Slawik	
Huntley	Lesch	Moran	Pelowski	Slocum	
Johnson	Liebling	Morrow	Persell	Thissen	
Kahn	Lillie	Mullery	Peterson, S.	Tillberry	

The motion prevailed.

H. F. No. 1010, A bill for an act relating to state government; appropriating money for environment, natural resources, commerce, and energy; creating accounts; modifying disposition of certain receipts; modifying responsibilities and authorities; creating an advisory committee; modifying Petroleum Tank Release Cleanup Act; modifying cooperative electric association petition provisions; repealing definitions and requirements; requiring rulemaking on wild rice standards; amending Minnesota Statutes 2010, sections 85.052, subdivision 4; 89.21; 97A.055, by adding a subdivision; 97A.071, subdivision 2; 97A.075; 103G.271, subdivision 6; 103G.301, subdivision 2; 103G.615, subdivision 2; 115A.1314; 115A.1320, subdivision 1; 115C.09, subdivision 3c; 115C.13; 116P.04, by adding a subdivision; 116P.05, subdivision 2; 216B.026, subdivision 1; 290.431; 290.432; 357.021, subdivision 7; proposing coding for new law in Minnesota Statutes, chapters 16E; 84; 89; 97A; 103G; repealing Minnesota Statutes 2010, sections 84.02, subdivisions 1, 2, 3, 4, 5, 6, 7, 8; 84.027, subdivision 11; 116P.09, subdivision 4; 116P.14.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 72 yeas and 61 nays as follows:

Those who voted in the affirmative were:

Abeler	Daudt	Gunther	Leidiger	Nornes	Torkelson
Anderson, B.	Dauids	Hackbarth	LeMieur	O'Driscoll	Urdahl
Anderson, D.	Dean	Hamilton	Lohmer	Peppin	Vogel
Anderson, P.	Dettmer	Hancock	Loon	Petersen, B.	Wardlow
Anderson, S.	Doepke	Holberg	Mack	Quam	Westrom
Banaian	Downey	Hoppe	Mazorol	Runbeck	Woodard
Barrett	Drazkowski	Howes	McDonald	Sanders	Spk. Zellers
Beard	Erickson	Kelly	McElfatrick	Schomacker	
Benson, M.	Fabian	Kieffer	McFarlane	Scott	
Bills	Franson	Kiel	McNamara	Shimanski	
Buesgens	Garofalo	Kiffmeyer	Murdock	Smith	
Cornish	Gottwalt	Kriesel	Murray	Stensrud	
Crawford	Gruenhagen	Lanning	Myhra	Swedzinski	

Those who voted in the negative were:

Anzelc	Dill	Greiling	Hortman	Koenen	Mahoney
Benson, J.	Dittrich	Hansen	Hosch	Laine	Mariani
Brynaert	Eken	Hausman	Huntley	Lenczewski	Marquart
Carlson	Falk	Hayden	Johnson	Lesch	Melin
Champion	Fritz	Hilstrom	Kahn	Liebling	Moran
Clark	Gauthier	Hilty	Kath	Lillie	Morrow
Davnie	Greene	Hornstein	Knuth	Loeffler	Mullery

Murphy, E.	Paymar	Poppe	Slawik	Wagenius
Murphy, M.	Pelowski	Rukavina	Slocum	Ward
Nelson	Persell	Scalze	Thissen	Winkler
Norton	Peterson, S.	Simon	Tillberry	

The bill was repassed, as amended by Conference, and its title agreed to.

#### CONFERENCE COMMITTEE REPORT ON H. F. No. 1140

A bill for an act relating to government finance; appropriating money for transportation, Metropolitan Council, and public safety activities and programs; providing for fund transfers and tort claims; authorizing an account and certain contingent appropriations; providing for use of revenues from metropolitan transportation area sales tax; reducing funding for 2010 state road construction; authorizing temporary transfers from metropolitan livable communities fund accounts, right-of-way loan acquisition fund for transit operating deficits, and Metropolitan Council operating budget; establishing direct appropriation from transit assistance fund; establishing an account; modifying various provisions related to transportation finance and policy; modifying provisions related to licensing drivers; mandating and amending legislative reports; making technical and clarifying changes; amending Minnesota Statutes 2010, sections 16A.11, subdivision 3a; 16A.86, subdivision 3a; 16A.88; 162.06, subdivision 1; 162.12, subdivision 1; 168.12, subdivision 5; 171.06, subdivision 2; 171.0701; 171.13, subdivision 1, by adding a subdivision; 174.93; 297A.992, subdivision 5, by adding a subdivision; Laws 2009, chapter 36, article 1, section 3, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 171.

May 16, 2011

The Honorable Kurt Zellers  
Speaker of the House of Representatives

The Honorable Michelle L. Fischbach  
President of the Senate

We, the undersigned conferees for H. F. No. 1140 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 1140 be further amended as follows:

Delete everything after the enacting clause and insert:

#### "ARTICLE 1 TRANSPORTATION APPROPRIATIONS

##### Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

	<u>2012</u>	<u>2013</u>	<u>Total</u>
<u>General</u>	<u>\$31,079,000</u>	<u>\$31,079,000</u>	<u>\$62,158,000</u>
<u>Airports</u>	<u>19,609,000</u>	<u>21,384,000</u>	<u>40,993,000</u>
<u>C.S.A.H.</u>	<u>545,109,000</u>	<u>572,773,000</u>	<u>1,117,882,000</u>
<u>M.S.A.S.</u>	<u>145,455,000</u>	<u>153,484,000</u>	<u>298,939,000</u>
<u>Special Revenue</u>	<u>49,088,000</u>	<u>49,088,000</u>	<u>98,176,000</u>

<u>H.U.T.D.</u>	<u>10,406,000</u>	<u>10,406,000</u>	<u>20,812,000</u>
<u>Trunk Highway</u>	<u>1,561,090,000</u>	<u>1,335,276,000</u>	<u>2,896,366,000</u>
<b><u>Total</u></b>	<b><u>\$2,361,836,000</u></b>	<b><u>\$2,173,490,000</u></b>	<b><u>\$4,535,326,000</u></b>

Sec. 2. **TRANSPORTATION 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 trunk highway fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2012" and "2013" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2012, or June 30, 2013, respectively. "The first year" is fiscal year 2012. "The second year" is fiscal year 2013. "The biennium" is fiscal years 2012 and 2013. Appropriations for the fiscal year ending June 30, 2011, are effective the day following final enactment.

**APPROPRIATIONS**  
**Available for the Year**  
**Ending June 30**

**2012**                      **2013**

Sec. 3. **DEPARTMENT OF TRANSPORTATION**

Subdivision 1. **Total Appropriation**                      **\$2,197,672,000**                      **\$2,009,326,000**

**Appropriations by Fund**

	<u>2012</u>	<u>2013</u>
<u>General</u>	<u>12,877,000</u>	<u>12,877,000</u>
<u>Airports</u>	<u>19,609,000</u>	<u>21,384,000</u>
<u>C.S.A.H.</u>	<u>545,109,000</u>	<u>572,773,000</u>
<u>M.S.A.S.</u>	<u>145,455,000</u>	<u>153,484,000</u>
<u>Trunk Highway</u>	<u>1,474,622,000</u>	<u>1,248,808,000</u>

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

Subd. 2. **Multimodal Systems**

(a) **Aeronautics**

(1) **Airport Development and Assistance**                      14,298,000                      16,073,000

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

The base appropriation for fiscal years 2014 and 2015 is \$14,298,000 for each year.

Notwithstanding Minnesota Statutes, section 16A.28, subdivision 6, this appropriation is available for five years after appropriation. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.



If the commissioner of transportation determines that a balance remains in the state airports fund following the appropriations made in this article, and that the appropriations made are insufficient for advancing airport development and assistance projects, an amount necessary to advance the projects, not to exceed the balance in the state airports fund, is appropriated in each year to the commissioner and must be spent according to Minnesota Statutes, section 360.305, subdivision 4. Within two weeks of a determination under this contingent appropriation, the commissioner of transportation shall notify the commissioner of management and budget and the chairs and ranking minority members of the legislative committees with jurisdiction over transportation finance concerning funds appropriated. Funds appropriated under this contingent appropriation do not adjust the base appropriation for fiscal years 2014 and 2015.

**(2) Aviation Support and Services**6,123,0006,123,000Appropriations by Fund

<u>Airports</u>	<u>5,286,000</u>	<u>5,286,000</u>
<u>Trunk Highway</u>	<u>837,000</u>	<u>837,000</u>

\$65,000 in each year is from the state airports fund for the Civil Air Patrol.

**(b) Transit**13,338,00013,338,000Appropriations by Fund

<u>General</u>	<u>12,563,000</u>	<u>12,563,000</u>
<u>Trunk Highway</u>	<u>775,000</u>	<u>775,000</u>

The base appropriation from the general fund is \$12,563,000 for fiscal year 2014 and \$12,482,000 for fiscal year 2015.

The amount used in each year as operating assistance for public transit systems for elderly and disabled service must not be less than the amount used in 2011 for that purpose.

\$100,000 in each year is from the general fund for the administrative expenses of the Minnesota Council on Transportation Access under Minnesota Statutes, section 174.285.

**(c) Freight**5,154,0005,154,000Appropriations by Fund

<u>General</u>	<u>257,000</u>	<u>257,000</u>
<u>Trunk Highway</u>	<u>4,897,000</u>	<u>4,897,000</u>

**Subd. 3. State Roads**

<b><u>(a) Operations and Maintenance</u></b>	<u>257,395,000</u>	<u>257,395,000</u>
<b><u>(b) Program Planning and Delivery</u></b>	<u>206,918,000</u>	<u>206,733,000</u>

Of these appropriations, \$130,000 in each year is for administrative costs of the targeted group business program, if a law is enacted and effective in 2012 and 2013 that establishes a targeted group business program for state highway construction contracts.

\$266,000 in each year is available for grants to metropolitan planning organizations outside the seven-county metropolitan area.

\$75,000 in each year is available for a transportation research contingent account to finance research projects that are reimbursable from the federal government or from other sources. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

\$600,000 in each year is available for grants for transportation studies outside the metropolitan area to identify critical concerns, problems, and issues. These grants are available: (1) to regional development commissions; (2) in regions where no regional development commission is functioning, to joint powers boards established under agreement of two or more political subdivisions in the region to exercise the planning functions of a regional development commission; and (3) in regions where no regional development commission or joint powers board is functioning, to the department's district office for that region.

<b><u>(c) State Road Construction</u></b>	<u>801,000,000</u>	<u>555,000,000</u>
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It is estimated that these appropriations will be funded as follows:

Appropriations by Fund

<u>Federal Highway Aid</u>	<u>490,800,000</u>	<u>264,800,000</u>
<u>Highway User Taxes</u>	<u>310,200,000</u>	<u>290,200,000</u>

The commissioner of transportation shall notify the chairs and ranking minority members of the legislative committees with jurisdiction over transportation finance of any significant events that should cause these estimates to change.

This appropriation is for the actual construction, reconstruction, and improvement of trunk highways, including design-build contracts and consultant usage to support these activities. This includes the cost of actual payment to landowners for lands acquired for highway rights-of-way, payment to lessees, interest subsidies, and relocation expenses.

The base appropriation for fiscal years 2014 and 2015 is \$635,000,000 for each year.

The commissioner may transfer up to \$20,000,000 in the first year from the trunk highway fund to the trunk highway economic development account established under Minnesota Statutes, section 161.04, subdivision 6.

The commissioner may expend up to one-half of one percent of the federal appropriations under this paragraph as grants to opportunity industrialization centers and other nonprofit job training centers for job training programs related to highway construction.

The commissioner may transfer up to \$15,000,000 each year to the transportation revolving loan fund.

The commissioner may receive money covering other shares of the cost of partnership projects. These receipts are appropriated to the commissioner for these projects.

(d) **Highway Debt Service** 137,876,000 158,247,000

\$123,876,000 the first year and \$144,247,000 the second year are for transfer to the state bond fund. If an appropriation is insufficient to make all transfers required in the year for which it is made, the commissioner of management and budget shall notify the Committee on Finance of the senate and the Committee on Ways and Means of the house of representatives of the amount of the deficiency and shall then transfer that amount under the statutory open appropriation. Any excess appropriation cancels to the trunk highway fund.

(e) **Electronic Communications** 5,171,000 5,171,000

Appropriations by Fund

<u>General</u>	<u>3,000</u>	<u>3,000</u>
<u>Trunk Highway</u>	<u>5,168,000</u>	<u>5,168,000</u>

The general fund appropriation is to equip and operate the Roosevelt signal tower for Lake of the Woods weather broadcasting.

Subd. 4. Local Roads

(a) **County State Aids** 545,109,000 572,773,000

This appropriation is from the county state-aid highway fund under Minnesota Statutes, sections 161.082 to 161.085; and Minnesota Statutes, chapter 162. This appropriation is available until spent.

If the commissioner of transportation determines that a balance remains in the county state-aid highway fund following the appropriations and transfers made in this subdivision, and that the appropriations made are insufficient for advancing county state-aid highway projects, an amount necessary to advance the projects, not to exceed the balance in the county state-aid highway fund, is appropriated in each year to the commissioner. Within two weeks of a determination under this contingent appropriation, the commissioner of transportation shall notify the commissioner of management and budget and the chairs and ranking minority members of the legislative committees with jurisdiction over transportation finance concerning funds appropriated.

**(b) Municipal State Aids**

145,455,000

153,484,000

This appropriation is from the municipal state-aid street fund for municipal state-aid streets under Minnesota Statutes, chapter 162. This appropriation is available until spent.

If the commissioner of transportation determines that a balance remains in the municipal state-aid street fund following the appropriations made in this subdivision, and that the appropriations made are insufficient for advancing municipal state-aid street projects, an amount necessary to advance the projects, not to exceed the balance in the municipal state-aid street fund, is appropriated in each year to the commissioner. Within two weeks of a determination under this contingent appropriation, the commissioner of transportation shall notify the commissioner of management and budget and the chairs and ranking minority members of the legislative committees with jurisdiction over transportation finance concerning funds appropriated.

**Subd. 5. Agency Management**

**(a) Agency Services**

41,997,000

41,997,000

Appropriations by Fund

<u>Airports</u>	<u>25,000</u>	<u>25,000</u>
<u>Trunk Highway</u>	<u>41,972,000</u>	<u>41,972,000</u>

**(b) Buildings**

17,838,000

17,838,000

Appropriations by Fund

<u>General</u>	<u>54,000</u>	<u>54,000</u>
<u>Trunk Highway</u>	<u>17,784,000</u>	<u>17,784,000</u>

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

**Subd. 6. Transfers**

(a) With the approval of the commissioner of management and budget, the commissioner of transportation may transfer unencumbered balances among the appropriations from the trunk highway fund and the state airports fund made in this section. No transfer may be made from the appropriations for state road construction or for debt service. Transfers under this paragraph may not be made between funds. Transfers under this paragraph must be reported immediately to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation finance.

(b) The commissioner shall transfer from the flexible highway account in the county state-aid highway fund: (1) \$1,000,000 in the first year to the municipal turnback account in the municipal state-aid street fund; (2) \$1,900,000 in the first year to the trunk highway fund; and (3) the remainder in each year to the county turnback account in the county state-aid highway fund. The funds transferred are for highway turnback purposes as provided under Minnesota Statutes, section 161.081, subdivision 3.

**Subd. 7. Use of State Road Construction Appropriations**

Any money appropriated to the commissioner of transportation for state road construction for any fiscal year before the first year is available to the commissioner during the biennium to the extent that the commissioner spends the money on the state road construction project for which the money was originally encumbered during the fiscal year for which it was appropriated. The commissioner of transportation shall report to the commissioner of management and budget by August 1, 2011, and August 1, 2012, on a form the commissioner of management and budget provides, on expenditures made during the previous fiscal year that are authorized by this subdivision.

**Subd. 8. Contingent Appropriation**

The commissioner of transportation, with the approval of the governor and the written approval of at least five members of a group consisting of the members of the Legislative Advisory Commission under Minnesota Statutes, section 3.30, and the ranking minority members of the legislative committees with jurisdiction over transportation finance, may transfer all or part of the unappropriated balance in the trunk highway fund to an appropriation: (1) for trunk highway design, construction, or inspection in order to take advantage of an unanticipated receipt of income to the trunk highway fund or to take advantage of federal advanced construction funding; (2) for trunk highway maintenance in order to meet an emergency; or (3) to pay tort or environmental claims. Nothing in this subdivision authorizes the commissioner to

increase the use of federal advanced construction funding beyond amounts specifically authorized. Any transfer as a result of the use of federal advanced construction funding must include an analysis of the effects on the long-term trunk highway fund balance. The amount transferred is appropriated for the purpose of the account to which it is transferred.

**Subd. 9. Use of Trunk Highway Fund**

No transfer or expenditure of trunk highway funds may be made for the purpose of paying personnel costs incurred on behalf of the Governor's Office.

**Sec. 4. METROPOLITAN COUNCIL**

**\$10,248,000**

**\$10,248,000**

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

Of this appropriation, \$140,000 in each fiscal year is for transit service for disabled veterans under Minnesota Statutes, section 473.408, subdivision 10.

The base appropriation is \$39,248,000 for fiscal year 2014 and \$39,329,000 for fiscal year 2015.

The Metropolitan Council shall deploy the following strategies as necessary to avoid transit service reductions and route elimination, in the order stated:

- (1) use the maximum feasible amount of the council's reserve funds for bus transit operations in fiscal years 2012 and 2013;
- (2) exercise the authority granted to the council in article 2, sections 3 to 5;
- (3) increase fares; and
- (4) if the strategies under clauses (1) to (3) have been deployed, perform service reductions or route eliminations except as otherwise prohibited under this section.

The Metropolitan Council may not reduce the level of service provided in the biennium for special transportation service under Minnesota Statutes, section 473.386, from the level of service provided by the council on January 1, 2011. The Metropolitan Council may not restrict eligibility in the biennium for special transportation service under Minnesota Statutes, section 473.386, beyond the eligibility requirements in place on January 1, 2011. Level of service includes, but is not limited to, geographic coverage area, hours of service, hours of operation for reservation services, and any other aspects of the program having a substantial impact on usability of the service.

Notwithstanding Minnesota Statutes, section 473.388, subdivision 4, in each year of the biennium, the Metropolitan Council shall provide financial assistance to each transit provider under Minnesota Statutes, section 473.388, in an amount equal to the amount of assistance provided to that transit provider by the Metropolitan Council in fiscal year 2011.

Sec. 5. **DEPARTMENT OF PUBLIC SAFETY**

Subdivision 1. **Total Appropriation**

**\$153,316,000**

**\$153,316,000**

Appropriations by Fund

	<u>2012</u>	<u>2013</u>
<u>General</u>	7,954,000	7,954,000
<u>Special Revenue</u>	49,088,000	49,088,000
<u>H.U.T.D.</u>	10,406,000	10,406,000
<u>Trunk Highway</u>	85,868,000	85,868,000

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

Subd. 2. **Administration and Related Services**

(a) **Office of Communications**

434,000

434,000

Appropriations by Fund

<u>General</u>	41,000	41,000
<u>Trunk Highway</u>	393,000	393,000

(b) **Public Safety Support**

8,168,000

8,168,000

Appropriations by Fund

<u>General</u>	3,296,000	3,296,000
<u>H.U.T.D.</u>	1,366,000	1,366,000
<u>Trunk Highway</u>	3,506,000	3,506,000

\$380,000 in each year is from the general fund for payment of public safety officer survivor benefits under Minnesota Statutes, section 299A.44. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

\$1,367,000 in each year is from the general fund to be deposited in the public safety officer's benefit account. This money is available for reimbursements under Minnesota Statutes, section 299A.465.

\$508,000 in each year is from the general fund for soft body armor reimbursements under Minnesota Statutes, section 299A.38.

\$792,000 in each year is from the general fund for transfer by the commissioner of management and budget to the trunk highway fund on December 31, 2011, and December 31, 2012, respectively, in order to reimburse the trunk highway fund for expenses not related to the fund. These represent amounts appropriated out of the trunk highway fund for general fund purposes in the administration and related services program.

\$610,000 in each year is from the highway user tax distribution fund for transfer by the commissioner of management and budget to the trunk highway fund on December 31, 2011, and December 31, 2012, respectively, in order to reimburse the trunk highway fund for expenses not related to the fund. These represent amounts appropriated out of the trunk highway fund for highway user tax distribution fund purposes in the administration and related services program.

\$716,000 in each year is from the highway user tax distribution fund for transfer by the commissioner of management and budget to the general fund on December 31, 2011, and December 31, 2012, respectively, in order to reimburse the general fund for expenses not related to the fund. These represent amounts appropriated out of the general fund for operation of the criminal justice data network related to driver and motor vehicle licensing.

(c) **Technology and Support Service** 3,835,000 3,835,000

Appropriations by Fund

<u>General</u>	<u>1,472,000</u>	<u>1,472,000</u>
<u>H.U.T.D.</u>	<u>19,000</u>	<u>19,000</u>
<u>Trunk Highway</u>	<u>2,344,000</u>	<u>2,344,000</u>

Subd. 3. State Patrol

(a) **Patrolling Highways** 71,522,000 71,522,000

Appropriations by Fund

<u>General</u>	<u>37,000</u>	<u>37,000</u>
<u>H.U.T.D.</u>	<u>92,000</u>	<u>92,000</u>
<u>Trunk Highway</u>	<u>71,393,000</u>	<u>71,393,000</u>

(b) **Commercial Vehicle Enforcement** 7,796,000 7,796,000

\$600,000 in each year is for the Office of Pupil Transportation Safety under Minnesota Statutes, section 169.435.

(c) **Capitol Security** 3,108,000 3,108,000

This appropriation is from the general fund.



The commissioner may not: (1) spend any money from the trunk highway fund for capitol security; or (2) permanently transfer any state trooper from the patrolling highways activity to capitol security.

The commissioner may not transfer any money appropriated to the commissioner under this section: (1) to capitol security; or (2) from capitol security.

(d) **Vehicle Crimes Unit** 693,000 693,000

This appropriation is from the highway user tax distribution fund.

This appropriation is to investigate: (1) registration tax and motor vehicle sales tax liabilities from individuals and businesses that currently do not pay all taxes owed; and (2) illegal or improper activity related to sale, transfer, titling, and registration of motor vehicles.

**Subd. 4. Driver and Vehicle Services**

(a) **Vehicle Services** 27,259,000 27,259,000

Appropriations by Fund

<u>Special Revenue</u>	<u>19,023,000</u>	<u>19,023,000</u>
<u>H.U.T.D.</u>	<u>8,236,000</u>	<u>8,236,000</u>

The special revenue fund appropriation is from the vehicle services operating account.

(b) **Driver Services** 28,712,000 28,712,000

Appropriations by Fund

<u>Special Revenue</u>	<u>28,711,000</u>	<u>28,711,000</u>
<u>Trunk Highway</u>	<u>1,000</u>	<u>1,000</u>

The special revenue fund appropriation is from the driver services operating account.

**Subd. 5. Traffic Safety** 435,000 435,000

The commissioner of public safety shall spend 50 percent of the money available to the state under United States Code, title 23, section 164, and the remaining 50 percent must be transferred to the commissioner of transportation for hazard elimination activities under United States Code, title 23, section 152.

**Subd. 6. Pipeline Safety**1,354,0001,354,000

This appropriation is from the pipeline safety account in the special revenue fund.

**Subd. 7. Use of Trunk Highway Fund**

No transfer or expenditure of trunk highway funds may be made for the purpose of paying personnel costs incurred on behalf of the Governor's Office.

**Sec. 6. TORT CLAIMS**\$600,000\$600,000

This appropriation is to the commissioner of management and budget.

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

Sec. 7. Laws 2009, chapter 36, article 1, section 3, subdivision 3, as amended by Laws 2010, chapter 351, section 66, is amended to read:

**Subd. 3. State Roads****(a) Infrastructure Operations and Maintenance**

251,643,000

245,892,000

The base appropriation for fiscal years 2012 and 2013 is \$257,395,000 for each year.

**(b) Infrastructure Investment and Planning****(1) Infrastructure Investment Support**

201,461,000

196,935,000

The base appropriation for fiscal years 2012 and 2013 is \$205,988,000 for each year.

\$266,000 the first year and \$266,000 the second year are available for grants to metropolitan planning organizations outside the seven-county metropolitan area.

\$75,000 the first year and \$75,000 the second year are for a transportation research contingent account to finance research projects that are reimbursable from the federal government or from other sources. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

\$600,000 the first year and \$600,000 the second year are available for grants for transportation studies outside the metropolitan area to identify critical concerns, problems, and issues. These grants are available (1) to regional development commissions; (2) in regions where no regional development commission is functioning,

to joint powers boards established under agreement of two or more political subdivisions in the region to exercise the planning functions of a regional development commission; and (3) in regions where no regional development commission or joint powers board is functioning, to the department's district office for that region.

\$200,000 the second year is for grants to nonprofit job training centers for: (1) job training programs related to highway construction; and (2) business training for companies that are certified disadvantaged business enterprises.

**(2) State Road Construction**

551,300,000

~~598,700,000~~

555,700,000

The base appropriation for fiscal years 2012 and 2013 is \$635,000,000 for each year.

It is estimated that these appropriations will be funded as follows:

Appropriations by Fund

Federal Highway Aid	301,100,000	<del>388,500,000</del> <u>345,500,000</u>
Highway User Taxes	250,200,000	210,200,000

The commissioner of transportation shall notify the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over transportation finance of any significant events that should cause these estimates to change.

This appropriation is for the actual construction, reconstruction, and improvement of trunk highways, including design-build contracts and consultant usage to support these activities. This includes the cost of actual payment to landowners for lands acquired for highway rights-of-way, payment to lessees, interest subsidies, and relocation expenses.

The commissioner may spend up to \$250,000 of trunk highway funds in fiscal year 2011 to pay the operating costs of bus service between Hastings and Minneapolis-St. Paul to mitigate the traffic impacts of the project involving construction of a bridge crossing the Mississippi River in the city of Hastings on marked Trunk Highway 61.

The commissioner shall expend up to one-half of one percent of the federal appropriations under this paragraph as grants to opportunity industrialization centers and other nonprofit job training centers for job training programs related to highway construction.

The commissioner may transfer up to \$15,000,000 each year to the transportation revolving loan fund.

The commissioner may receive money covering other shares of the cost of partnership projects. These receipts are appropriated to the commissioner for these projects.

(3) **Highway Debt Service** 101,170,000 173,400,000

\$86,517,000 the first year and \$157,304,000 the second year are for transfer to the state bond fund. If this appropriation is insufficient to make all transfers required in the year for which it is made, the commissioner of finance shall notify the Committee on Finance of the senate and the Committee on Ways and Means of the house of representatives of the amount of the deficiency and shall then transfer that amount under the statutory open appropriation. Any excess appropriation cancels to the trunk highway fund.

(c) **Electronic Communications** 5,177,000 5,177,000

Appropriations by Fund

General	9,000	9,000
Trunk Highway	5,168,000	5,168,000

The general fund appropriation is to equip and operate the Roosevelt signal tower for Lake of the Woods weather broadcasting.

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

ARTICLE 2  
METROPOLITAN TRANSIT FINANCE

Section 1. Minnesota Statutes 2010, section 297A.992, subdivision 5, is amended to read:

Subd. 5. **Grant application and awards; Grant Evaluation and Ranking System (GEARS) Committee.** (a) The joint powers board shall establish a grant application process and identify the amount of available funding for grant awards. Grant applications must be submitted in a form prescribed by the joint powers board. An applicant must provide, in addition to all other information required by the joint powers board, the estimated cost of the project, the amount of the grant sought, possible sources of funding in addition to the grant sought, and identification of any federal funds that will be utilized if the grant is awarded. A grant application seeking transit capital funding must identify the source of money necessary to operate the transit improvement.

(b) The joint powers board shall establish a timeline and procedures for the award of grants, and may award grants only to the state and political subdivisions. The board shall define objective criteria for the award of grants, which must include, but not be limited to, consistency with the most recent version of the transportation policy plan adopted by the Metropolitan Council under section 473.146. The joint powers board shall maximize the availability and use of federal funds in projects funded under this section.

(c) The joint powers board shall establish a GEARS Committee, which must consist of:

(1) one county commissioner from each county that is in the metropolitan transportation area, appointed by its county board;

(2) one elected city representative from each county that is in the metropolitan transportation area;

(3) one additional elected city representative from each county for every additional 400,000 in population, or fraction of 400,000, in the county that is above 400,000 in population; and

(4) the chair of the Metropolitan Council Transportation Committee.

(d) Each city representative must be elected at a meeting of cities in the metropolitan transportation area, which must be convened for that purpose by the Association of Metropolitan Municipalities.

(e) The committee shall evaluate grant applications following objective criteria established by the joint powers board, and must provide to the joint powers board a selection list of transportation projects that includes a priority ranking.

(f) A grant award for a transit project located within the metropolitan area, as defined in section 473.121, subdivision 2, may be funded only after the Metropolitan Council reviews the project for consistency with the transit portion of the Metropolitan Council policy plan and one of the following occurs:

(1) the Metropolitan Council finds the project to be consistent;

(2) the Metropolitan Council initially finds the project to be inconsistent, but after a good faith effort to resolve the inconsistency through negotiations with the joint powers board, agrees that the grant award may be funded; or

(3) the Metropolitan Council finds the project to be inconsistent, and submits the consistency issue for final determination to a panel, which determines the project to be consistent. The panel is composed of a member appointed by the chair of the Metropolitan Council, a member appointed by the joint powers board, and a member agreed upon by both the chair and the joint powers board.

(g) Grants must be funded by the proceeds of the taxes imposed under this section, bonds, notes, or other obligations issued by the joint powers board under subdivision 7.

~~(h) Notwithstanding the provisions of this subdivision, in fiscal year 2009, of the initial revenue collected under this section, the joint powers board shall allocate at least \$30,783,000 to the Metropolitan Council for operating assistance for transit. Notwithstanding the provisions of this section except subdivision 6a, of the revenue collected under this section, the joint powers board may allocate to the Metropolitan Council, in fiscal years 2012 and 2013, any amount that is not provided as grant awards for transit ways or park-and-ride facilities.~~

(i) The Metropolitan Council shall expend any funds allocated under paragraph (h):

(1) for bus operations under sections 473.371 to 473.449, and excluding (i) bus rapid transit operations, and (ii) light rail transit and commuter rail operations under sections 174.90, 473.3993 to 473.3999, and 473.4051 to 473.4057; and

(2) solely within those counties that are in the metropolitan transportation area.

(j) Nothing in paragraph (h) or (i) prevents grant awards to the Metropolitan Council for capital and operating assistance for transit ways and park-and-ride facilities.

Sec. 2. Minnesota Statutes 2010, section 297A.992, is amended by adding a subdivision to read:

Subd. 6a. **Priority of fund uses.** The joint powers board shall allocate all revenues from the taxes imposed under this section in conformance with the following priority order:

(1) payment of debt service necessary for the fiscal year on bonds or other obligations issued prior to January 1, 2011, under subdivision 7; and

(2) as otherwise authorized under this section.

Sec. 3. **METROPOLITAN LIVABLE COMMUNITIES FUND; TRANSFERS.**

(a) Notwithstanding Minnesota Statutes, sections 473.25 to 473.255, or any other law, the Metropolitan Council may transfer to its transit operating budget in 2011, 2012, and 2013 up to 100 percent of the sum of balances in, revenues in, and amounts otherwise credited, transferred, or distributed to, each of the following accounts in 2011, 2012, and 2013:

(1) the tax base revitalization account pursuant to Minnesota Statutes, section 473.252;

(2) the livable communities demonstration account pursuant to Minnesota Statutes, section 473.253; and

(3) the local housing incentives account pursuant to Minnesota Statutes, section 473.254.

(b) The council may not transfer funds under this section that are committed to grant or loan awards made by the council.

(c) The council shall use any amounts transferred under this section to cover operating deficits for transit services provided or assisted by the council under Minnesota Statutes, sections 473.371 to 473.449. If the council transfers funds pursuant to this section, the council shall amend the annual distribution plan described in Minnesota Statutes, section 473.25, paragraph (d), and include information about the transfer in the annual report required under Minnesota Statutes, section 473.25, paragraph (e).

Sec. 4. **RIGHT-OF-WAY ACQUISITION LOAN FUND; TRANSFERS.**

(a) Notwithstanding Minnesota Statutes, section 473.167, or any other law, the Metropolitan Council may transfer to its transit operating budget in 2011, 2012, and 2013 up to 100 percent of the amounts levied and collected in 2011, 2012, and 2013 under Minnesota Statutes, section 473.167, subdivision 3. The council shall use the amounts transferred to cover operating deficits for transit services provided or assisted by the council under Minnesota Statutes, sections 473.371 to 473.449.

(b) If the council transfers funds pursuant to this section, the council shall within two weeks notify the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance concerning the transfers.

Sec. 5. **METROPOLITAN COUNCIL OPERATING BUDGET; TRANSFERS.**

(a) Notwithstanding Minnesota Statutes, chapter 473, or any other law, the Metropolitan Council may transfer to its transit operating budget in 2011, 2012, and 2013 up to 100 percent of the amounts levied and collected in 2011, 2012, and 2013, respectively, under Minnesota Statutes, section 473.249, that are otherwise budgeted in that year in the council's operating budget under Minnesota Statutes, section 473.13, for the following departments or functions:

(1) government affairs;

(2) public affairs;

(3) regional systems planning and growth strategy; and

(4) local planning assistance.

(b) The council may not transfer funds under this section that are identified for or committed to grant or loan awards made by the council.

(c) The council shall use the amounts transferred to cover operating deficits for transit services provided or assisted by the council under Minnesota Statutes, sections 473.371 to 473.449. If the council transfers funds pursuant to this section, the council shall within two weeks notify the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance concerning the transfers.

### ARTICLE 3 TRANSPORTATION DEVELOPMENT

Section 1. Minnesota Statutes 2010, section 16A.11, subdivision 3a, is amended to read:

Subd. 3a. **Part three: detailed capital budget.** The detailed capital budget must include recommendations for capital projects to be funded during the next six fiscal years and, if applicable, must meet the requirements under section 174.93, subdivision 1a. It must be submitted with projects recommended by the governor and in order of importance among that agency's requests as determined by the agency originating the request.

Sec. 2. Minnesota Statutes 2010, section 16A.86, subdivision 3a, is amended to read:

Subd. 3a. **Information provided.** All requests for state assistance under this section must include the following information:

(1) the name of the political subdivision that will own the capital project for which state assistance is being requested;

(2) the public purpose of the project;

(3) the extent to which the political subdivision has or expects to provide local, private, user financing, or other nonstate funding for the project;

(4) a list of the bondable activities that the project encompasses; examples of bondable activities are public improvements of a capital nature for land acquisition, predesign, design, construction, and furnishing and equipping for occupancy;

(5) whether the project will require new or additional state operating subsidies;

(6) whether the governing body of the political subdivision requesting the project has passed a resolution in support of the project and has established priorities for all projects within its jurisdiction for which bonding appropriations are requested when submitting multiple requests; ~~and~~

(7) if the project requires a predesign under section 16B.335, whether the predesign has been completed at the time the capital project request is submitted, and whether the political subdivision has submitted the project predesign to the commissioner of administration for review and approval; and

(8) if applicable, the information required under section 174.93, subdivision 1a.

Sec. 3. Minnesota Statutes 2010, section 161.04, is amended by adding a subdivision to read:

Subd. 6. **Trunk highway economic development account.** (a) The trunk highway economic development account is created in the trunk highway fund. Money in the account is annually appropriated to the commissioner and does not lapse. Interest earned from investment of money in this account must be deposited in the trunk highway economic development account.

(b) Money in the account must be used to fund construction, reconstruction, and improvement of trunk highways that will promote economic development, increase employment, and relieve growing traffic congestion.

(c) The commissioner shall design a project application and selection process to distribute money in the account. The process must include specified eligibility and prioritizing criteria.

(d) Money in the account must be allocated 50 percent to the department's metropolitan district, and 50 percent to districts in greater Minnesota except as provided in this paragraph. If there are not sufficient project applications that meet eligibility and prioritizing criteria in either the metropolitan district or greater Minnesota districts to permit an equal division of available money, the commissioner shall fund projects that meet the selection criteria without regard to location in the state.

Sec. 4. Minnesota Statutes 2010, section 162.06, subdivision 1, is amended to read:

Subdivision 1. **Estimate.** (a) By December 15 of each year the commissioner shall estimate the amount of money that will be available to the county state-aid highway fund during that fiscal year. The amount available must be based on actual receipts from July 1 through ~~November 30~~ October 31, the unallocated fund balance, and the projected receipts for the remainder of the fiscal year. The amount available, except for deductions as provided in this section, shall be apportioned by the commissioner to the counties as provided in section 162.07.

(b) For purposes of this section, "amount available" means the amount estimated in paragraph (a).

Sec. 5. Minnesota Statutes 2010, section 162.12, subdivision 1, is amended to read:

Subdivision 1. **Estimate of accruals.** By December 15 of each year the commissioner shall estimate the amount of money that will be available to the municipal state-aid street fund during that fiscal year. The amount available is based on actual receipts from July 1 through ~~November 30~~ October 31, the unallocated fund balance, and the projected receipts for the remainder of the fiscal year. The total available, except for deductions as provided herein, shall be apportioned by the commissioner to the cities having a population of 5,000 or more as hereinafter provided.

Sec. 6. Minnesota Statutes 2010, section 168.12, subdivision 5, is amended to read:

Subd. 5. **Additional fee.** (a) In addition to any fee otherwise authorized or any tax otherwise imposed upon any vehicle, the payment of which is required as a condition to the issuance of any plate or plates, the commissioner shall impose the fee specified in paragraph (b) that is calculated to cover the cost of manufacturing and issuing the plate or plates, except for plates issued to disabled veterans as defined in section 168.031 and plates issued pursuant to section 168.124, 168.125, or 168.27, subdivisions 16 and 17, for passenger automobiles. The commissioner shall issue graphic design plates only for vehicles registered pursuant to section 168.017 and recreational vehicles registered pursuant to section 168.013, subdivision 1g.



(b) Unless otherwise specified or exempted by statute, the following plate and validation sticker fees apply for the original, duplicate, or replacement issuance of a plate in a plate year:

License Plate	Single	Double
Regular and Disability	\$4.50	\$6.00
Special	\$8.50	\$10.00
Personalized (Replacement)	\$10.00	\$14.00
Collector Category	\$13.50	\$15.00
Emergency Vehicle Display	\$3.00	\$6.00
Utility Trailer Self-Adhesive	\$2.50	
Vertical Motorcycle Plate	\$100.00	NA

  

Stickers		
Duplicate year	\$1.00	\$1.00
International Fuel Tax Agreement	\$2.50	

(c) For vehicles that require two of the categories above, the registrar shall only charge the higher of the two fees and not a combined total.

(d) As part of procedures for payment of the fee under paragraph (b), the commissioner shall allow a vehicle owner to add to the fee a \$2 donation for the purposes of public information and education on anatomical gifts under section 171.075.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 7. Minnesota Statutes 2010, section 168.1253, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) The terms used in this section have the meanings given them in this subdivision.

(b) "Active service" has the meaning given in section 190.05, subdivision 5.

(c) "Eligible person" means a surviving spouse ~~or~~ child, parent or legal guardian, or sibling of a person who has died while serving honorably in active service. For purposes of this section, an eligibility relationship may be established by birth or adoption.

(d) "Motor vehicle" means a vehicle for personal use, not used for commercial purposes, and may include a passenger automobile, motorcycle, recreational vehicle, pickup truck, or van.

**EFFECTIVE DATE.** This section is effective August 1, 2011, for registrations applied for or renewed on or after that date.

Sec. 8. Minnesota Statutes 2010, section 169.86, subdivision 5, is amended to read:

Subd. 5. **Fees; proceeds deposited; appropriation.** The commissioner, with respect to highways under the commissioner's jurisdiction, may charge a fee for each permit issued. All such fees for permits issued by the commissioner of transportation shall be deposited in the state treasury and credited to the trunk highway fund. Except for those annual permits for which the permit fees are specified elsewhere in this chapter, the fees shall be:

(a) \$15 for each single trip permit.

(b) \$36 for each job permit. A job permit may be issued for like loads carried on a specific route for a period not to exceed two months. "Like loads" means loads of the same product, weight, and dimension.

(c) \$60 for an annual permit to be issued for a period not to exceed 12 consecutive months. Annual permits may be issued for:

- (1) motor vehicles used to alleviate a temporary crisis adversely affecting the safety or well-being of the public;
- (2) motor vehicles which travel on interstate highways and carry loads authorized under subdivision 1a;
- (3) motor vehicles operating with gross weights authorized under section 169.826, subdivision 1a;
- (4) special pulpwood vehicles described in section 169.863;
- (5) motor vehicles bearing snowplow blades not exceeding ten feet in width;
- (6) noncommercial transportation of a boat by the owner or user of the boat;
- (7) motor vehicles carrying bales of agricultural products authorized under section 169.862; and
- (8) special milk-hauling vehicles authorized under section 169.867.

(d) \$120 for an oversize annual permit to be issued for a period not to exceed 12 consecutive months. Annual permits may be issued for:

- (1) mobile cranes;
- (2) construction equipment, machinery, and supplies;
- (3) manufactured homes and manufactured storage buildings;
- (4) implements of husbandry;
- (5) double-deck buses;
- (6) commercial boat hauling and transporting waterfront structures including, but not limited to, portable boat docks and boat lifts;
- (7) three-vehicle combinations consisting of two empty, newly manufactured trailers for cargo, horses, or livestock, not to exceed 28-1/2 feet per trailer; provided, however, the permit allows the vehicles to be moved from a trailer manufacturer to a trailer dealer only while operating on twin-trailer routes designated under section 169.81, subdivision 3, paragraph (c); and
- (8) vehicles operating on that portion of marked Trunk Highway 36 described in section 169.81, subdivision 3, paragraph (e).

(e) For vehicles which have axle weights exceeding the weight limitations of sections 169.823 to 169.829, an additional cost added to the fees listed above. However, this paragraph applies to any vehicle described in section 168.013, subdivision 3, paragraph (b), but only when the vehicle exceeds its gross weight allowance set forth in that

paragraph, and then the additional cost is for all weight, including the allowance weight, in excess of the permitted maximum axle weight. The additional cost is equal to the product of the distance traveled times the sum of the overweight axle group cost factors shown in the following chart:

Overweight Axle Group Cost Factors

Weight (pounds) exceeding weight limitations on axles	Cost Per Mile For Each Group Of:		
	Two consecutive axles spaced within 8 feet or less	Three consecutive axles spaced within 9 feet or less	Four consecutive axles spaced within 14 feet or less
0-2,000	.12	.05	.04
2,001-4,000	.14	.06	.05
4,001-6,000	.18	.07	.06
6,001-8,000	.21	.09	.07
8,001-10,000	.26	.10	.08
10,001-12,000	.30	.12	.09
12,001-14,000	Not permitted	.14	.11
14,001-16,000	Not permitted	.17	.12
16,001-18,000	Not permitted	.19	.15
18,001-20,000	Not permitted	Not permitted	.16
20,001-22,000	Not permitted	Not permitted	.20

The amounts added are rounded to the nearest cent for each axle or axle group. The additional cost does not apply to paragraph (c), clauses (1) and (3).

For a vehicle found to exceed the appropriate maximum permitted weight, a cost-per-mile fee of 22 cents per ton, or fraction of a ton, over the permitted maximum weight is imposed in addition to the normal permit fee. Miles must be calculated based on the distance already traveled in the state plus the distance from the point of detection to a transportation loading site or unloading site within the state or to the point of exit from the state.

(f) As an alternative to paragraph (e), an annual permit may be issued for overweight, or oversize and overweight, mobile cranes; construction equipment, machinery, and supplies; implements of husbandry; and commercial boat hauling. The fees for the permit are as follows:

Gross Weight (pounds) of Vehicle	Annual Permit Fee
90,000 or less	\$200
90,001 - 100,000	\$300
100,001 - 110,000	\$400
110,001 - 120,000	\$500
120,001 - 130,000	\$600
130,001 - 140,000	\$700
140,001 - 145,000	\$800

If the gross weight of the vehicle is more than 145,000 pounds the permit fee is determined under paragraph (e).

(g) For vehicles which exceed the width limitations set forth in section 169.80 by more than 72 inches, an additional cost equal to \$120 added to the amount in paragraph (a) when the permit is issued while seasonal load restrictions pursuant to section 169.87 are in effect.

(h) \$85 for an annual permit to be issued for a period not to exceed 12 months, for refuse-compact vehicles that carry a gross weight of not more than: 22,000 pounds on a single rear axle; 38,000 pounds on a tandem rear axle; or, subject to section 169.828, subdivision 2, 46,000 pounds on a tridem rear axle. A permit issued for up to 46,000 pounds on a tridem rear axle must limit the gross vehicle weight to not more than 62,000 pounds.

(i) \$300 for a motor vehicle described in section 169.8261. The fee under this paragraph must be deposited as follows:

(1) in fiscal years 2005 through 2010:

(i) the first \$50,000 in each fiscal year must be deposited in the trunk highway fund for costs related to administering the permit program and inspecting and posting bridges;

(ii) all remaining money in each fiscal year must be deposited in a bridge inspection and signing account in the special revenue fund. Money in the account is appropriated to the commissioner for:

(A) inspection of local bridges and identification of local bridges to be posted, including contracting with a consultant for some or all of these functions; and

(B) erection of weight-posting signs on local bridges; and

(2) in fiscal year 2011 and subsequent years must be deposited in the trunk highway fund.

(j) Beginning August 1, 2006, \$200 for an annual permit for a vehicle operating under authority of section 169.824, subdivision 2, paragraph (a), clause (2).

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

Sec. 9. Minnesota Statutes 2010, section 171.06, subdivision 2, is amended to read:

Subd. 2. **Fees.** (a) The fees for a license and Minnesota identification card are as follows:

Classified Driver's License	D-\$22.25	C-\$26.25	B-\$33.25	A-\$41.25
Classified Under-21 D.L.	D-\$22.25	C-\$26.25	B-\$33.25	A-\$21.25
Enhanced Driver's License	D-\$37.25	C-\$41.25	B-\$48.25	A-\$56.25
Instruction Permit				\$10.25
Enhanced Instruction Permit				\$25.25
Provisional License				\$13.25
Enhanced Provisional License				\$28.25
Duplicate License or duplicate identification card				\$11.75
Enhanced Duplicate License or enhanced duplicate identification card				\$26.75
Minnesota identification card or Under-21 Minnesota identification card, other than duplicate, except as otherwise provided in section 171.07, subdivisions 3 and 3a				\$16.25
Enhanced Minnesota identification card				\$31.25

In addition to each fee required in this paragraph, the commissioner shall collect a surcharge of \$1.75 until June 30, 2012. Surcharges collected under this paragraph must be credited to the driver and vehicle services technology account in the special revenue fund under section 299A.705.

(b) Notwithstanding paragraph (a), an individual who holds a provisional license and has a driving record free of (1) convictions for a violation of section 169A.20, 169A.33, 169A.35, or sections 169A.50 to 169A.53, (2) convictions for crash-related moving violations, and (3) convictions for moving violations that are not crash related, shall have a \$3.50 credit toward the fee for any classified under-21 driver's license. "Moving violation" has the meaning given it in section 171.04, subdivision 1.

(c) In addition to the driver's license fee required under paragraph (a), the commissioner shall collect an additional \$4 processing fee from each new applicant or individual renewing a license with a school bus endorsement to cover the costs for processing an applicant's initial and biennial physical examination certificate. The department shall not charge these applicants any other fee to receive or renew the endorsement.

(d) An application for a Minnesota identification card, instruction permit, provisional license, or driver's license, including an application for renewal, must contain a provision that allows the applicant to add to the fee under paragraph (a) a \$2 donation for the purposes of public information and education on anatomical gifts under section 171.075.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 10. Minnesota Statutes 2010, section 171.0701, is amended to read:

**171.0701 DRIVER EDUCATION CONTENT.**

Subdivision 1. **Driver education requirements.** (a) The commissioner shall adopt rules requiring a minimum of 30 minutes of instruction, beginning January 1, 2007, relating to organ and tissue donations and the provisions of section 171.07, subdivision 5, for persons enrolled in driver education programs offered at public schools, private schools, and commercial driver training schools.

(b) The commissioner shall adopt rules for persons enrolled in driver education programs offered at public schools, private schools, and commercial driver training schools, requiring inclusion in the course of instruction, by January 1, 2009, a section on awareness and safe interaction with commercial motor vehicle traffic. The rules must require classroom instruction and behind-the-wheel training that includes, but is not limited to, truck stopping distances, proper distances for following trucks, identification of truck blind spots, and avoidance of driving in truck blind spots.

(c) By January 1, 2012, the commissioner shall adopt rules for persons enrolled in driver education programs offered at public schools, private schools, and commercial driver training schools, requiring inclusion in the course of instruction of a section on carbon monoxide poisoning. The instruction must include but is not limited to: (1) a description of the characteristics of carbon monoxide; (2) a review of the risks and potential speed of death from carbon monoxide poisoning; and (3) specific suggestions regarding vehicle idling practices.

Subd. 2. **Rulemaking.** The rules adopted by the commissioner under ~~paragraph (b)~~ this section are exempt from the rulemaking provisions of chapter 14. The rules are subject to section 14.386, except that notwithstanding paragraph (b) of section 14.386, the rules continue in effect until repealed or superseded by other law or rule.

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

Sec. 11. **[171.075] ANATOMICAL GIFTS.**

Subdivision 1. **Anatomical gift account.** An anatomical gift account is established in the special revenue fund. The account consists of funds donated under sections 168.12, subdivision 5, and 171.06, subdivision 2, and any other money donated, allotted, transferred, or otherwise provided to the account. Money in the account is annually appropriated to the commissioner for: (1) grants under subdivision 2; and (2) administrative expenses in implementing the donation and grant program.

Subd. 2. **Anatomical gift education grants.** (a) The commissioner shall make grants to: (1) a Minnesota organ procurement organization that is certified by the federal Centers for Medicare and Medicaid Services; or (2) an entity that is a charitable entity under section 501(c)(3) of the Internal Revenue Code, as defined in section 289A.02, subdivision 7, and is dedicated to advocacy for organ, tissue, and eye donation.

(b) From a grant under this section, the recipient shall provide resources and implement programs designed to increase the number of Minnesotans who register to be organ, tissue, and eye donors.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 12. Minnesota Statutes 2010, section 171.13, subdivision 1, is amended to read:

Subdivision 1. **Examination subjects and locations; provisions for color blindness, disabled veterans.** (a) Except as otherwise provided in this section, the commissioner shall examine each applicant for a driver's license by such agency as the commissioner directs. This examination must include:

(1) a test of the applicant's eyesight;

(2) a test of the applicant's ability to read and understand highway signs regulating, warning, and directing traffic;

(3) a test of the applicant's knowledge of (i) traffic laws; ~~knowledge of (ii)~~ the effects of alcohol and drugs on a driver's ability to operate a motor vehicle safely and legally, and of the legal penalties and financial consequences resulting from violations of laws prohibiting the operation of a motor vehicle while under the influence of alcohol or drugs; ~~knowledge of (iii)~~ railroad grade crossing safety; ~~knowledge of (iv)~~ slow-moving vehicle safety; ~~knowledge of (v)~~ laws relating to pupil transportation safety, including the significance of school bus lights, signals, stop arm, and passing a school bus; ~~knowledge of (vi)~~ traffic laws related to bicycles; and (vii) the circumstances and dangers of carbon monoxide poisoning;

(4) an actual demonstration of ability to exercise ordinary and reasonable control in the operation of a motor vehicle; and

(5) other physical and mental examinations as the commissioner finds necessary to determine the applicant's fitness to operate a motor vehicle safely upon the highways, ~~provided, further however,~~

(b) ~~Notwithstanding paragraph (a),~~ no driver's license ~~shall~~ may be denied an applicant on the exclusive grounds that the applicant's eyesight is deficient in color perception. ~~Provided, however, that~~ War veterans operating motor vehicles especially equipped for disabled persons, ~~shall~~, if otherwise entitled to a license, must be granted such license.

(c) The commissioner shall make provision for giving ~~these~~ the examinations under this subdivision either in the county where the applicant resides or at a place adjacent thereto reasonably convenient to the applicant.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 13. Minnesota Statutes 2010, section 171.13, is amended by adding a subdivision to read:

Subd. 11. **Driver's manual; carbon monoxide.** The commissioner shall include in each edition of the driver's manual published by the department after August 1, 2011, a section that includes up-to-date lifesaving information on carbon monoxide poisoning.

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

Sec. 14. Minnesota Statutes 2010, section 174.93, is amended to read:

**174.93 GUIDEWAY INVESTMENT.**

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

(1) "commissioner" means the commissioner of transportation; ~~and~~

(2) "guideway" means a form of transportation service provided to the public on a regular and ongoing basis, that operates on exclusive or controlled rights-of-way or rails in whole or in part, and includes each line for intercity passenger rail, commuter rail, light rail transit, streetcars, and bus rapid transit; and

(3) "local unit of government" means a county, statutory or home rule charter city, town, or other political subdivision including, but not limited to, a regional railroad authority or joint powers board.

(b) For purposes of this section, "sources of funds" includes, but is not limited to, money from federal aid, state appropriations, the Metropolitan Council, special taxing districts, local units of government, fare box recovery, and nonpublic sources.

(c) For purposes of this section, "budget activity" includes, but is not limited to, environmental analysis, land acquisition, easements, design, preliminary and final engineering, acquisition of vehicles and rolling stock, track improvement and rehabilitation, and construction.

Subd. 1a. **Capital project requests to legislature.** A state agency or local unit of government that submits a request to the legislature to obtain state funds for a guideway project shall, as part of the request, provide a summary financial plan for the project that presents the following information as reflected by the data and level of detail available in the latest phase of project development:

(1) capital expenditures and funding sources for the project, including expenditures to date and total projected or estimated expenditures, with a breakdown by committed and proposed sources of funds; and

(2) estimated annual operations and maintenance expenditures for the project, with a breakdown by committed and proposed sources of funds.

Subd. 2. **Legislative report.** (a) By November 15 in every odd-numbered year, the commissioner shall prepare, in collaboration with the Metropolitan Council, and submit a report electronically to the chairs and ranking minority members of the ~~house of representatives and senate~~ legislative committees with jurisdiction over transportation policy and finance concerning the status of guideway projects (1) currently in study, planning, development, or construction; (2) identified in the transportation policy plan under section 473.146; or (3) identified in the comprehensive statewide freight and passenger rail plan under section 174.03, subdivision 1b.

(b) At a minimum, the report must include, for each guideway project:

- (1) a brief description of the project, including projected ridership;
- (2) a summary of the overall status and current phase of the project;
- (3) a timeline that includes (i) project phases or milestones; (ii) expected and known dates of commencement of each phase or milestone; and (iii) expected and known dates of completion of each phase or milestone;
- (4) a brief progress update on specific project phases or milestones completed since the last previous submission of a report under this subdivision; and
- (5) a summary financial plan that identifies, as reflected by the data and level of detail available in the latest phase of project development and to the extent available:
  - (i) capital expenditures, including expenditures to date and total projected expenditures, with a breakdown by committed and proposed sources of funds for the project; ~~and~~
  - (ii) estimated annual operations and maintenance expenditures ~~reflecting the level of detail available in the current phase of the project development~~, with a breakdown by committed and proposed sources of funds for the ~~projects in the Metropolitan Council's transportation policy plan.~~ project; and
  - (iii) if feasible, project expenditures by budget activity.
- (c) The report must also include a systemwide capacity analysis for investment in guideway expansion and maintenance that:
  - (1) provides a funding projection, annually over the ensuing 20 years, and with a breakdown by committed and proposed sources of funds, of:
    - (i) total capital expenditures for guideways;
    - (ii) total operations and maintenance expenditures for guideways;
    - (iii) total funding available for guideways, including from projected or estimated farebox recovery; and
    - (iv) total funding available for transit service in the metropolitan area; and
  - (2) evaluates the availability of funds and distribution of sources of funds for guideway investments.
- (d) The projection under paragraph (c), clause (1), must be for all guideway lines for which state funds are reasonably expected to be expended in planning, development, construction, or revenue operation during the ensuing 20 years.
- (e) Local units of government shall provide assistance and information in a timely manner as requested by the commissioner or council for completion of the report.

Sec. 15. **REPORT ON VEHICLE CRIMES UNIT.**

By February 1, 2015, the commissioner of public safety shall submit a report to the legislative committees having jurisdiction over transportation finance on the revenues generated by the Vehicle Crimes Unit. This report must be made available electronically and made available in print only upon request.



Sec. 16. **REPORT ON ANATOMICAL GIFT ACCOUNT.**

The commissioner of public safety shall report to the chairs of the legislative committees having jurisdiction over transportation policy and finance on the receipts and expenditures under Minnesota Statutes, section 171.075. The commissioner shall submit the report by February 1, 2013.

Sec. 17. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall recodify Minnesota Statutes, section 171.13, subdivisions 1b, 1c, 1d, 1e, 1f, 1g, 1h, 1i, 1j, 1k, and 1l, as Minnesota Statutes, section 171.0705. The revisor shall correct any cross-references made necessary by this recodification.

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

Delete the title and insert:

"A bill for an act relating to government finance; appropriating money for transportation, Metropolitan Council, and public safety activities and programs; providing for fund transfers, tort claims, and certain contingent appropriations; providing for use of revenues from metropolitan transportation area sales tax; reducing funding for 2011 state road construction; authorizing transfers from metropolitan livable communities fund accounts, right-of-way loan acquisition fund for transit operating deficits, and Metropolitan Council operating budget; establishing accounts; modifying various provisions related to transportation finance and policy; modifying provisions related to licensing drivers; mandating and amending legislative reports; making technical and clarifying changes; amending Minnesota Statutes 2010, sections 16A.11, subdivision 3a; 16A.86, subdivision 3a; 161.04, by adding a subdivision; 162.06, subdivision 1; 162.12, subdivision 1; 168.12, subdivision 5; 168.1253, subdivision 1; 169.86, subdivision 5; 171.06, subdivision 2; 171.0701; 171.13, subdivision 1, by adding a subdivision; 174.93; 297A.992, subdivision 5, by adding a subdivision; Laws 2009, chapter 36, article 1, section 3, subdivision 3, as amended; proposing coding for new law in Minnesota Statutes, chapter 171."

We request the adoption of this report and repassage of the bill.

House Conferees: MICHAEL BEARD, MARK MURDOCK, TORREY WESTROM, RICH MURRAY and ERNIE LEIDIGER.

Senate Conferees: JOE GIMSE, JOHN STERLING HOWE, AL D. DEKRUUF, BENJAMIN A. KRUSE and TED H. LILLIE.

Beard moved that the report of the Conference Committee on H. F. No. 1140 be adopted and that the bill be repassed as amended by the Conference Committee.

The Speaker resumed the Chair.

Pursuant to rule 1.50, Dean moved that the House be allowed to continue in session after 12:00 midnight. The motion prevailed.

Hamilton was excused between the hours of 10:55 p.m. and 12:40 a.m.

The Speaker called Hoppe to the Chair.

Fritz was excused for the remainder of today's session.

Speaker pro tempore Hoppe called Garofalo to the Chair.

The question recurred on the Beard motion that the report of the Conference Committee on H. F. No. 1140 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1140, A bill for an act relating to government finance; appropriating money for transportation, Metropolitan Council, and public safety activities and programs; providing for fund transfers and tort claims; authorizing an account and certain contingent appropriations; providing for use of revenues from metropolitan transportation area sales tax; reducing funding for 2010 state road construction; authorizing temporary transfers from metropolitan livable communities fund accounts, right-of-way loan acquisition fund for transit operating deficits, and Metropolitan Council operating budget; establishing direct appropriation from transit assistance fund; establishing an account; modifying various provisions related to transportation finance and policy; modifying provisions related to licensing drivers; mandating and amending legislative reports; making technical and clarifying changes; amending Minnesota Statutes 2010, sections 16A.11, subdivision 3a; 16A.86, subdivision 3a; 16A.88; 162.06, subdivision 1; 162.12, subdivision 1; 168.12, subdivision 5; 171.06, subdivision 2; 171.0701; 171.13, subdivision 1, by adding a subdivision; 174.93; 297A.992, subdivision 5, by adding a subdivision; Laws 2009, chapter 36, article 1, section 3, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 171.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 71 yeas and 61 nays as follows:

Those who voted in the affirmative were:

Abeler	Crawford	Gottwalt	Kriesel	Murdock	Shimanski
Anderson, B.	Daudt	Gruenhagen	Lanning	Murray	Smith
Anderson, D.	Dauids	Gunther	Leidiger	Myhra	Stensrud
Anderson, P.	Dean	Hackbarth	LeMieur	Nornes	Swedzinski
Anderson, S.	Dettmer	Hancock	Lohmer	O'Driscoll	Torkelson
Banaian	Doepke	Holberg	Loon	Peppin	Urdahl
Barrett	Downey	Hoppe	Mack	Petersen, B.	Vogel
Beard	Drazkowski	Howes	Mazorol	Quam	Wardlow
Benson, M.	Erickson	Kelly	McDonald	Runbeck	Westrom
Bills	Fabian	Kieffer	McElfratrick	Sanders	Woodard
Buesgens	Franson	Kiel	McFarlane	Schomacker	Spk. Zellers
Cornish	Garofalo	Kiffmeyer	McNamara	Scott	

Those who voted in the negative were:

Anzelc	Dill	Hausman	Johnson	Liebling	Morrow
Atkins	Dittrich	Hayden	Kahn	Lillie	Mullery
Benson, J.	Eken	Hilstrom	Kath	Loeffler	Murphy, E.
Brynaert	Falk	Hilty	Knuth	Mahoney	Murphy, M.
Carlson	Gauthier	Hornstein	Koenen	Mariani	Nelson
Champion	Greene	Hortman	Laine	Marquart	Norton
Clark	Greiling	Hosch	Lenczewski	Melin	Paymar
Davnie	Hansen	Huntley	Lesch	Moran	Pelowski

Persell	Rukavina	Slawik	Tillberry	Winkler
Peterson, S.	Scalze	Slocum	Wagenius	
Poppe	Simon	Thissen	Ward	

The bill was repassed, as amended by Conference, and its title agreed to.

### MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce that the Senate accedes to the request of the House for the appointment of a Conference Committee on the amendments adopted by the Senate to the following House File:

H. F. No. 57, A bill for an act relating to public safety; establishing the crimes of sale or possession of synthetic cannabinoids; including a person under the influence of a synthetic cannabinoid for a driving while impaired crime; providing for a penalty; amending Minnesota Statutes 2010, sections 152.027, by adding a subdivision; 169A.20, subdivisions 1, 1a, 1b, 1c.

The Senate has appointed as such committee:

Senators Hall, Pappas and Nelson.

Said House File is herewith returned to the House.

CAL R. LUDEMAN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 958.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

CAL R. LUDEMAN, Secretary of the Senate

### CONFERENCE COMMITTEE REPORT ON S. F. NO. 958

A bill for an act relating to public safety; acquiring an easement for the correctional facility in Faribault; appropriating money for the courts, public defenders, public safety, corrections, certain other criminal justice agencies, boards, and commissions; amending Minnesota Statutes 2010, section 297I.06, subdivision 3.

May 16, 2011

The Honorable Kurt Zellers  
Speaker of the House of Representatives

The Honorable Michelle L. Fischbach  
President of the Senate

We, the undersigned conferees for S. F. No. 958 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 958 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1  
APPROPRIATIONS

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>Total</u>
<u>General</u>	\$2,081,000	\$889,732,000	\$888,819,000	\$1,780,632,000
<u>State Government</u>				
<u>Special Revenue</u>		72,651,000	70,036,000	142,687,000
<u>Environmental</u>		69,000	69,000	138,000
<u>Special Revenue</u>		18,292,000	18,292,000	36,584,000
<u>Trunk Highway</u>		1,941,000	1,941,000	3,882,000
<b><u>Total</u></b>	<b><u>\$2,081,000</u></b>	<b><u>\$982,685,000</u></b>	<b><u>\$979,157,000</u></b>	<b><u>\$1,963,923,000</u></b>

Sec. 2. **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 "2012" and "2013" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2012, or June 30, 2013, respectively. "The first year" is fiscal year 2012. "The second year" is fiscal year 2013. "The biennium" is fiscal years 2012 and 2013. Appropriations for the fiscal year ending June 30, 2011, are effective the day following final enactment.

**APPROPRIATIONS**  
**Available for the Year**  
**Ending June 30**

201120122013

Sec. 3. **SUPREME COURT**

Subdivision 1. **Total Appropriation**

**\$40,274,000****\$40,575,000**

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

**Subd. 2. Supreme Court Operations****30,458,000****30,759,000**

(a) **Contingent Account.** \$5,000 each year is for a contingent account for expenses necessary for the normal operation of the court for which no other reimbursement is provided.

(b) **Employee Health Care.** The chief justice of the Supreme Court is requested to study and report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over judiciary finance by January 15, 2012, on the advantages and disadvantages of having judicial branch officials and employees leave the state employee group insurance program and form their own group benefit plan, including the option of shifting to a plan based on high-deductible health savings accounts.

(c) **Judicial and Referee Vacancies.** The Supreme Court shall not certify a judicial or referee vacancy under Minnesota Statutes, section 2.722, until it has examined alternative options, such as temporarily suspending certification of the vacant position or assigning a retired judge to temporarily fill the position.

**Subd. 3. Civil Legal Services****9,816,000****9,816,000**

(a) **Legal Services to Low-Income Clients in Family Law Matters.** Of this appropriation, \$877,000 each year is to improve the access of low-income clients to legal representation in family law matters. This appropriation must be distributed under Minnesota Statutes, section 480.242, to the qualified legal services programs described in Minnesota Statutes, section 480.242, subdivision 2, paragraph (a). Any unencumbered balance remaining in the first year does not cancel and is available in the second year.

(b) **Limits on Services.** No portion of the funds appropriated may be used to represent or serve clients: (1) in federal civil or criminal matters outside the jurisdiction of the state courts or agencies; (2) in suing a state or federal entity; and (3) in advocating at the legislature for or against current or proposed policy and law.

**Sec. 4. COURT OF APPEALS****\$10,106,000****\$10,228,000****Sec. 5. TRIAL COURTS****\$233,511,000****\$236,828,000****Sec. 6. GUARDIAN AD LITEM BOARD****\$11,617,000****\$11,617,000**

**Case priority.** The board shall assign guardians to clients who are entitled by statute to representation prior to clients for whom the courts request guardians but who are not entitled to a guardian under statute.

Sec. 7. <b><u>TAX COURT</u></b>	<b><u>\$825,000</u></b>	<b><u>\$825,000</u></b>
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\$38,000 in fiscal year 2011 is appropriated from the general fund to the tax court.

**Operating schedule.** At least one tax court judge shall hold hearings and meetings or otherwise conduct regular business on all days that executive branch agencies are open for business.

Sec. 8. <b><u>UNIFORM LAWS COMMISSION</u></b>	<b><u>\$49,000</u></b>	<b><u>\$49,000</u></b>
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Sec. 9. <b><u>BOARD ON JUDICIAL STANDARDS</u></b>	<b><u>\$456,000</u></b>	<b><u>\$456,000</u></b>
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\$125,000 each year is for special investigative and hearing costs for major disciplinary actions undertaken by the board. This appropriation does not cancel. Any encumbered and unspent balances remain available for these expenditures in subsequent fiscal years.

Sec. 10. <b><u>BOARD OF PUBLIC DEFENSE</u></b>	<b><u>\$65,476,000</u></b>	<b><u>\$65,476,000</u></b>
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Sec. 11. <b><u>PUBLIC SAFETY</u></b>		
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Subdivision 1. <b><u>Total Appropriation</u></b>	<b><u>\$2,043,000</u></b>	<b><u>\$160,060,000</u></b>	<b><u>\$157,445,000</u></b>
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Appropriations by Fund

	<u>2011</u>	<u>2012</u>	<u>2013</u>
General	<u>2,043,000</u>	<u>71,767,000</u>	<u>71,767,000</u>
Special Revenue		<u>13,632,000</u>	<u>13,632,000</u>
State Government			
Special Revenue		<u>72,651,000</u>	<u>70,036,000</u>
Environmental		<u>69,000</u>	<u>69,000</u>
Trunk Highway		<u>1,941,000</u>	<u>1,941,000</u>

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

Subd. 2. <b><u>Emergency Management</u></b>	<u>2,043,000</u>	<u>2,525,000</u>	<u>2,525,000</u>
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Appropriations by Fund

General	<u>2,043,000</u>	<u>1,852,000</u>	<u>1,852,000</u>
Special Revenue		<u>604,000</u>	<u>604,000</u>
Environmental		<u>69,000</u>	<u>69,000</u>

(a) **Disaster Match.** \$2,043,000 in fiscal year 2011 is appropriated from the general fund to provide a match for Federal Emergency Management Agency (FEMA) disaster assistance to state agencies and political subdivisions under Minnesota Statutes, section

12.221, in the area designated under Presidential Declaration of Major Disaster, FEMA-1830-DR, for the flooding in Minnesota in the spring of 2009, whether included in the original declaration or added later by federal government action. This is a onetime appropriation. This appropriation is available until expended.

(b) **Hazmat and Chemical Assessment Teams.** \$604,000 each year is appropriated from the fire safety account in the special revenue fund. These amounts must be used to fund the hazardous materials and chemical assessment teams.

Subd. 3. **Criminal Apprehension** 41,987,000 41,987,000

Appropriations by Fund

<u>General</u>	<u>40,039,000</u>	<u>40,039,000</u>
<u>State Government Special Revenue</u>	<u>7,000</u>	<u>7,000</u>
<u>Trunk Highway</u>	<u>1,941,000</u>	<u>1,941,000</u>

**DWI Lab Analysis; Trunk Highway Fund.** Notwithstanding Minnesota Statutes, section 161.20, subdivision 3, \$1,941,000 each year is appropriated from the trunk highway fund for laboratory analysis related to driving while impaired cases.

Subd. 4. **Fire Marshal** 12,375,000 12,375,000

This appropriation is from the fire safety account in the special revenue fund and is for activities under Minnesota Statutes, section 299F.012.

Of this amount, \$5,757,000 each year is for activities under Minnesota Statutes, section 299F.012, and \$6,618,000 each year is for transfer to the general fund under Minnesota Statutes, section 297I.06, subdivision 3.

Subd. 5. **Alcohol and Gambling Enforcement** 2,236,000 2,236,000

Appropriations by Fund

<u>General</u>	<u>1,583,000</u>	<u>1,583,000</u>
<u>Special Revenue</u>	<u>653,000</u>	<u>653,000</u>

This appropriation is from the alcohol enforcement account in the special revenue fund. Of this appropriation, \$500,000 each year shall be transferred to the general fund. The transfer amount for fiscal year 2014 and fiscal year 2015 shall be \$500,000 per year.

Subd. 6. **Office of Justice Programs** 28,389,000 28,389,000

Appropriations by Fund

<u>General</u>	<u>28,293,000</u>	<u>28,293,000</u>
<u>State Government Special Revenue</u>	<u>96,000</u>	<u>96,000</u>

(a) **Youth Intervention Grants.** The commissioner may not reduce grants to youth intervention programs.

(b) **Administration Costs.** Up to 2.5 percent of the grant money appropriated in this subdivision may be used to administer the grant program.

**Subd. 7. Emergency Communication Networks**

72,548,000

69,933,000

This appropriation is from the state government special revenue fund for 911 emergency telecommunications services.

(a) **Public Safety Answering Points.** \$13,664,000 each year is to be distributed as provided in Minnesota Statutes, section 403.113, subdivision 2.

(b) **Medical Resource Communication Centers.** \$683,000 each year is for grants to the Minnesota Emergency Medical Services Regulatory Board for the Metro East and Metro West Medical Resource Communication Centers that were in operation before January 1, 2000.

(c) **ARMER Debt Service.** \$23,261,000 each year is to the commissioner of management and budget to pay debt service on revenue bonds issued under Minnesota Statutes, section 403.275.

Any portion of this appropriation not needed to pay debt service in a fiscal year may be used by the commissioner of public safety to pay cash for any of the capital improvements for which bond proceeds were appropriated by Laws 2005, chapter 136, article 1, section 9, subdivision 8, or Laws 2007, chapter 54, article 1, section 10, subdivision 8.

(d) **Metropolitan Council Debt Service.** \$1,410,000 each year is to the commissioner of management and budget for payment to the Metropolitan Council for debt service on bonds issued under Minnesota Statutes, section 403.27.

(e) **ARMER State Backbone Operating Costs.** \$8,300,000 the first year and \$8,650,000 the second year are to the commissioner of transportation for costs of maintaining and operating the statewide radio system backbone.

(f) **ARMER Improvements.** \$1,000,000 each year is for the Statewide Radio Board for costs of design, construction, maintenance of, and improvements to those elements of the statewide public safety radio and communication system that support mutual aid communications and emergency medical services or provide enhancement of public safety communication interoperability.



(g) **Transfer.** \$2,600,000 each year is transferred to the general fund. This is a onetime transfer.

Sec. 12. <b><u>PEACE OFFICER STANDARDS AND TRAINING (POST) BOARD</u></b>	<b><u>\$3,770,000</u></b>	<b><u>\$3,770,000</u></b>
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(a) **Excess Amounts Transferred.** This appropriation is from the peace officer training account in the special revenue fund. Any new receipts credited to that account in the first year in excess of \$3,770,000 must be transferred and credited to the general fund. Any new receipts credited to that account in the second year in excess of \$3,770,000 must be transferred and credited to the general fund.

(b) **Peace Officer Training Reimbursements.** \$2,634,000 each year is for reimbursements to local governments for peace officer training costs.

Sec. 13. <b><u>PRIVATE DETECTIVE BOARD</u></b>	<b><u>\$120,000</u></b>	<b><u>\$120,000</u></b>
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Sec. 14. <b><u>HUMAN RIGHTS</u></b>	<b><u>\$1,170,000</u></b>	<b><u>\$1,170,000</u></b>
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**Mission Priority.** The commissioner shall dedicate the department's appropriation under this section to enforcement measures.

Sec. 15. <b><u>DEPARTMENT OF CORRECTIONS</u></b>		
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Subdivision 1. <b><u>Total Appropriation</u></b>	<b><u>\$454,665,000</u></b>	<b><u>\$450,012,000</u></b>
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Appropriations by Fund

	<u>2012</u>	<u>2013</u>
General	453,775,000	449,122,000
Special Revenue	890,000	890,000

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

Subd. 2. <b><u>Correctional Institutions</u></b>	<b><u>326,191,000</u></b>	<b><u>321,538,000</u></b>
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Appropriations by Fund

General	325,611,000	320,958,000
Special Revenue	580,000	580,000

The general fund base for this program shall be \$325,653,000 in fiscal year 2014 and \$328,433,000 in fiscal year 2015.

(a) **Position Reductions.** The commissioner of corrections may not eliminate line officer positions.

(b) **Correctional Study.** In implementing this appropriation the commissioner of corrections shall consider studying the following topics:

(1) adoption of an earned credit program for inmates in the state correctional facilities similar to the programs in 36 other states;

(2) the federal immigration and customs enforcement rapid REPAT program and the potential for the state to participate in the program;

(3) expanding the use of medical and other forms of early release;

(4) the feasibility of closing a wing or an entire state facility or leasing vacant prison space to house inmates from other states;

(5) reducing inmate medical costs; and

(6) reforming the department's role in the juvenile justice system including closing juvenile facilities.

**Subd. 3. Community Services**

108,006,000

108,006,000

**Appropriations by Fund**

General

107,906,000

107,906,000

Special Revenue

100,000

100,000

**Probation Revocation Reform.** In implementing this appropriation the commissioner of corrections, in consultation with staff of the Sentencing Guidelines Commission and representatives from community corrections agencies, shall consider developing performance incentives for counties to reduce the number of probation revocations. The commissioner is encouraged to review policies in states that have implemented performance incentive programs. In implementing this appropriation the commissioner shall consider examining:

(1) the revocation rate differences between counties;

(2) granting earned compliance credits for offenders on probation;

(3) recent innovations in probation services, such as the HOPE program and the Georgia model, to determine the feasibility of implementing similar programs in Minnesota;

(4) limiting prison time for first time probation revocations; and

(5) the impact of adopting one, unified probation and supervised release delivery system in the state.

<u>Subd. 4. <b>Operations Support</b></u>	<u>20,468,000</u>	<u>20,468,000</u>
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Appropriations by Fund

General	20,258,000	20,258,000
Special Revenue	210,000	210,000

Subd. 5. **Transfers**

(a) **MINNCOR.** Notwithstanding Minnesota Statutes, section 241.27, the commissioner of management and budget shall transfer \$600,000 the first year and \$600,000 the second year from the Minnesota correctional industries revolving fund to the general fund. These are onetime transfers.

(b) **Various Special Revenue Accounts.** Notwithstanding any law to the contrary, the commissioner of management and budget shall transfer \$400,000 the first year and \$400,000 the second year from the Department of Corrections' special revenue accounts to the general fund. These are onetime transfers. The commissioner of corrections shall adjust expenditures to stay within the remaining revenues.

Sec. 16. <u><b>SENTENCING GUIDELINES</b></u>	<u><b>\$586,000</b></u>	<u><b>\$586,000</b></u>
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Sec. 17. **PROHIBITION ON USE OF APPROPRIATIONS**

No portion of the appropriations in sections 3 to 10 and 16 may be used for the purchase of motor vehicles or out-of-state travel that is not directly connected with and necessary to carry out the core functions of the organizations funded in this article.

Sec. 18. **CAPPING MILEAGE REIMBURSEMENT.**

For entities funded by an appropriation in sections 3 to 10 and 16, no official or employee may be reimbursed for mileage expenses at a rate that exceeds 51 cents per mile.

ARTICLE 2  
PUBLIC SAFETY, CORRECTIONS, AND HUMAN RIGHTS POLICY

Section 1. Minnesota Statutes 2010, section 243.212, is amended to read:

**243.212 CO-PAYMENTS FOR HEALTH SERVICES.**

Any inmate of an adult correctional facility under the control of the commissioner of corrections shall incur co-payment obligations for health care services provided. The co-payment shall be at least \$5 per visit to a health care provider. The co-payment will be paid from the inmate account of earnings and other funds, as provided in section 243.23, subdivision 3. The funds paid under this subdivision are appropriated to the commissioner of corrections for the delivery of health care services to inmates.

Sec. 2. Minnesota Statutes 2010, section 297I.06, subdivision 3, is amended to read:

Subd. 3. **Fire safety account, annual transfers, allocation.** A special account, to be known as the fire safety account, is created in the state treasury. The account consists of the proceeds under subdivisions 1 and 2. ~~\$468,000 in fiscal year 2008, \$4,268,000 in fiscal year 2009, \$9,268,000~~ \$6,618,000 in fiscal year ~~2010~~ 2012, ~~\$5,968,000~~ \$6,618,000 in fiscal year ~~2011~~ 2013, and \$2,368,000 in each year thereafter is transferred from the fire safety account in the special revenue fund to the general fund to offset the loss of revenue caused by the repeal of the one-half of one percent tax on fire insurance premiums.

Sec. 3. Minnesota Statutes 2010, section 363A.06, subdivision 1, is amended to read:

Subdivision 1. **Formulation of policies.** (a) The commissioner shall formulate policies to effectuate the purposes of this chapter and shall do the following:

(1) exercise leadership under the direction of the governor in the development of human rights policies and programs, and make recommendations to the governor and the legislature for their consideration and implementation;

~~(2) establish and maintain a principal office in St. Paul, and any other necessary branch offices at any location within the state;~~

~~(3)~~ meet and function at any place within the state;

~~(4)~~ (3) employ attorneys, clerks, and other employees and agents as the commissioner may deem necessary and prescribe their duties;

~~(5)~~ (4) to the extent permitted by federal law and regulation, utilize the records of the Department of Employment and Economic Development of the state when necessary to effectuate the purposes of this chapter;

~~(6)~~ (5) obtain upon request and utilize the services of all state governmental departments and agencies;

~~(7)~~ (6) adopt suitable rules for effectuating the purposes of this chapter;

~~(8)~~ (7) issue complaints, receive and investigate charges alleging unfair discriminatory practices, and determine whether or not probable cause exists for hearing;

~~(9)~~ (8) subpoena witnesses, administer oaths, take testimony, and require the production for examination of any books or papers relative to any matter under investigation or in question as the commissioner deems appropriate to carry out the purposes of this chapter;

~~(10)~~ (9) attempt, by means of ~~education~~, conference, conciliation, and persuasion to eliminate unfair discriminatory practices as being contrary to the public policy of the state;

~~(11) develop and conduct programs of formal and informal education designed to eliminate discrimination and intergroup conflict by use of educational techniques and programs the commissioner deems necessary;~~

~~(12)~~ (10) make a written report of the activities of the commissioner to the governor each year;

~~(13)~~ (11) accept gifts, bequests, grants, or other payments public and private to help finance the activities of the department;

(14) (12) create such local and statewide advisory committees as will in the commissioner's judgment aid in effectuating the purposes of the Department of Human Rights;

~~(15) develop such programs as will aid in determining the compliance throughout the state with the provisions of this chapter, and in the furtherance of such duties, conduct research and study discriminatory practices based upon race, color, creed, religion, national origin, sex, age, disability, marital status, status with regard to public assistance, familial status, sexual orientation, or other factors and develop accurate data on the nature and extent of discrimination and other matters as they may affect housing, employment, public accommodations, schools, and other areas of public life;~~

(16) (13) develop and disseminate technical assistance to persons subject to the provisions of this chapter, and to agencies and officers of governmental and private agencies;

(17) (14) provide staff services to such advisory committees as may be created in aid of the functions of the Department of Human Rights;

(18) (15) make grants in aid to the extent that appropriations are made available for that purpose in aid of carrying out duties and responsibilities; and

(19) (16) cooperate and consult with the commissioner of labor and industry regarding the investigation of violations of, and resolution of complaints regarding section 363A.08, subdivision 7. The commissioner may use nonstate funds to develop and conduct programs of formal and informal education designed to eliminate discrimination and further compliance with this chapter.

In performing these duties, the commissioner shall give priority to those duties in clauses (7), (8), and (9), ~~and (10) and to the duties in section 363A.36.~~

(b) All gifts, bequests, grants, or other payments, public and private, accepted under paragraph (a), clause ~~(13)~~ (11), must be deposited in the state treasury and credited to a special account. Money in the account is appropriated to the commissioner of human rights to help finance activities of the department.

Sec. 4. Minnesota Statutes 2010, section 363A.36, subdivision 1, is amended to read:

Subdivision 1. **Scope of application.** (a) For all contracts for goods and services in excess of ~~\$100,000~~ \$250,000, no department or agency of the state shall accept any bid or proposal for a contract or agreement from any business having more than ~~40~~ 50 full-time employees within this state on a single working day during the previous 12 months, unless the commissioner is in receipt of the business' affirmative action plan for the employment of minority persons, women, and qualified disabled individuals. No department or agency of the state shall execute any such contract or agreement until the affirmative action plan has been approved by the commissioner. Receipt of a certificate of compliance issued by the commissioner shall signify that a firm or business has an affirmative action plan that has been approved by the commissioner. A certificate shall be valid for a period of ~~two~~ five years. A municipality as defined in section 466.01, subdivision 1, that receives state money for any reason is encouraged to prepare and implement an affirmative action plan for the employment of minority persons, women, and the qualified disabled and submit the plan to the commissioner.

(b) This paragraph applies to a contract for goods or services in excess of ~~\$100,000~~ \$250,000 to be entered into between a department or agency of the state and a business that is not subject to paragraph (a), but that has more than ~~40~~ 50 full-time employees on a single working day during the previous 12 months in the state where the business has its primary place of business. A department or agency of the state may not execute a contract or agreement with a business covered by this paragraph unless the business has a certificate of compliance issued by the commissioner under paragraph (a) or the business certifies that it is in compliance with federal affirmative action requirements.

(c) This section does not apply to contracts entered into by the State Board of Investment for investment options under section 352.965, subdivision 4.

Sec. 5. Minnesota Statutes 2010, section 609.105, subdivision 1, is amended to read:

Subdivision 1. **Sentence to more than one year 60 days or less.** In a felony sentence to imprisonment for more than one year shall commit, when the remaining term of imprisonment is for 60 days or less, the defendant shall be committed to the custody of the commissioner of corrections and must serve the remaining term of imprisonment at a workhouse, work farm, county jail, or other place authorized by law.

Sec. 6. Minnesota Statutes 2010, section 609.105, is amended by adding a subdivision to read:

Subd. 1c. **Sentence to more than 60 days.** A felony sentence to imprisonment when the warrant of commitment has a remaining term of imprisonment for more than 60 days shall commit the defendant to the custody of the commissioner of corrections.

Sec. 7. Minnesota Statutes 2010, section 609.105, is amended by adding a subdivision to read:

Subd. 4. **Definitions.** (a) For the purposes of this section, the terms in this subdivision have the meanings given them.

(b) "Remaining term of imprisonment" as applied to inmates whose crimes were committed before August 1, 1993, is the period of time for which an inmate is committed to the custody of the commissioner of corrections minus earned good time and jail credit, if any.

(c) "Remaining term of imprisonment" as applied to inmates whose crimes were committed on or after August 1, 1993, is the period of time equal to two-thirds of the inmate's executed sentence, minus jail credit, if any.

Sec. 8. Minnesota Statutes 2010, section 626.8458, subdivision 5, is amended to read:

Subd. 5. **In-service training in police pursuits required.** The chief law enforcement officer of every state and local law enforcement agency shall provide in-service training in emergency vehicle operations and in the conduct of police pursuits to every peace officer and part-time peace officer employed by the agency who the chief law enforcement officer determines may be involved in a police pursuit given the officer's responsibilities. The training shall comply with learning objectives developed and approved by the board and shall consist of at least eight hours of classroom and skills-based training every ~~four~~ five years.

Sec. 9. Minnesota Statutes 2010, section 641.15, subdivision 2, is amended to read:

Subd. 2. **Medical aid.** Except as provided in section 466.101, the county board shall pay the costs of medical services provided to prisoners pursuant to this section. The amount paid by the ~~Anoka~~ county board for a medical service shall not exceed the maximum allowed medical assistance payment rate for the service, as determined by the commissioner of human services. ~~For all other counties,~~ In the absence of a health or medical insurance or health plan that has a contractual obligation with the provider or the prisoner, medical providers shall charge no higher than the rate negotiated between the county and the provider. In the absence of an agreement between the county and the provider, the provider may not charge no more than the discounted rate the provider has negotiated with the nongovernmental third-party payer that provided the most revenue to the provider during the previous calendar year an amount that exceeds the maximum allowed medical assistance payment rate for the service, as determined by the commissioner of human services. The county is entitled to reimbursement from the prisoner for payment of medical bills to the extent that the prisoner to whom the medical aid was provided has the ability to pay the bills. The prisoner shall, at a minimum, incur co-payment obligations for health care services provided by a county correctional facility. The county board shall determine the co-payment amount. Notwithstanding any law to the

contrary, the co-payment shall be deducted from any of the prisoner's funds held by the county, to the extent possible. If there is a disagreement between the county and a prisoner concerning the prisoner's ability to pay, the court with jurisdiction over the defendant shall determine the extent, if any, of the prisoner's ability to pay for the medical services. If a prisoner is covered by health or medical insurance or other health plan when medical services are provided, the medical provider shall bill that health or medical insurance or other plan. If the county providing the medical services for a prisoner that has coverage under health or medical insurance or other plan, that county has a right of subrogation to be reimbursed by the insurance carrier for all sums spent by it for medical services to the prisoner that are covered by the policy of insurance or health plan, in accordance with the benefits, limitations, exclusions, provider restrictions, and other provisions of the policy or health plan. The county may maintain an action to enforce this subrogation right. The county does not have a right of subrogation against the medical assistance program or the general assistance medical care program.

Sec. 10. **FEDERAL SECURE COMMUNITIES INITIATIVE; DATA PRACTICES.**

The state shall participate in the United States Department of Homeland Security's secure communities initiative. The commissioner of public safety shall enter into an agreement on behalf of the state with the United States Department of Homeland Security to implement this section. This agreement shall be legally binding on the state. Data on individuals collected, created, received, maintained, or disseminated by the commissioner of public safety for purposes of participation in the initiative are criminal history data under Minnesota Statutes, section 13.87.

Sec. 11. **ACQUISITION OF EASEMENT; MINNESOTA CORRECTIONAL FACILITY IN FARIBAULT.**

Notwithstanding Minnesota Statutes, section 16B.31, subdivision 5, the commissioner of administration may acquire an easement for utility and access purposes to serve the Minnesota correctional facility in the city of Faribault by any of the acquisition methods permitted by that subdivision even in the absence of a specific appropriation to the commissioner to acquire the easement.

Sec. 12. **REPEALER.**

Minnesota Statutes 2010, section 363A.36, subdivision 5, is repealed.

ARTICLE 3  
COURTS AND SENTENCING

Section 1. Minnesota Statutes 2010, section 169.797, subdivision 4, is amended to read:

Subd. 4. **Penalty.** (a) A person who violates this section is guilty of a misdemeanor. A person is guilty of a gross misdemeanor who violates this section within ten years of the first of two prior convictions under this section, section 169.791, or a statute or ordinance in conformity with one of those sections. The operator of a vehicle who violates subdivision 3 and who causes or contributes to causing a vehicle accident that results in the death of any person or in substantial bodily harm to any person, as defined in section 609.02, subdivision 7a, is guilty of a gross misdemeanor. The same prosecuting authority who is responsible for prosecuting misdemeanor violations of this section is responsible for prosecuting gross misdemeanor violations of this section. In addition to any sentence of imprisonment that the court may impose on a person convicted of violating this section, the court shall impose a fine of not less than \$200 nor more than the maximum amount authorized by law. The court may allow community service in lieu of any fine imposed if the defendant is indigent.

(b) A driver who is the owner of the vehicle may, no later than the date and time specified in the citation for the driver's first court appearance, produce proof of insurance stating that security had been provided for the vehicle that was being operated at the time of demand to the court administrator. The required proof of insurance may be sent by mail by the driver as long as it is received no later than the date and time specified in the citation for the driver's

first court appearance. If a citation is issued, no person shall be convicted of violating this section if the court administrator receives the required proof of insurance no later than the date and time specified in the citation for the driver's first court appearance. If the charge is made other than by citation, no person shall be convicted of violating this section if the person presents the required proof of insurance at the person's first court appearance after the charge is made.

(c) If the driver is not the owner of the vehicle, the driver shall, no later than the date and time specified in the citation for the driver's first court appearance, provide the district court administrator with proof of insurance or the name and address of the owner. Upon receipt of the name and address of the owner, the district court administrator shall communicate the information to the law enforcement agency.

(d) If the driver is not the owner of the vehicle, the officer may send or provide a notice to the owner of the vehicle requiring the owner to produce proof of insurance for the vehicle that was being operated at the time of the demand. Notice by mail is presumed to be received five days after mailing and shall be sent to the owner's current address or the address listed on the owner's driver's license. Within ten days after receipt of the notice, the owner shall produce the required proof of insurance to the place stated in the notice received by the owner. The required proof of insurance may be sent by mail by the owner as long as it is received within ten days. Any owner who fails to produce proof of insurance within ten days of an officer's request under this subdivision is guilty of a misdemeanor. The peace officer may mail the citation to the owner's current address or address stated on the owner's driver's license. It is an affirmative defense to a charge against the owner that the driver used the owner's vehicle without consent, if insurance would not have been required in the absence of the unauthorized use by the driver. It is not a defense that a person failed to notify the Department of Public Safety of a change of name or address as required under section 171.11. The citation may be sent after the ten-day period.

~~(b)~~ (e) The court may impose consecutive sentences for offenses arising out of a single course of conduct as permitted in section 609.035, subdivision 2.

~~(c)~~ (f) In addition to the criminal penalty, the driver's license of an operator convicted under this section shall be revoked for not more than 12 months. If the operator is also an owner of the vehicle, the registration of the vehicle shall also be revoked for not more than 12 months. Before reinstatement of a driver's license or registration, the operator shall file with the commissioner of public safety the written certificate of an insurance carrier authorized to do business in this state stating that security has been provided by the operator as required by section 65B.48.

~~(d)~~ (g) The commissioner shall include a notice of the penalties contained in this section on all forms for registration of vehicles required to maintain a plan of reparation security.

Sec. 2. Minnesota Statutes 2010, section 260C.331, subdivision 3, is amended to read:

Subd. 3. **Court expenses.** The following expenses are a charge upon the county in which proceedings are held upon certification of the judge of juvenile court or upon such other authorization provided by law:

(1) the fees and mileage of witnesses, and the expenses and mileage of officers serving notices and subpoenas ordered by the court, as prescribed by law;

(2) the expense of transporting a child to a place designated by a child-placing agency for the care of the child if the court transfers legal custody to a child-placing agency;

(3) the expense of transporting a minor to a place designated by the court;

(4) reasonable compensation for an attorney appointed by the court to serve as counsel.



The State Guardian Ad Litem Board shall pay for guardian ad litem expenses and reasonable compensation for an attorney to serve as counsel for a guardian ad litem, if necessary. In no event may the court order that guardian ad litem expenses or compensation for an attorney serving as counsel for a guardian ad litem be charged to a county.

Sec. 3. Minnesota Statutes 2010, section 357.021, subdivision 6, is amended to read:

Subd. 6. **Surcharges on criminal and traffic offenders.** (a) Except as provided in this paragraph, the court shall impose and the court administrator shall collect a \$75 surcharge on every person convicted of any felony, gross misdemeanor, misdemeanor, or petty misdemeanor offense, other than a violation of a law or ordinance relating to vehicle parking, for which there shall be a \$12 surcharge. When a defendant is convicted of more than one offense in a case, the surcharge shall be imposed only once in that case. In the Second Judicial District, the court shall impose, and the court administrator shall collect, an additional \$1 surcharge on every person convicted of any felony, gross misdemeanor, misdemeanor, or petty misdemeanor offense, including a violation of a law or ordinance relating to vehicle parking, if the Ramsey County Board of Commissioners authorizes the \$1 surcharge. The surcharge shall be imposed whether or not the person is sentenced to imprisonment or the sentence is stayed. The surcharge shall not be imposed when a person is convicted of a petty misdemeanor for which no fine is imposed.

(b) If the court fails to impose a surcharge as required by this subdivision, the court administrator shall show the imposition of the surcharge, collect the surcharge, and correct the record.

(c) The court may not waive payment of the surcharge required under this subdivision. Upon a showing of indigency or undue hardship upon the convicted person or the convicted person's immediate family, the sentencing court may authorize payment of the surcharge in installments.

(d) The court administrator or other entity collecting a surcharge shall forward it to the commissioner of management and budget.

(e) If the convicted person is sentenced to imprisonment and has not paid the surcharge before the term of imprisonment begins, the chief executive officer of the correctional facility in which the convicted person is incarcerated shall collect the surcharge from any earnings the inmate accrues from work performed in the facility or while on conditional release. The chief executive officer shall forward the amount collected to the court administrator or other entity collecting the surcharge imposed by the court.

(f) A person who ~~successfully completes a diversion or similar program~~ enters a diversion program, continuance without prosecution, continuance for dismissal, or stay of adjudication for a violation of chapter 169 must pay the surcharge described in this subdivision. A surcharge imposed under this paragraph shall be imposed only once per case.

(g) The surcharge does not apply to administrative citations issued pursuant to section 169.999.

Sec. 4. Minnesota Statutes 2010, section 563.01, subdivision 3, is amended to read:

Subd. 3. **Authorization of forma pauperis.** (a) Any court of the state of Minnesota or any political subdivision thereof may authorize the commencement or defense of any civil action, or appeal therein, without prepayment of fees, costs and security for costs by a natural person who makes affidavit stating (a) the nature of the action, defense or appeal, (b) a belief that affiant is entitled to redress, and (c) that affiant is financially unable to pay the fees, costs and security for costs.

(b) Upon a finding by the court that the action is not of a frivolous nature, the court shall allow the person to proceed in forma pauperis if the affidavit is substantially in the language required by this subdivision and is not found by the court to be untrue. Persons meeting the requirements of this subdivision include, but are not limited to, a person who is receiving public assistance, who is represented by an attorney on behalf of a civil legal services

program or a volunteer attorney program based on indigency, or who has an annual income not greater than 125 percent of the poverty line established under United States Code, title 42, section 9902(2), except as otherwise provided by section 563.02.

(c) If, at or following commencement of the action, the party is or becomes able to pay all or a portion of the fees, costs, and security for costs, the court may order payment of a fee of \$75 or reimbursement or partial payment of all or a portion of the fees, costs, and security for costs, to be paid as directed by the court.

The court administrator shall transmit any fees or payments to the commissioner of management and budget for deposit in the state treasury and credit to the general fund.

#### ARTICLE 4 SEXUALLY EXPLOITED YOUTH

Section 1. Minnesota Statutes 2010, section 260B.007, subdivision 6, is amended to read:

Subd. 6. **Delinquent child.** (a) Except as otherwise provided in ~~paragraph~~ paragraphs (b) and (c), "delinquent child" means a child:

(1) who has violated any state or local law, except as provided in section 260B.225, subdivision 1, and except for juvenile offenders as described in subdivisions 16 to 18;

(2) who has violated a federal law or a law of another state and whose case has been referred to the juvenile court if the violation would be an act of delinquency if committed in this state or a crime or offense if committed by an adult;

(3) who has escaped from confinement to a state juvenile correctional facility after being committed to the custody of the commissioner of corrections; or

(4) who has escaped from confinement to a local juvenile correctional facility after being committed to the facility by the court.

(b) The term delinquent child does not include a child alleged to have committed murder in the first degree after becoming 16 years of age, but the term delinquent child does include a child alleged to have committed attempted murder in the first degree.

(c) The term delinquent child does not include a child under the age of 16 years alleged to have engaged in conduct which would, if committed by an adult, violate any federal, state, or local law relating to being hired, offering to be hired, or agreeing to be hired by another individual to engage in sexual penetration or sexual conduct.

**EFFECTIVE DATE.** This section is effective August 1, 2014, and applies to offenses committed on or after that date.

Sec. 2. Minnesota Statutes 2010, section 260B.007, subdivision 16, is amended to read:

Subd. 16. **Juvenile petty offender; juvenile petty offense.** (a) "Juvenile petty offense" includes a juvenile alcohol offense, a juvenile controlled substance offense, a violation of section 609.685, or a violation of a local ordinance, which by its terms prohibits conduct by a child under the age of 18 years which would be lawful conduct if committed by an adult.

(b) Except as otherwise provided in paragraph (c), "juvenile petty offense" also includes an offense that would be a misdemeanor if committed by an adult.

(c) "Juvenile petty offense" does not include any of the following:

(1) a misdemeanor-level violation of section 518B.01, 588.20, 609.224, 609.2242, 609.324, 609.5632, 609.576, 609.66, 609.746, 609.748, 609.79, or 617.23;

(2) a major traffic offense or an adult court traffic offense, as described in section 260B.225;

(3) a misdemeanor-level offense committed by a child whom the juvenile court previously has found to have committed a misdemeanor, gross misdemeanor, or felony offense; or

(4) a misdemeanor-level offense committed by a child whom the juvenile court has found to have committed a misdemeanor-level juvenile petty offense on two or more prior occasions, unless the county attorney designates the child on the petition as a juvenile petty offender notwithstanding this prior record. As used in this clause, "misdemeanor-level juvenile petty offense" includes a misdemeanor-level offense that would have been a juvenile petty offense if it had been committed on or after July 1, 1995.

(d) A child who commits a juvenile petty offense is a "juvenile petty offender." The term juvenile petty offender does not include a child under the age of 16 years alleged to have violated any law relating to being hired, offering to be hired, or agreeing to be hired by another individual to engage in sexual penetration or sexual conduct which, if committed by an adult, would be a misdemeanor.

**EFFECTIVE DATE.** This section is effective August 1, 2014, and applies to offenses committed on or after that date.

Sec. 3. Minnesota Statutes 2010, section 260C.007, subdivision 6, is amended to read:

Subd. 6. **Child in need of protection or services.** "Child in need of protection or services" means a child who is in need of protection or services because the child:

(1) is abandoned or without parent, guardian, or custodian;

(2)(i) has been a victim of physical or sexual abuse as defined in section 626.556, subdivision 2, (ii) resides with or has resided with a victim of child abuse as defined in subdivision 5 or domestic child abuse as defined in subdivision 13, (iii) resides with or would reside with a perpetrator of domestic child abuse as defined in subdivision 13 or child abuse as defined in subdivision 5 or 13, or (iv) is a victim of emotional maltreatment as defined in subdivision 15;

(3) is without necessary food, clothing, shelter, education, or other required care for the child's physical or mental health or morals because the child's parent, guardian, or custodian is unable or unwilling to provide that care;

(4) is without the special care made necessary by a physical, mental, or emotional condition because the child's parent, guardian, or custodian is unable or unwilling to provide that care;

(5) is medically neglected, which includes, but is not limited to, the withholding of medically indicated treatment from a disabled infant with a life-threatening condition. The term "withholding of medically indicated treatment" means the failure to respond to the infant's life-threatening conditions by providing treatment, including appropriate nutrition, hydration, and medication which, in the treating physician's or physicians' reasonable medical judgment, will be most likely to be effective in ameliorating or correcting all conditions, except that the term does not include the failure to provide treatment other than appropriate nutrition, hydration, or medication to an infant when, in the treating physician's or physicians' reasonable medical judgment:

(i) the infant is chronically and irreversibly comatose;

(ii) the provision of the treatment would merely prolong dying, not be effective in ameliorating or correcting all of the infant's life-threatening conditions, or otherwise be futile in terms of the survival of the infant; or

(iii) the provision of the treatment would be virtually futile in terms of the survival of the infant and the treatment itself under the circumstances would be inhumane;

(6) is one whose parent, guardian, or other custodian for good cause desires to be relieved of the child's care and custody, including a child who entered foster care under a voluntary placement agreement between the parent and the responsible social services agency under section 260C.212, subdivision 8;

(7) has been placed for adoption or care in violation of law;

(8) is without proper parental care because of the emotional, mental, or physical disability, or state of immaturity of the child's parent, guardian, or other custodian;

(9) is one whose behavior, condition, or environment is such as to be injurious or dangerous to the child or others. An injurious or dangerous environment may include, but is not limited to, the exposure of a child to criminal activity in the child's home;

(10) is experiencing growth delays, which may be referred to as failure to thrive, that have been diagnosed by a physician and are due to parental neglect;

(11) has engaged in prostitution as defined in section 609.321, subdivision 9;

(12) has committed a delinquent act or a juvenile petty offense before becoming ten years old;

(13) is a runaway;

(14) is a habitual truant;

(15) has been found incompetent to proceed or has been found not guilty by reason of mental illness or mental deficiency in connection with a delinquency proceeding, a certification under section 260B.125, an extended jurisdiction juvenile prosecution, or a proceeding involving a juvenile petty offense; ~~or~~

(16) has a parent whose parental rights to one or more other children were involuntarily terminated or whose custodial rights to another child have been involuntarily transferred to a relative and there is a case plan prepared by the responsible social services agency documenting a compelling reason why filing the termination of parental rights petition under section 260C.301, subdivision 3, is not in the best interests of the child; or

(17) is a sexually exploited youth.

**EFFECTIVE DATE.** This section is effective August 1, 2011.

Sec. 4. Minnesota Statutes 2010, section 260C.007, subdivision 11, is amended to read:

Subd. 11. **Delinquent child.** "Delinquent child" ~~means a child:~~

~~(1) who has violated any state or local law, except as provided in section 260B.225, subdivision 1, and except for juvenile offenders as described in subdivisions 19 and 28; or~~

~~(2) who has violated a federal law or a law of another state and whose case has been referred to the juvenile court if the violation would be an act of delinquency if committed in this state or a crime or offense if committed by an adult has the meaning given in section 260B.007, subdivision 6.~~

**EFFECTIVE DATE.** This section is effective August 1, 2011.

Sec. 5. Minnesota Statutes 2010, section 260C.007, is amended by adding a subdivision to read:

**Subd. 31. Sexually exploited youth.** "Sexually exploited youth" means an individual who:

(1) is alleged to have engaged in conduct which would, if committed by an adult, violate any federal, state, or local law relating to being hired, offering to be hired, or agreeing to be hired by another individual to engage in sexual penetration or sexual conduct;

(2) is a victim of a crime described in section 609.342, 609.343, 609.345, 609.3451, 609.3453, 609.352, 617.246, or 617.247;

(3) is a victim of a crime described in United States Code, title 18, section 2260; 2421; 2422; 2423; 2425; 2425A; or 2256; or

(4) is a sex trafficking victim as defined in section 609.321, subdivision 7b.

**EFFECTIVE DATE.** This section is effective August 1, 2011.

Sec. 6. **[609.093] JUVENILE PROSTITUTES; DIVERSION OR CHILD PROTECTION PROCEEDINGS.**

**Subdivision 1. First-time prostitution offense; applicability; procedure.** (a) This section applies to a 16 or 17 year old child alleged to have engaged in prostitution as defined in section 609.321, subdivision 9, who:

(1) has not been previously adjudicated delinquent for engaging in prostitution as defined in section 609.321, subdivision 9;

(2) has not previously participated in or completed a diversion program for engaging in prostitution as defined in section 609.321, subdivision 9;

(3) has not previously been placed on probation without an adjudication or received a continuance under section 260B.198, subdivision 7, for engaging in prostitution as defined in section 609.321, subdivision 9;

(4) has not previously been found to be a child in need of protection or services for engaging in prostitution as defined in section 609.321, subdivision 9, or because the child is a sexually exploited youth as defined in section 260C.007, subdivision 31, clause (1); and

(5) agrees to successfully complete a diversion program under section 388.24 or fully comply with a disposition order under section 260C.201.

(b) The prosecutor shall refer a child described in paragraph (a) to a diversion program under section 388.24 or file a petition under section 260C.141 alleging the child to be in need of protection or services.

**Subd. 2. Failure to comply.** If a child fails to successfully complete diversion or fails to fully comply with a disposition order under section 260C.201, the child may be referred back to the court for further proceedings under chapter 260B.

Subd. 3. **Dismissal of charge.** The court shall dismiss the charge against the child if any of the following apply:

(1) the prosecutor referred the child to diversion program and the prosecutor notifies the court that the child successfully completed the program;

(2) the prosecutor filed a petition under section 260C.141 and the court does not find that the child is in need of protection or services; or

(3) the prosecutor filed a petition under section 260C.141, the court entered an order under section 260C.201, and the child fully complied with the order.

**EFFECTIVE DATE.** This section is effective August 1, 2014, and applies to offenses committed on or after that date.

Sec. 7. Minnesota Statutes 2010, section 609.3241, is amended to read:

**609.3241 PENALTY ASSESSMENT AUTHORIZED.**

(a) When a court sentences an adult convicted of violating section 609.322 or 609.324, while acting other than as a prostitute, the court shall impose an assessment of not less than ~~\$250~~ \$500 and not more than ~~\$500~~ \$750 for a violation of section 609.324, subdivision 2, or a misdemeanor violation of section 609.324, subdivision 3; otherwise the court shall impose an assessment of not less than ~~\$500~~ \$750 and not more than \$1,000. The ~~mandatory minimum portion of the assessment is to be used for the purposes described in section 626.558, subdivision 2a, shall be distributed as provided in paragraph (c) and is in addition to the surcharge required by section 357.021, subdivision 6. Any portion of the assessment imposed in excess of the mandatory minimum amount shall be deposited in an account in the special revenue fund and is appropriated annually to the commissioner of public safety. The commissioner, with the assistance of the General Crime Victims Advisory Council, shall use money received under this section for grants to agencies that provide assistance to individuals who have stopped or wish to stop engaging in prostitution. Grant money may be used to provide these individuals with medical care, child care, temporary housing, and educational expenses.~~

(b) The court may not waive payment of the minimum assessment required by this section. If the defendant qualifies for the services of a public defender or the court finds on the record that the convicted person is indigent or that immediate payment of the assessment would create undue hardship for the convicted person or that person's immediate family, the court may reduce the amount of the minimum assessment to not less than \$100. The court also may authorize payment of the assessment in installments.

(c) The assessment collected under paragraph (a) must be distributed as follows:

(1) 40 percent of the assessment shall be forwarded to the political subdivision that employs the arresting officer for use in enforcement, training, and education activities related to combating sexual exploitation of youth, or if the arresting officer is an employee of the state, this portion shall be forwarded to the commissioner of public safety for those purposes identified in clause (3);

(2) 20 percent of the assessment shall be forwarded to the prosecuting agency that handled the case for use in training and education activities relating to combating sexual exploitation activities of youth; and

(3) 40 percent of the assessment must be forwarded to the commissioner of public safety to be deposited in the safe harbor for youth account in the special revenue fund and are appropriated to the commissioner for distribution to crime victims services organizations that provide services to sexually exploited youth, as defined in section 260C.007, subdivision 31.

(d) A safe harbor for youth account is established as a special account in the state treasury.

**EFFECTIVE DATE.** This section is effective August 1, 2011.

Sec. 8. Minnesota Statutes 2010, section 626.558, subdivision 2a, is amended to read:

Subd. 2a. ~~Juvenile prostitution~~ **Sexually exploited youth outreach program.** A multidisciplinary child protection team may assist the local welfare agency, local law enforcement agency, or an appropriate private organization in developing a program of outreach services for ~~juveniles who are engaging in prostitution~~ **sexually exploited youth, including homeless, runaway, and truant youth who are at risk of sexual exploitation.** For the purposes of this subdivision, at least one representative of a youth intervention program or, where this type of program is unavailable, one representative of a nonprofit agency serving youth in crisis, shall be appointed to and serve on the multidisciplinary child protection team in addition to the standing members of the team. These services may include counseling, medical care, short-term shelter, alternative living arrangements, and drop-in centers. ~~The county may finance these services by means of the penalty assessment authorized by section 609.3241.~~ A juvenile's receipt of intervention services under this subdivision may not be conditioned upon the juvenile providing any evidence or testimony.

**EFFECTIVE DATE.** This section is effective August 1, 2011.

Sec. 9. **SAFE HARBOR FOR SEX TRAFFICKED YOUTH; SEXUALLY EXPLOITED YOUTH; STATEWIDE VICTIM SERVICES MODEL.**

(a) If sufficient funding from outside sources is donated, the commissioner of public safety shall develop a statewide model as provided in this section. By June 30, 2012, the commissioner of public safety, in consultation with the commissioners of health and human services, shall develop a victim services model to address the needs of sexually exploited youth and youth at risk of sexual exploitation. The commissioner shall take into consideration the findings and recommendations as reported to the legislature on the results of the safe harbor for sexually exploited youth pilot project authorized by Laws 2006, chapter 282, article 13, section 4, paragraph (b). In addition, the commissioner shall seek recommendations from prosecutors, public safety officials, public health professionals, child protection workers, and service providers.

(b) By January 15, 2013, the commissioner of public safety shall report to the chairs and ranking minority members of the senate and house of representatives divisions having jurisdiction over health and human services and criminal justice funding and policy on the development of the statewide model, including recommendations for additional legislation or funding for services for sexually exploited youth or youth at risk of sexual exploitation.

(c) As used in this section, "sexually exploited youth" has the meaning given in section 260C.007, subdivision 31.

**EFFECTIVE DATE.** This section is effective August 1, 2011.

## ARTICLE 5 PROSTITUTION CRIMES

Section 1. Minnesota Statutes 2010, section 609.321, subdivision 4, is amended to read:

Subd. 4. **Patron.** "Patron" means an individual who ~~hires or offers or agrees~~ **engages in prostitution by hiring, offering to hire, or agreeing to hire another individual to engage in sexual penetration or sexual contact.**

**EFFECTIVE DATE.** This section is effective August 1, 2011, and applies to crimes committed on or after that date.

Sec. 2. Minnesota Statutes 2010, section 609.321, subdivision 8, is amended to read:

Subd. 8. **Prostitute.** "Prostitute" means an individual who engages in prostitution by being hired, offering to be hired, or agreeing to be hired by another individual to engage in sexual penetration or sexual contact.

**EFFECTIVE DATE.** This section is effective August 1, 2011, and applies to crimes committed on or after that date.

Sec. 3. Minnesota Statutes 2010, section 609.321, subdivision 9, is amended to read:

Subd. 9. **Prostitution.** "Prostitution" means ~~engaging or offering or agreeing to engage for hire~~ hiring, offering to hire, or agreeing to hire another individual to engage in sexual penetration or sexual contact, or being hired, offering to be hired, or agreeing to be hired by another individual to engage in sexual penetration or sexual contact.

**EFFECTIVE DATE.** This section is effective August 1, 2011, and applies to crimes committed on or after that date.

Sec. 4. Minnesota Statutes 2010, section 609.324, subdivision 2, is amended to read:

Subd. 2. **Prostitution in public place; penalty for patrons.** Whoever, while acting as a patron, intentionally does any of the following while in a public place is guilty of a gross misdemeanor:

(1) engages in prostitution with an individual 18 years of age or older; or

(2) hires ~~or~~ offers to hire, or agrees to hire an individual 18 years of age or older to engage in sexual penetration or sexual contact.

Except as otherwise provided in subdivision 4, a person who is convicted of violating this subdivision ~~while acting as a patron~~ must, at a minimum, be sentenced to pay a fine of at least \$1,500.

**EFFECTIVE DATE.** This section is effective August 1, 2011, and applies to crimes committed on or after that date.

Sec. 5. Minnesota Statutes 2010, section 609.324, subdivision 3, is amended to read:

Subd. 3. **General prostitution crimes; penalties for patrons.** (a) Whoever, while acting as a patron, intentionally does any of the following is guilty of a misdemeanor:

(1) engages in prostitution with an individual 18 years of age or ~~above~~ older; or

(2) hires ~~or~~ offers to hire, or agrees to hire an individual 18 years of age or ~~above~~ older to engage in sexual penetration or sexual contact. Except as otherwise provided in subdivision 4, a person who is convicted of violating this paragraph ~~while acting as a patron~~ must, at a minimum, be sentenced to pay a fine of at least \$500.

(b) Whoever violates the provisions of this subdivision within two years of a previous prostitution conviction for violating this section or section 609.322 is guilty of a gross misdemeanor. Except as otherwise provided in subdivision 4, a person who is convicted of violating this paragraph ~~while acting as a patron~~ must, at a minimum, be sentenced as follows:

(1) to pay a fine of at least \$1,500; and

(2) to serve 20 hours of community work service.



The court may waive the mandatory community work service if it makes specific, written findings that the community work service is not feasible or appropriate under the circumstances of the case.

**EFFECTIVE DATE.** This section is effective August 1, 2011, and applies to crimes committed on or after that date.

Sec. 6. Minnesota Statutes 2010, section 609.324, is amended by adding a subdivision to read:

**Subd. 6. Prostitution in public place; penalty for prostitutes.** Whoever, while acting as a prostitute, intentionally does any of the following while in a public place is guilty of a gross misdemeanor:

(1) engages in prostitution with an individual 18 years of age or older; or

(2) is hired, offers to be hired, or agrees to be hired by an individual 18 years of age or older to engage in sexual penetration or sexual contact.

**EFFECTIVE DATE.** This section is effective August 1, 2011, and applies to crimes committed on or after that date.

Sec. 7. Minnesota Statutes 2010, section 609.324, is amended by adding a subdivision to read:

**Subd. 7. General prostitution crimes; penalties for prostitutes.** (a) Whoever, while acting as a prostitute, intentionally does any of the following is guilty of a misdemeanor:

(1) engages in prostitution with an individual 18 years of age or older; or

(2) is hired, offers to be hired, or agrees to be hired by an individual 18 years of age or older to engage in sexual penetration or sexual contact.

(b) Whoever violates the provisions of this subdivision within two years of a previous prostitution conviction for violating this section or section 609.322 is guilty of a gross misdemeanor.

**EFFECTIVE DATE.** This section is effective August 1, 2011, and applies to crimes committed on or after that date."

Delete the title and insert:

"A bill for an act relating to public safety; modifying certain provisions relating to public safety, human rights, courts and sentencing, sexually exploited youth, and prostitution crimes; requesting studies; requesting reports; providing for penalties; appropriating money for public safety, corrections, human rights, courts, civil legal services, Guardian Ad Litem Board, Uniform Laws Commission, Board on Judicial Standards, and sentencing guidelines; amending Minnesota Statutes 2010, sections 169.797, subdivision 4; 243.212; 260B.007, subdivisions 6, 16; 260C.007, subdivisions 6, 11, by adding a subdivision; 260C.331, subdivision 3; 297I.06, subdivision 3; 357.021, subdivision 6; 363A.06, subdivision 1; 363A.36, subdivision 1; 563.01, subdivision 3; 609.105, subdivision 1, by adding subdivisions; 609.321, subdivisions 4, 8, 9; 609.324, subdivisions 2, 3, by adding subdivisions; 609.3241; 626.558, subdivision 2a; 626.8458, subdivision 5; 641.15, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 609; repealing Minnesota Statutes 2010, section 363A.36, subdivision 5."

We request the adoption of this report and repassage of the bill.

Senate Conferees: WARREN LIMMER, DAN D. HALL, SCOTT J. NEWMAN and JULIANNE E. ORTMAN.

House Conferees: TONY CORNISH, TIM KELLY, STEVE SMITH, BRUCE VOGEL and KELBY WOODARD.

Cornish moved that the report of the Conference Committee on S. F. No. 958 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 958, A bill for an act relating to public safety; acquiring an easement for the correctional facility in Faribault; appropriating money for the courts, public defenders, public safety, corrections, certain other criminal justice agencies, boards, and commissions; amending Minnesota Statutes 2010, section 297I.06, subdivision 3.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 71 yeas and 61 nays as follows:

Those who voted in the affirmative were:

Abeler	Crawford	Gottwalt	Kriesel	Murdock	Shimanski
Anderson, B.	Daudt	Gruenhagen	Lanning	Murray	Smith
Anderson, D.	Dauids	Gunther	Leidiger	Myhra	Stensrud
Anderson, P.	Dean	Hackbarth	LeMieur	Nornes	Swedzinski
Anderson, S.	Dettmer	Hancock	Lohmer	O'Driscoll	Torkelson
Banaian	Doepke	Holberg	Loon	Peppin	Urdahl
Barrett	Downey	Hoppe	Mack	Petersen, B.	Vogel
Beard	Drazkowski	Howes	Mazorol	Quam	Wardlow
Benson, M.	Erickson	Kelly	McDonald	Runbeck	Westrom
Bills	Fabian	Kieffer	McElfatrick	Sanders	Woodard
Buesgens	Franson	Kiel	McFarlane	Schomacker	Spk. Zellers
Cornish	Garofalo	Kiffmeyer	McNamara	Scott	

Those who voted in the negative were:

Anzelc	Falk	Hosch	Lillie	Nelson	Slocum
Atkins	Gauthier	Huntley	Loeffler	Norton	Thissen
Benson, J.	Greene	Johnson	Mahoney	Paymar	Tillberry
Brynaert	Greiling	Kahn	Mariani	Pelowski	Wagenius
Carlson	Hansen	Kath	Marquart	Persell	Ward
Champion	Hausman	Knuth	Melin	Peterson, S.	Winkler
Clark	Hayden	Koenen	Moran	Poppe	
Davnie	Hilstrom	Laine	Morrow	Rukavina	
Dill	Hilty	Lenczewski	Mullery	Scalze	
Dittrich	Hornstein	Lesch	Murphy, E.	Simon	
Eken	Hortman	Liebling	Murphy, M.	Slawik	

The bill was repassed, as amended by Conference, and its title agreed to.

Speaker pro tempore Garofalo called Daudt to the Chair.

Laine was excused for the remainder of today's session.

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 887.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

CAL R. LUDEMAN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 887

A bill for an act relating to state government; appropriating money for jobs, economic development, and housing; modifying certain programs; modifying fees and licensing, registration, and continuing education provisions; amending Minnesota Statutes 2010, sections 116J.035, by adding a subdivision; 116J.8737, subdivisions 1, 2, 4; 116L.04, subdivision 1; 181.723, subdivision 5; 182.6553, subdivision 6; 326B.04, subdivision 2; 326B.091; 326B.098; 326B.13, subdivision 8; 326B.148, subdivision 1; 326B.42, subdivisions 8, 9, 10, by adding subdivisions; 326B.435, subdivision 2; 326B.438; 326B.46, subdivisions 1a, 1b, 2, 3; 326B.47, subdivisions 1, 3; 326B.49, subdivision 1; 326B.56, subdivision 1; 326B.58; 326B.82, subdivisions 2, 3, 7, 9; 326B.821, subdivisions 1, 5, 5a, 6, 7, 8, 9, 10, 11, 12, 15, 16, 18, 19, 20, 22, 23; 326B.865; 326B.89, subdivisions 6, 8; 327.32, subdivisions 1a, 1b, 1e; 327.33, subdivisions 1, 2; 341.321; Laws 2009, chapter 78, article 1, section 18; proposing coding for new law in Minnesota Statutes, chapter 326B; repealing Minnesota Statutes 2010, sections 326B.82, subdivisions 4, 6; 326B.821, subdivision 3.

May 16, 2011

The Honorable Michelle L. Fischbach  
President of the Senate

The Honorable Kurt Zellers  
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 887 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 887 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1  
JOBS, ECONOMIC DEVELOPMENT, AND HOUSING APPROPRIATIONS

Section 1. **JOBS, ECONOMIC DEVELOPMENT, AND HOUSING APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

	<u>2012</u>	<u>2013</u>	<u>Total</u>
<u>General</u>	<u>\$78,059,000</u>	<u>\$76,016,000</u>	<u>\$154,075,000</u>
<u>Workforce Development</u>	<u>15,815,000</u>	<u>15,787,000</u>	<u>31,602,000</u>

<u>Remediation</u>	<u>700,000</u>	<u>700,000</u>	<u>1,400,000</u>
<u>Workers' Compensation</u>	<u>22,574,000</u>	<u>22,574,000</u>	<u>45,148,000</u>
<b><u>Total</u></b>	<b><u>\$117,148,000</u></b>	<b><u>\$115,077,000</u></b>	<b><u>\$232,225,000</u></b>

Sec. 2. **JOBS, ECONOMIC DEVELOPMENT, AND HOUSING.**

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 "2012" and "2013" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2012, or June 30, 2013, respectively. "The first year" is fiscal year 2012. "The second year" is fiscal year 2013. "The biennium" is fiscal years 2012 and 2013.

**APPROPRIATIONS**  
**Available for the Year**  
**Ending June 30**  
**2012**                      **2013**

Sec. 3. **DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT**

Subdivision 1. **Total Appropriation**                                      **\$50,921,000**                      **\$48,743,000**

Appropriations by Fund

	<u>2012</u>	<u>2013</u>
<u>General</u>	<u>35,280,000</u>	<u>33,130,000</u>
<u>Remediation</u>	<u>700,000</u>	<u>700,000</u>
<u>Workforce Development</u>	<u>14,941,000</u>	<u>14,913,000</u>

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

Subd. 2. **Business and Community Development**                                      **5,857,000**                      **5,829,000**

Appropriations by Fund

<u>General</u>	<u>4,841,000</u>	<u>4,841,000</u>
<u>Remediation</u>	<u>700,000</u>	<u>700,000</u>
<u>Workforce Development</u>	<u>316,000</u>	<u>288,000</u>

(a) \$700,000 the first year and \$700,000 the second year are from the remediation fund for contaminated site cleanup and development grants under Minnesota Statutes, section 116J.554. This appropriation is available until expended.

(b) \$470,000 the first year and \$470,000 the second year are from the general fund for contaminated site cleanup and development grants under Minnesota Statutes, section 116J.554. The base funding for this program is \$325,000 each year beginning in fiscal year 2014 and thereafter.

(c) \$150,000 the first year is from the general fund for a grant to WomenVenture for women's business development programs and for programs that encourage and assist women to enter nontraditional careers in the trades; manual and technical occupations; science, technology, engineering, and mathematics-related occupations; and green jobs. This appropriation may be matched dollar for dollar with any resources available from the federal government for these purposes with priority given to initiatives that have a goal of increasing by at least ten percent the number of women in occupations where women currently comprise less than 25 percent of the workforce. This is a onetime appropriation.

(d) \$79,000 the first year is from the general fund and \$42,000 the first year is from the workforce development fund for a grant to the Metropolitan Economic Development Association for continuing minority business development programs in the metropolitan area. This appropriation must be used for the sole purpose of providing free or reduced fee business consulting services to minority entrepreneurs and contractors. This is a onetime appropriation.

(e)(1) \$425,000 the first year is a onetime appropriation from the general fund for a grant to BioBusiness Alliance of Minnesota for bioscience business development programs to promote and position the state as a global leader in bioscience business activities. These funds may be used to create, recruit, retain, and expand biobusiness activity in Minnesota; implement the destination 2025 statewide plan; update a statewide assessment of the bioscience industry and the competitive position of Minnesota-based bioscience businesses relative to other states and other nations; and develop and implement business and scenario-planning models to create, recruit, retain, and expand biobusiness activity in Minnesota.

(2) The BioBusiness Alliance must report each year by February 15 to the committees of the house of representatives and the senate having jurisdiction over bioscience industry activity in Minnesota on the use of funds; the number of bioscience businesses and jobs created, recruited, retained, or expanded in the state since the last reporting period; the competitive position of the biobusiness industry; and utilization rates and results of the business and scenario-planning models and outcomes resulting from utilization of the business and scenario-planning models.

(f) \$37,000 the first year is from the general fund for a grant to the Minnesota Inventors Congress, of which at least \$3,700 must be used for youth inventors. This is a onetime appropriation.

(g)(1) \$85,000 the first year is from the workforce development fund for a grant under Minnesota Statutes, section 116J.421, to the Rural Policy and Development Center at St. Peter, Minnesota. The

grant shall be used for research and policy analysis on emerging economic and social issues in rural Minnesota, to serve as a policy resource center for rural Minnesota communities, to encourage collaboration across higher education institutions, to provide interdisciplinary team approaches to research and problem-solving in rural communities, and to administer overall operations of the center. This is a onetime appropriation.

(2) The grant shall be provided upon the condition that each state-appropriated dollar be matched with a nonstate dollar. Acceptable matching funds are nonstate contributions that the center has received and have not been used to match previous state grants. Any funds not spent the first year are available the second year.

(h) \$189,000 the first year is for entrepreneur and small business development direct professional business assistance in Blue Earth, Brown, Faribault, Le Sueur, Martin, Nicollet, Sibley, Watonwan, and Waseca Counties. These services must include, but are not limited to, prevention assistance for individuals considering starting a business. Funds must be awarded to an organization or organizations that can demonstrate leverage of at least an equal amount of federal funds. Any balance in the first year does not cancel but is available in the second year. The grant recipient must report to the commissioner by February 1 of each year that the organization receives a grant with the number of customers served; the amount of direct consulting hours delivered; the number of new businesses started; the amount of capital accessed for business start-up or expansion; and the number of jobs created and retained in each county. The commissioner must report to the house of representatives and senate committees with jurisdiction over economic development finance on the effectiveness of these programs for assisting in the development of entrepreneurs and small businesses. This is a onetime appropriation.

(i) \$691,000 the second year is from the general fund and \$288,000 the second year is from the workforce development fund for the business development competitive grant pilot program.

(1) The commissioner shall develop and implement a competitive grant program for business development assistance and services including, but not limited to: minority business development, women's business development, rural business development, bioscience business development, and services to inventors. Of this amount, up to five percent is for administration and monitoring of the business development competitive grant program.

(2) The commissioner must report to the legislative committees having jurisdiction over economic development issues by January 10 each year on the following: methodologies and processes for soliciting and evaluating grant proposals; criteria and methodology for selecting grant recipients; methods and procedures for

monitoring the use of grant awards including expenditures for administrative expenses by grant recipients; and methods for measuring outcomes and accomplishments of grant recipients including but not limited to the total number of new jobs created by each grant recipient, average wage of new jobs created, amount of private funds leveraged, number of new businesses created and the number of new jobs per business, return on investment to the state, and ongoing solicitation and feedback from interested parties regarding ongoing improvement and enhancement to the competitive grant program. The commissioner must also report on department expenditures related to the administration and monitoring of grants under this subdivision.

**Subd. 3. Workforce Development**

44,206,000

42,056,000

Appropriations by Fund

<u>General</u>	<u>29,581,000</u>	<u>27,431,000</u>
<u>Workforce Development</u>	<u>14,625,000</u>	<u>14,625,000</u>

(a) \$3,872,000 each year is from the general fund for the Minnesota job skills partnership program under Minnesota Statutes, sections 116L.01 to 116L.17. If the appropriation for either year is insufficient, the appropriation for the other year is available. This appropriation is available until spent.

(b) \$10,800,000 the first year and \$8,800,000 the second year are from the general fund for the state's vocational rehabilitation program under Minnesota Statutes, chapter 268A.

(c) \$5,928,000 the first year and \$5,778,000 the second year are from the general fund for the state services for the blind activities.

(d) \$2,150,000 each year is from the general fund for grants to centers for independent living under Minnesota Statutes, section 268A.11.

(e) \$315,000 the first year is from the general fund and \$89,000 the first year is from the workforce development fund for a grant under Minnesota Statutes, section 116J.8747, to Twin Cities RISE! to provide training to hard-to-train individuals. Funds unexpended in the first year are available for expenditure in the second year. This is a onetime appropriation.

(f) \$100,000 the first year is from the general fund and \$42,000 the first year is from the workforce development fund for a grant to Northern Connections in Perham to implement and operate a workforce program that provides one-stop supportive services to individuals as they transition into the workforce. This is a onetime appropriation.

(g) \$4,722,000 each year is from the general fund and \$6,761,000 each year is from the workforce development fund for extended employment services for persons with severe disabilities or related conditions under Minnesota Statutes, section 268A.15. Of the general fund appropriation, \$125,000 each year is to supplement funds paid for wage incentives for the community support fund established in Minnesota Rules, part 3300.2045.

(h) \$1,479,000 each year is from the general fund for grants to programs that provide employment support services to persons with mental illness under Minnesota Statutes, sections 268A.13 and 268A.14. Grants may be used for special projects for young people with mental illness transitioning from school to work and people with serious mental illness receiving services through a mental health court or civil commitment court. Special projects must demonstrate interagency collaboration.

(i) \$135,000 the first year is from the general fund and \$149,000 the first year is from the workforce development fund for a grant under Minnesota Statutes, section 268A.03, to Rise, Inc. for the Minnesota Employment Center for People Who are Deaf or Hard of Hearing. Money not expended the first year is available the second year. This is a onetime appropriation.

(j) \$80,000 the first year is from the general fund and \$170,000 the first year is from the workforce development fund for a grant to Lifetrack Resources for its immigrant and refugee collaborative program, including those related to job-seeking skills and workplace orientation, intensive job development, functional work English, and on-site job coaching. This appropriation may also be used in Rochester. This is a onetime appropriation.

(k) \$1,169,000 the first year is from the workforce development fund for the Opportunities Industrialization Center programs. The OIC state council must not be colocated with the Department of Employment and Economic Development. Of this amount, \$3,000 may be used for relocation expenses. This is a onetime appropriation.

(l) \$630,000 the second year is from the general fund and \$1,619,000 the second year is from the workforce development fund for the adult workforce development competitive grant pilot program.

(1) The commissioner in consultation with the Governor's Workforce Development Council shall develop and implement a competitive grant program for adult workforce development activities including, but not limited to: job training, job search, job placement, preemployment and job readiness skills, employment-related self-advocacy skills, employment services targeted to people who are deaf or hard of hearing, and transition to work



from public assistance. Of this amount, up to five percent is for administration and monitoring of the adult workforce development competitive grant pilot program.

(2) The commissioner must report to the legislative committees having jurisdiction over economic development issues by January 10 each year on the following: methodologies and processes for soliciting and evaluating grant proposals; criteria and methodology for selecting grant recipients; methods and procedures for monitoring the use of grant awards including expenditures for administrative expenses by grant recipients; and methods for measuring outcomes and accomplishments of grant recipients including but not limited to the total number of job placements by each grant recipient, average wage of jobs in which clients served by grant recipients are placed, specific job skills developed and measures of improved employability or employment opportunities by the clients of the grant recipients, amount of private funds leveraged, return on investment to the state, and ongoing solicitation and feedback from interested parties regarding ongoing improvement and enhancement to the competitive grant program. The commissioner must also report on department expenditures related to the administration and monitoring of grants under this subdivision.

(m) \$2,975,000 the first year is a onetime appropriation from the workforce development fund for the Minnesota youth program under Minnesota Statutes, sections 116L.56 and 116L.561.

(n) \$765,000 the first year is a onetime appropriation from the workforce development fund for grants for the Minneapolis summer youth employment program. The commissioner shall establish criteria for awarding the grant.

(o) \$255,000 the first year is from the workforce development fund for a grant to the Minneapolis learn-to-earn summer youth employment program. This is a onetime appropriation.

(p) \$637,000 the first year is a onetime appropriation from the workforce development fund for a grant to the Minnesota Alliance of Boys and Girls Clubs to administer a statewide project of youth jobs skills development. This project, which may have career guidance components, including health and life skills, is to encourage, train, and assist youth in job-seeking skills, workplace orientation, and job-site knowledge through coaching. This grant requires a 25 percent match from nonstate resources.

(q) \$474,000 the first year is a onetime appropriation from the workforce development fund for grants to fund summer youth employment in St. Paul. The commissioner shall establish criteria for awarding the grant.

(r) \$850,000 the first year is a onetime appropriation from the workforce development fund for the youthbuild program under Minnesota Statutes, sections 116L.361 to 116L.366.

(s) \$289,000 the first year is a onetime appropriation from the workforce development fund for grants to provide interpreters for a regional transition program that specializes in providing culturally appropriate transition services leading to employment for deaf, hard-of-hearing, and deafblind students.

(t) \$6,245,000 the second year is from the workforce development fund for the youth workforce development competitive grant pilot program.

(1) The commissioner in consultation with the Governor's Workforce Development Council shall develop and implement a competitive grant program to provide workforce development activities and training to youth in Minnesota. Of this amount, up to five percent is for administration and monitoring of the youth workforce development competitive grant pilot program.

(2) The commissioner must report to the legislative committees having jurisdiction over economic development issues by January 10 each year on the following: methodologies and processes for soliciting and evaluating grant proposals; criteria and methodology for selecting grant recipients; methods and procedures for monitoring the use of grant awards including expenditures for administrative expenses by grant recipients; and methods for measuring outcomes and accomplishments of grant recipients including but not limited to the total number of youth served by each grant recipient, number of job placements, job search, training or placement services, education or other employment-related services, employment-related self-advocacy skills, preemployment skill development, average wage of jobs, amount of private funds leveraged, return on investment to the state, and ongoing solicitation and feedback from interested parties regarding ongoing improvement and enhancement to the competitive grant program. The commissioner must also report on department expenditures related to the administration and monitoring of grants under this subdivision.

(3) In awarding grants under this subdivision, consideration must be given to programs that target deaf, hard of hearing, and deaf/blind students.

<u>Subd. 4. <b>State-Funded Administration</b></u>	<u>858,000</u>	<u>858,000</u>
<u>Sec. 4. <b>HOUSING FINANCE AGENCY</b></u>		
<u>Subdivision 1. <b>Total Appropriation</b></u>	<u>\$37,897,000</u>	<u>\$37,897,000</u>

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

This appropriation is for transfer to the housing development fund for the programs specified. Except as otherwise indicated, this transfer is part of the agency's permanent budget base.

**Subd. 2. Challenge Program**

6,955,000

6,955,000

For the economic development and housing challenge program under Minnesota Statutes, section 462A.33. Of this amount, \$1,208,000 each year shall be made available during the first eight months of the fiscal year exclusively for housing projects for American Indians. Any funds not committed to housing projects for American Indians in the first eight months of the fiscal year shall be available for any eligible activity under Minnesota Statutes, section 462A.33.

**Subd. 3. Housing Trust Fund**

9,555,000

9,555,000

For deposit in the housing trust fund account, for the purposes provided under Minnesota Statutes, section 462A.201.

**Subd. 4. Rental Assistance for Mentally Ill**

2,638,000

2,638,000

For the rental housing assistance program for persons with a mental illness or families with an adult member with a mental illness under Minnesota Statutes, section 462A.2097.

**Subd. 5. Family Homeless Prevention**

7,465,000

7,465,000

For the family homeless prevention and assistance programs under Minnesota Statutes, section 462A.204.

**Subd. 6. Home Ownership Assistance Fund**

797,000

797,000

For the home ownership assistance program under Minnesota Statutes, section 462A.21, subdivision 8.

**Subd. 7. Affordable Rental Investment Fund**

7,313,000

7,313,000

(a) For the affordable rental investment fund program under Minnesota Statutes, section 462A.21, subdivision 8b. The appropriation is to finance the acquisition, rehabilitation, and debt restructuring of federally assisted rental property and for making equity take-out loans under Minnesota Statutes, section 462A.05, subdivision 39.

(b) The owner of federally assisted rental property must agree to participate in the applicable federally assisted housing program and to extend any existing low-income affordability restrictions on the housing for the maximum term permitted. The owner must also enter into an agreement that gives local units of government, housing and redevelopment authorities, and nonprofit housing

organizations the right of first refusal if the rental property is offered for sale. Priority must be given among comparable federally assisted rental properties to properties with the longest remaining term under an agreement for federal assistance. Priority must also be given among comparable rental housing developments to developments that are or will be owned by local government units, a housing and redevelopment authority, or a nonprofit housing organization.

(c) The appropriation also may be used to finance the acquisition, rehabilitation, and debt restructuring of existing supportive housing properties. For purposes of this subdivision, "supportive housing" means affordable rental housing with links to services necessary for individuals, youth, and families with children to maintain housing stability.

<b>Subd. 8. <u>Housing Rehabilitation</u></b>	<u>2,449,000</u>	<u>2,449,000</u>
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For the housing rehabilitation program under Minnesota Statutes, section 462A.05, subdivision 14, for rental housing developments.

<b>Subd. 9. <u>Homeownership Education, Counseling, and Training</u></b>	<u>600,000</u>	<u>600,000</u>
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For the homeownership education, counseling, and training program under Minnesota Statutes, section 462A.209. Notwithstanding Minnesota Statutes, section 462A.209, subdivision 7, paragraph (b), more than one-half of the funds awarded for foreclosure prevention and assistance activities may be used for mortgage or financial counseling services.

<b>Subd. 10. <u>Capacity-Building Grants</u></b>	<u>125,000</u>	<u>125,000</u>
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For nonprofit capacity-building grants under Minnesota Statutes, section 462A.21, subdivision 3b.

**Sec. 5. DEPARTMENT OF LABOR AND INDUSTRY**

<b>Subdivision 1. <u>Total Appropriation</u></b>	<b><u>\$22,545,000</u></b>	<b><u>\$22,545,000</u></b>
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Appropriations by Fund

	<u>2012</u>	<u>2013</u>
<u>General</u>	<u>800,000</u>	<u>800,000</u>
<u>Workers' Compensation</u>	<u>20,871,000</u>	<u>20,871,000</u>
<u>Workforce Development</u>	<u>874,000</u>	<u>874,000</u>

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

<b>Subd. 2. <u>Workers' Compensation</u></b>	<u>14,832,000</u>	<u>14,832,000</u>
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This appropriation is from the workers' compensation fund.

\$200,000 each year is for grants to the Vinland Center for rehabilitation services. Grants shall be distributed as the department refers injured workers to the Vinland Center for rehabilitation services.

Subd. 3. **Labor Standards and Apprenticeship** 1,674,000 1,674,000

Appropriations by Fund

General	<u>800,000</u>	<u>800,000</u>
Workforce Development	<u>874,000</u>	<u>874,000</u>

(a) \$800,000 each year is from the general fund for the labor standards and apprenticeship program.

(b) \$747,000 each year is appropriated from the workforce development fund for the apprenticeship program under Minnesota Statutes, chapter 178, and includes \$85,000 for labor education and advancement program grants and to expand and promote registered apprenticeship training in nonconstruction trade programs.

(c) \$127,000 each year is appropriated from the workforce development fund for prevailing wage enforcement.

Subd. 4. **General Support** 6,039,000 6,039,000

This appropriation is from the workers' compensation fund.

Sec. 6. **BUREAU OF MEDIATION SERVICES**

Subdivision 1. **Total Appropriation** **\$1,525,000** **\$1,525,000**

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

Subd. 2. **Mediation Services** 1,471,000 1,471,000

Subd. 3. **Labor Management Cooperation Grants** 54,000 54,000

\$54,000 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.

Sec. 7. **WORKERS' COMPENSATION COURT OF APPEALS** **\$1,703,000** **\$1,703,000**

This appropriation is from the workers' compensation fund.

Sec. 8. <b><u>BOARD OF ACCOUNTANCY</u></b>	<b><u>\$480,000</u></b>	<b><u>\$480,000</u></b>
Sec. 9. <b><u>BOARD OF ARCHITECTURE, ENGINEERING, LAND SURVEYING, LANDSCAPE ARCHITECTURE, GEOSCIENCE, AND INTERIOR DESIGN</u></b>	<b><u>\$774,000</u></b>	<b><u>\$774,000</u></b>
Sec. 10. <b><u>BOARD OF COSMETOLOGIST EXAMINERS</u></b>	<b><u>\$1,046,000</u></b>	<b><u>\$1,046,000</u></b>
Sec. 11. <b><u>BOARD OF BARBER EXAMINERS</u></b>	<b><u>\$257,000</u></b>	<b><u>\$257,000</u></b>
Sec. 12. <b><u>MINNESOTA SCIENCE AND TECHNOLOGY AUTHORITY</u></b>	<b><u>\$-0-</u></b>	<b><u>\$107,000</u></b>
Sec. 13. <b><u>TRANSFERS</u></b>		

The unexpended balance, estimated to be \$1,575,000, of funds collected for unemployment insurance state administration under Minnesota Statutes, section 268.18, subdivision 2, is transferred to the general fund.

#### ARTICLE 2 MISCELLANEOUS ECONOMIC DEVELOPMENT PROVISIONS

Section 1. Minnesota Statutes 2010, section 115C.08, subdivision 4, is amended to read:

Subd. 4. **Expenditures.** (a) Money in the fund may only be spent:

- (1) to administer the petroleum tank release cleanup program established in this chapter;
- (2) for agency administrative costs under sections 116.46 to 116.50, sections 115C.03 to 115C.06, and costs of corrective action taken by the agency under section 115C.03, including investigations;
- (3) for costs of recovering expenses of corrective actions under section 115C.04;
- (4) for training, certification, and rulemaking under sections 116.46 to 116.50;
- (5) for agency administrative costs of enforcing rules governing the construction, installation, operation, and closure of aboveground and underground petroleum storage tanks;
- (6) for reimbursement of the environmental response, compensation, and compliance account under subdivision 5 and section 115B.26, subdivision 4;
- (7) for administrative and staff costs as set by the board to administer the petroleum tank release program established in this chapter;
- (8) for corrective action performance audits under section 115C.093;
- (9) for contamination cleanup grants, as provided in paragraph (c);
- (10) to assess and remove abandoned underground storage tanks under section 115C.094 and, if a release is discovered, to pay for the specific consultant and contractor services costs necessary to complete the tank removal project, including, but not limited to, excavation soil sampling, groundwater sampling, soil disposal, and completion of an excavation report; and

(11) for property acquisition by the agency when the agency has determined that purchasing a property where a release has occurred is the most appropriate corrective action. The acquisition of all properties is subject to approval by the board.

(b) Except as provided in paragraph (c), money in the fund is appropriated to the board to make reimbursements or payments under this section.

(c) In fiscal years 2010 and 2011, \$3,700,000 is annually appropriated from the fund to the commissioner of employment and economic development for contamination cleanup grants under section 116J.554. Beginning in fiscal year 2012 and each year thereafter, \$6,200,000 is annually appropriated from the fund to the commissioner of employment and economic development for contamination cleanup grants under section 116J.554. Of this amount, the commissioner may spend up to \$225,000 annually for administration of the contamination cleanup grant program and up to \$800,000 annually for the purposes of section 116J.554 without regard to the requirements of clauses (1) and (2) of this paragraph. The appropriation does not cancel and is available until expended. The appropriation shall not be withdrawn from the fund nor the fund balance reduced until the funds are requested by the commissioner of employment and economic development. The commissioner shall schedule requests for withdrawals from the fund to minimize the necessity to impose the fee authorized by subdivision 2. Unless otherwise provided, the appropriation in this paragraph may be used for:

(1) project costs at a qualifying site if a portion of the cleanup costs are attributable to petroleum contamination or new and used tar and tar-like substances, including but not limited to bitumen and asphalt, but excluding bituminous or asphalt pavement, that consist primarily of hydrocarbons and are found in natural deposits in the earth or are distillates, fractions, or residues from the processing of petroleum crude or petroleum products as defined in section 296A.01; and

(2) the costs of performing contamination investigation if there is a reasonable basis to suspect the contamination is attributable to petroleum or new and used tar and tar-like substances, including but not limited to bitumen and asphalt, but excluding bituminous or asphalt pavement, that consist primarily of hydrocarbons and are found in natural deposits in the earth or are distillates, fractions, or residues from the processing of petroleum crude or petroleum products as defined in section 296A.01.

Sec. 2. Minnesota Statutes 2010, section 116J.035, is amended by adding a subdivision to read:

Subd. 7. **Monitoring pass-through grant recipients.** The commissioner shall monitor the activities and outcomes of programs and services funded by legislative appropriations and administered by the department on a pass-through basis. Unless amounts are otherwise appropriated for administrative costs, the commissioner may retain up to five percent of the amount appropriated to the department for grants to pass-through entities. Amounts retained are deposited to a special revenue account and are appropriated to the commissioner for costs incurred in administering and monitoring the pass-through grants.

Sec. 3. Minnesota Statutes 2010, section 116J.551, subdivision 1, is amended to read:

Subdivision 1. **Grant account.** A contaminated site cleanup and development grant account is created in the special revenue fund, general fund, petroleum tank fund, and remediation fund. Money in ~~the~~ any account may be used, as appropriated by law, to make grants as provided in section 116J.554 and to pay for the commissioner's costs in reviewing applications and making grants. Notwithstanding section 16A.28, money appropriated to the ~~account~~ accounts for this program from any source is available until spent.

**EFFECTIVE DATE.** This section is effective retroactively from July 1, 2010.

Sec. 4. **[116J.881] SMALL BUSINESS LOAN GUARANTEE PROGRAM.**

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

(b) "Borrower" means a small business receiving an eligible loan under this section.

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

(d) "Eligible loan" means a loan to a small business to be used for business purposes exclusively in Minnesota, including: construction; remodeling or renovation; leasehold improvements; the purchase of land and buildings; business acquisitions, including employee stock ownership plan financing; machinery or equipment purchases, maintenance, or repair; expenses related to moving into or within Minnesota; and working capital when the working capital is secured by fixed assets.

(e) "Loan guarantee" means a guarantee of 70 percent of the loan amount provided by a QED lender. The guaranteed portion of the loan must not exceed \$1,500,000.

(f) "Loan guarantee trust fund" means a dedicated fund established under this section for the purpose of compensation for defaulted loan guarantees and for program administration.

(g) "Loan purchaser" means an institutional investor that purchases, holds, and services small business loans on a nonrecourse basis from QED lenders participating in the small business loan guarantee program.

(h) "Qualified economic development lender" or "QED lender" means a public entity or a private nonprofit economic development organization whose headquarters is located in Minnesota with not less than three years of active lending experience that provides financing to small businesses in partnership with banks and other commercial lenders, and that originates subordinated loans to small businesses for sale to the secondary market.

(i) "Secondary market" means the market in which loans are sold to investors, either directly or through an intermediary.

(j) "Small business" means a business employing no more than 500 persons in Minnesota.

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

Subd. 2. **Loan guarantee program.** A small business loan guarantee program to support the origination and sale of eligible subordinated loans to the secondary market by providing a credit enhancement in the form of a partial guarantee of small business loans that are made to Minnesota businesses by a QED lender is created in the Department of Employment and Economic Development. A loan guarantee shall be provided for eligible loans under this section only when a bank or other commercial lender provides at least 50 percent of the total amount loaned to the small business. The loan guarantee shall apply only to the portion of the loan that was made by the QED lender.

Subd. 3. **Required provisions.** Loan guarantees under this section for loans to be sold on the secondary market by QED lenders shall provide that:

(1) principal and interest payments made by the borrower under the terms of the loan are applied by the loan purchaser 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 loan purchaser 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;

(ii) the commissioner consents in writing; or

(iii) the loan guarantee agreement provides for accelerated repayment or other remedies.

In the event of a default, the loan purchaser 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, and finds that the loan purchaser is entitled to receive payment pursuant to the loan guarantee;

(3) there is a written commitment from one or more secondary market investors to purchase the loan, subject to the provision of a state loan guarantee;

(4) the QED lender has timely prepared and delivered 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, and documentation that the borrower used the loan proceeds solely for purposes of its Minnesota operations;

(5) the commissioner has access to the original loan documents prior to approval of the state credit enhancement to facilitate the sale of the loan to the secondary market;

(6) the QED lender maintains adequate records and documents concerning the original loan so that the commissioner may determine the borrower's financial condition and compliance with program requirements; and

(7) orderly liquidation of collateral securing the original loan is provided for in the event of default, with an option on the part of the commissioner to acquire the loan purchaser's interest in the assets pursuant to the loan guarantee.

**Subd. 4. 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 fund and provide annual reports concerning the performance of the fund to the chairs of the standing committees of the house of representatives and senate having jurisdiction over economic development issues.

**Subd. 5. Limitation.** At no time shall total outstanding loan guarantees for loans sold to the secondary market exceed five times the amount on deposit in the loan guarantee trust fund.

**Subd. 6. Guarantee fee.** Participating QED lenders shall pay a fee to the fund of 0.25 percent of the principal amount of each guaranteed loan upon approval of each loan guarantee. The guarantee fee, along with any interest earnings from the trust fund, shall be used only for the administration of the small business loan guarantee program and as additional loan loss reserves.

**Subd. 7. Loan guarantee application.** The commissioner shall prepare a form for QED lenders to use in applying for loan guarantees under this section. The form shall include the following information:

(1) the name and contact information for the QED lender, including the name and title of a contact person;

(2) the names of the financial institutions, including the names and titles of contact persons, that are participating in the total financing being provided to the small business borrower, along with the dollar amount of the loan provided by the financial institution;

(3) the percentage and dollar amount of the subordinated debt loan provided to the Minnesota small business by the QED lender; and

(4) the loan guarantee amount that is requested from the program.

Subd. 8. **Notice and application process.** Subject to the availability of funds under subdivision 4, the commissioner shall publish a notice regarding the opportunity for QED lenders to originate loans for which the loan guarantee may be secured as the loans are prepared for sale to the secondary market. The commissioner shall decide whether to provide a loan guarantee for each loan based on:

(1) the completeness of the loan guarantee application;

(2) the availability of funds in the loan guarantee trust fund; and

(3) execution of agreements that satisfy requirements established in subdivision 3.

Sec. 5. Minnesota Statutes 2010, section 268.18, subdivision 2, is amended to read:

Subd. 2. **Overpayment because of fraud.** (a) Any applicant who receives unemployment benefits by knowingly misrepresenting, misstating, or failing to disclose any material fact, or who makes a false statement or representation without a good faith belief as to the correctness of the statement or representation, has committed fraud. After the discovery of facts indicating fraud, the commissioner must make a determination that the applicant obtained unemployment benefits by fraud and that the applicant must promptly repay the unemployment benefits to the trust fund. In addition, the commissioner must assess a penalty equal to 40 percent of the amount fraudulently obtained. This penalty is in addition to penalties under section 268.182.

(b) Unless the applicant files an appeal within 20 calendar days after the sending of the determination of overpayment by fraud to the applicant by mail or electronic transmission, the determination is final. Proceedings on the appeal are conducted in accordance with section 268.105.

(c) If the applicant fails to repay the unemployment benefits, penalty, and interest assessed, the total due may be collected by the methods allowed under state and federal law. A determination of overpayment by fraud must state the methods of collection the commissioner may use to recover the overpayment. Money received in repayment of fraudulently obtained unemployment benefits, penalties, and interest is first applied to the unemployment benefits overpaid, then to the penalty amount due, then to any interest due. ~~62.5 percent of the~~ Payments made toward the penalty are credited to the contingent account ~~and 37.5 percent credited to the administration account.~~

(d) If an applicant has been overpaid unemployment benefits under the law of another state because of fraud and that state certifies that the applicant is liable to repay the unemployment benefits and requests the commissioner to recover the overpayment, the commissioner may offset from future unemployment benefits otherwise payable the amount of overpayment.

(e) Unemployment benefits paid for weeks more than four years before the date of a determination of overpayment by fraud issued under this subdivision are not considered overpaid unemployment benefits.

Sec. 6. Minnesota Statutes 2010, section 268.18, subdivision 2b, is amended to read:

Subd. 2b. **Interest.** (a) On any unemployment benefits fraudulently obtained, and any penalty amounts assessed under subdivision 2, the commissioner must assess interest at the rate of 1-1/2 percent per month on any amount that remains unpaid beginning 30 calendar days after the date of the determination of overpayment by fraud. A determination of overpayment by fraud must state that interest will be assessed.

(b) If the determination did not state that interest will be assessed, interest is assessed beginning 30 calendar days after notification, by mail or electronic transmission, to the applicant that interest is now assessed.

(c) Interest payments under this section are credited to the ~~administration~~ contingent account.

Sec. 7. Minnesota Statutes 2010, section 268.199, is amended to read:

**268.199 CONTINGENT ACCOUNT.**

(a) There is created in the state treasury a special account, to be known as the contingent account, ~~that does not lapse nor revert to any other fund or account.~~ This account consists of all money collected under this chapter that is required to be placed in this account and any interest earned on the account. ~~All money in this account is appropriated and available for administration of the Minnesota unemployment insurance program unless otherwise appropriated by session law.~~

(b) All money in this account must be deposited, administered, and disbursed in the same manner and under the same conditions and requirements as is provided by law for the other special accounts in the state treasury.

(c) Beginning in fiscal year 2012 and each fiscal year thereafter, all money in the account shall be transferred to the general fund before the closing of the fiscal year.

Sec. 8. Minnesota Statutes 2010, section 268A.15, subdivision 4, is amended to read:

Subd. 4. **Evaluation.** The commissioner of employment and economic development shall evaluate the extended employment program to determine whether the purpose of extended employment as defined in subdivision 2 is being achieved. The evaluation must include information for the preceding funding year derived from the independent compliance audits of extended employment service providers submitted to the department on or before October 31 of each year. The evaluation must include an assessment of whether workers in the extended employment program are satisfied with their employment. A written report of this evaluation must be prepared at least every two years and made available to the public.

Sec. 9. Minnesota Statutes 2010, section 298.17, is amended to read:

**298.17 OCCUPATION TAXES TO BE APPORTIONED.**

All occupation taxes paid by persons, copartnerships, companies, joint stock companies, corporations, and associations, however or for whatever purpose organized, engaged in the business of mining or producing iron ore or other ores, when collected shall be apportioned and distributed in accordance with the Constitution of the state of Minnesota, article X, section 3, in the manner following: 90 percent shall be deposited in the state treasury and credited to the general fund of which four-ninths shall be used for the support of elementary and secondary schools; and ten percent of the proceeds of the tax imposed by this section shall be deposited in the state treasury and credited to the general fund for the general support of the university. Of the moneys apportioned to the general fund by this section there is annually appropriated and credited to the Iron Range Resources and Rehabilitation Board account in the special revenue fund an amount equal to that which would have been generated by a ~~4-5~~ .75 cent tax imposed by

section 298.24 on each taxable ton produced in the preceding calendar year, to be expended for the purposes of section 298.22. The money appropriated pursuant to this section shall be used (1) to provide environmental development grants to local governments located within any county in region 3 as defined in governor's executive order number 60, issued on June 12, 1970, which does not contain a municipality qualifying pursuant to section 273.134, paragraph (b), or (2) to provide economic development loans or grants to businesses located within any such county, provided that the county board or an advisory group appointed by the county board to provide recommendations on economic development shall make recommendations to the Iron Range Resources and Rehabilitation Board regarding the loans. Payment to the Iron Range Resources and Rehabilitation Board account shall be made by May 15 annually.

Of the money allocated to Koochiching County, one-third must be paid to the Koochiching County Economic Development Commission.

Sec. 10. Minnesota Statutes 2010, section 341.321, is amended to read:

**341.321 FEE SCHEDULE.**

(a) The fee schedule for professional licenses issued by the commission is as follows:

- (1) referees, ~~\$25~~ \$45 for each initial license and each renewal;
- (2) promoters, \$400 for each initial license and each renewal;
- (3) judges and knockdown judges, ~~\$25~~ \$45 for each initial license and each renewal;
- (4) trainers, ~~\$25~~ \$45 for each initial license and each renewal;
- (5) ring announcers, ~~\$25~~ \$45 for each initial license and each renewal;
- (6) seconds, ~~\$25~~ \$45 for each initial license and each renewal;
- (7) timekeepers, ~~\$25~~ \$45 for each initial license and each renewal;
- (8) combatants, ~~\$25~~ \$45 for each initial license and each renewal;
- (9) managers, ~~\$25~~ \$45 for each initial license and each renewal; and
- (10) ringside physicians, ~~\$25~~ \$45 for each initial license and each renewal.

In addition to the license fee and the late filing penalty fee in section 341.32, subdivision 2, if applicable, an individual who applies for a ~~combatant~~ professional license on the same day the combative sporting event is held shall pay a late fee of \$100 plus the original license fee of \$45 at the time the application is submitted.

(b) The fee schedule for amateur licenses issued by the commission is as follows:

- (1) referees, ~~\$10~~ \$45 for each initial license and each renewal;
- (2) promoters, ~~\$100~~ \$400 for each initial license and each renewal;
- (3) judges and knockdown judges, ~~\$10~~ \$45 for each initial license and each renewal;

- (4) trainers, ~~\$10~~ \$45 for each initial license and each renewal;
- (5) ring announcers, ~~\$10~~ \$45 for each initial license and each renewal;
- (6) seconds, ~~\$10~~ \$45 for each initial license and each renewal;
- (7) timekeepers, ~~\$10~~ \$45 for each initial license and each renewal;
- (8) combatant, ~~\$10~~ \$25 for each initial license and each renewal;
- (9) managers, ~~\$10~~ \$45 for each initial license and each renewal; and
- (10) ringside physicians, ~~\$10~~ \$45 for each initial license and each renewal.

(c) The commission shall establish a contest fee for each combative sport contest. The professional combative sport contest fee is \$1,500 per event or not more than four percent of the gross ticket sales, whichever is greater, as determined by the commission when the combative sport contest is scheduled, except that the amateur combative sport contest fee shall be ~~\$150~~ \$500 or not more than four percent of the gross ticket sales, whichever is greater. The commission shall consider the size and type of venue when establishing a contest fee. The commission may establish the maximum number of complimentary tickets allowed for each event by rule. ~~At~~ A professional or amateur combative sport contest fee is nonrefundable.

(d) All fees and penalties collected by the commission must be deposited in the commission account in the special revenue fund.

Sec. 11. Laws 2009, chapter 78, article 1, section 18, is amended to read:

Sec. 18. <b>COMBATIVE SPORTS COMMISSION</b>	<b>\$80,000</b>	<b>\$80,000</b>
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~~This is a onetime appropriation. The Combative Sports Commission expires on July 1, 2011, unless the commissioner of finance determines that the commission's projected expenditures for the fiscal biennium ending June 30, 2013, will not exceed the commission's projected revenues for the fiscal biennium ending June 30, 2013, from fees and penalties authorized in Minnesota Statutes 2008, chapter 341.~~

### ARTICLE 3 LABOR AND INDUSTRY

Section 1. Minnesota Statutes 2010, section 181.723, subdivision 5, is amended to read:

Subd. 5. **Application.** To obtain an independent contractor exemption certificate, the individual must submit, in the manner prescribed by the commissioner, a complete application and the certificate fee required under subdivision 14.

(a) A complete application must include all of the following information:

- (1) the individual's full name;
- (2) the individual's residence address and telephone number;

(3) the individual's business name, address, and telephone number;

(4) the services for which the individual is seeking an independent contractor exemption certificate;

(5) the individual's Social Security number;

(6) the individual's or the individual's business federal employer identification number, if a number has been issued to the individual or the individual's business;

(7) any information or documentation that the commissioner requires by rule that will assist the department in determining whether to grant or deny the individual's application; and

(8) the individual's sworn statement that the individual meets all of the following conditions:

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

(ii) holds or has applied for a federal employer identification number or has filed business or self-employment income tax returns with the federal Internal Revenue Service if the person has performed services in the previous year for which the individual is seeking the independent contractor exemption certificate;

(iii) operates under contracts to perform specific services for specific amounts of money and under which the individual controls the means of performing the services;

(iv) incurs the main expenses related to the service that the individual performs under contract;

(v) is responsible for the satisfactory completion of services that the individual contracts to perform and is liable for a failure to complete the service;

(vi) receives compensation for service performed under a contract on a commission or per-job or competitive bid basis and not on any other basis;

(vii) may realize a profit or suffer a loss under contracts to perform service;

(viii) has continuing or recurring business liabilities or obligations; and

(ix) the success or failure of the individual's business depends on the relationship of business receipts to expenditures.

(b) Individuals who are applying for or renewing a residential building contractor or residential remodeler license under sections 326B.197, 326B.802, 326B.805, 326B.81, 326B.815, 326B.821 to 326B.86, 326B.87 to 326B.885, and 327B.041, and any rules promulgated pursuant thereto, may simultaneously apply for or renew an independent contractor exemption certificate. The commissioner shall create an application form that allows for the simultaneous application for both a residential building contractor or residential remodeler license and an independent contractor exemption certificate. If individuals simultaneously apply for or renew a residential building contractor or residential remodeler license and an independent contractor exemption certificate using the form created by the commissioner, individuals shall only be required to provide, in addition to the information required by section 326B.83 and rules promulgated pursuant thereto, the sworn statement required by paragraph (a), clause (8), and any additional information required by this subdivision that is not also required by section 326B.83 and any rules promulgated thereto. ~~When individuals submit a simultaneous application on the form created by the commissioner for both a residential building contractor or residential remodeler license and an independent contractor exemption certificate, the application fee shall be \$150.~~ An independent contractor exemption certificate that is in effect before March 1, 2009, shall remain in effect until March 1, 2013, unless revoked by the commissioner or canceled by the individual.

(c) Within 30 days of receiving a complete application and the certificate fee, the commissioner must either grant or deny the application. The commissioner may deny an application for an independent contractor exemption certificate if the individual has not submitted a complete application and certificate fee or if the individual does not meet all of the conditions for holding the independent contractor exemption certificate. The commissioner may revoke an independent contractor exemption certificate if the commissioner determines that the individual no longer meets all of the conditions for holding the independent contractor exemption certificate, commits any of the actions set out in subdivision 7, or fails to cooperate with a department investigation into the continued validity of the individual's certificate. Once issued, an independent contractor exemption certificate remains in effect for four years unless:

(1) revoked by the commissioner; or

(2) canceled by the individual.

(d) If the department denies an individual's original or renewal application for an independent contractor exemption certificate or revokes an independent contractor exemption certificate, the commissioner shall issue to the individual an order denying or revoking the certificate. The commissioner may issue an administrative penalty order to an individual or person who commits any of the actions set out in subdivision 7. The commissioner may file and enforce the unpaid portion of a penalty as a judgment in district court without further notice or additional proceedings.

(e) An individual or person to whom the commissioner issues an order under paragraph (d) shall have 30 days after service of the order to request a hearing. The request for hearing must be in writing and must be served on or faxed to the commissioner at the address or facsimile number specified in the order by the 30th day after service of the order. If the individual does not request a hearing or if the individual's request for a hearing is not served on or faxed to the commissioner by the 30th day after service of the order, the order shall become a final order of the commissioner and will not be subject to review by any court or agency. The date on which a request for hearing is served by mail shall be the postmark date on the envelope in which the request for hearing is mailed. If the individual serves or faxes a timely request for hearing, the hearing shall be a contested case hearing and shall be held in accordance with chapter 14.

Sec. 2. Minnesota Statutes 2010, section 182.6553, subdivision 6, is amended to read:

Subd. 6. **Enforcement.** This section shall be enforced by the commissioner under ~~section~~ sections 182.66 and 182.661. A violation of this section is subject to the penalties provided under section 182.666.

Sec. 3. Minnesota Statutes 2010, section 326B.04, subdivision 2, is amended to read:

Subd. 2. **Deposits.** Unless otherwise specifically designated by law: (1) all money collected under sections 144.122, paragraph (f); 181.723; 326B.092 to 326B.096; 326B.101 to 326B.194; 326B.197; 326B.32 to 326B.399; 326B.43 to 326B.49; 326B.52 to 326B.59; 326B.802 to 326B.885; 326B.90 to 326B.998; 327.31 to 327.36; and 327B.01 to 327B.12, except penalties, is credited to the construction code fund; (2) all fees collected under ~~section 45.23~~ sections 326B.098 to 326B.099 in connection with continuing education for ~~residential contractors, residential remodelers, and residential roofers~~ any license, registration, or certificate issued pursuant to this chapter are credited to the construction code fund; and (3) all penalties assessed under the sections set forth in clauses (1) and (2) and all penalties assessed under sections 144.99 to 144.993 in connection with any violation of sections 326B.43 to 326B.49 or 326B.52 to 326B.59 or the rules adopted under those sections are credited to the assigned risk safety account established by section 79.253.

Sec. 4. Minnesota Statutes 2010, section 326B.091, is amended to read:

**326B.091 DEFINITIONS.**

Subdivision 1. **Applicability.** For purposes of sections 326B.091 to ~~326B.098~~ 326B.099, the terms defined in this section have the meanings given them.

Subd. 2. **Applicant.** "Applicant" means a person who has submitted to the department an application for ~~a~~ an initial or renewal license.

Subd. 3. **License.** "License" means any registration, certification, or other form of approval authorized by this chapter 326B and chapter 327B to be issued by the commissioner or department as a condition of doing business or conducting a trade, profession, or occupation in Minnesota. License includes specifically but not exclusively an authorization issued by the commissioner or department: to perform electrical work, plumbing or water conditioning work, high pressure piping work, or residential building work of a residential contractor, residential remodeler, or residential roofer; to install manufactured housing; to serve as a building official; or to operate a boiler or boat.

Subd. 4. **Licensee.** "Licensee" means the person named on the license as the person authorized to do business or conduct the trade, profession, or occupation in Minnesota.

Subd. 5. **Notification date.** "Notification date" means the date of the written notification from the department to an applicant that the applicant is qualified to take the examination required for licensure.

Subd. 5b. **Qualifying individual.** "Qualifying individual" means the individual responsible for obtaining continuing education on behalf of a residential building contractor, residential remodeler, or residential roofer licensed pursuant to sections 326B.801 to 326B.885.

Subd. 6. **Renewal deadline.** "Renewal deadline," when used with respect to a license, means 30 days before the date that the license expires.

Sec. 5. Minnesota Statutes 2010, section 326B.098, is amended to read:

**326B.098 CONTINUING EDUCATION.**

Subdivision 1. ~~Applicability~~ **Department seminars.** This section applies to seminars offered by the department for the purpose of ~~allowing~~ enabling licensees to meet continuing education requirements for license renewal.

Subd. 2. **Rescheduling.** An individual who is registered with the department to attend a seminar may reschedule one time only, to attend the same seminar on a date within one year after the date of the seminar the individual was registered to attend.

Subd. 3. **Fees nonrefundable.** All seminar fees paid to the department are nonrefundable except for any overpayment of fees or if the department cancels the seminar.

Sec. 6. **326B.0981] CONTINUING EDUCATION; NONDEPARTMENT SEMINARS.**

This section applies to seminars that are offered by an entity other than the department for the purpose of enabling licensees to meet continuing education requirements for license renewal.



Sec. 7. Minnesota Statutes 2010, section 326B.13, subdivision 8, is amended to read:

Subd. 8. **Effective date of rules.** A rule to adopt or amend the State Building Code is effective 180 days after ~~the filing of the rule with the secretary of state under section 14.16 or 14.26~~ publication of the rule's notice of adoption in the State Register. The rule may provide for a later effective date. The rule may provide for an earlier effective date if the commissioner or board proposing the rule finds that an earlier effective date is necessary to protect public health and safety after considering, among other things, the need for time for training of individuals to comply with and enforce the rule.

Sec. 8. Minnesota Statutes 2010, section 326B.148, subdivision 1, is amended to read:

Subdivision 1. **Computation.** To defray the costs of administering sections 326B.101 to 326B.194, a surcharge is imposed on all permits issued by municipalities in connection with the construction of or addition or alteration to buildings and equipment or appurtenances after June 30, 1971. The commissioner may use any surplus in surcharge receipts to award grants for code research and development and education.

If the fee for the permit issued is fixed in amount the surcharge is equivalent to one-half mill (.0005) of the fee or 50 cents, except that effective July 1, 2010, until June 30, ~~2014~~ 2013, the permit surcharge is equivalent to one-half mill (.0005) of the fee or \$5, whichever amount is greater. For all other permits, the surcharge is as follows:

(1) if the valuation of the structure, addition, or alteration is \$1,000,000 or less, the surcharge is equivalent to one-half mill (.0005) of the valuation of the structure, addition, or alteration;

(2) if the valuation is greater than \$1,000,000, the surcharge is \$500 plus two-fifths mill (.0004) of the value between \$1,000,000 and \$2,000,000;

(3) if the valuation is greater than \$2,000,000, the surcharge is \$900 plus three-tenths mill (.0003) of the value between \$2,000,000 and \$3,000,000;

(4) if the valuation is greater than \$3,000,000, the surcharge is \$1,200 plus one-fifth mill (.0002) of the value between \$3,000,000 and \$4,000,000;

(5) if the valuation is greater than \$4,000,000, the surcharge is \$1,400 plus one-tenth mill (.0001) of the value between \$4,000,000 and \$5,000,000; and

(6) if the valuation exceeds \$5,000,000, the surcharge is \$1,500 plus one-twentieth mill (.00005) of the value that exceeds \$5,000,000.

Sec. 9. Minnesota Statutes 2010, section 326B.42, is amended by adding a subdivision to read:

Subd. 1b. **Backflow prevention rebuilder.** A "backflow prevention rebuilder" is an individual who is qualified by training prescribed by the Plumbing Board and possesses a master or journeyman plumber's license to engage in the testing, maintenance, and rebuilding of reduced pressure zone type backflow prevention assemblies as regulated by the plumbing code.

Sec. 10. Minnesota Statutes 2010, section 326B.42, is amended by adding a subdivision to read:

Subd. 1c. **Backflow prevention tester.** A "backflow prevention tester" is an individual who is qualified by training prescribed by the Plumbing Board to engage in the testing of reduced pressure zone type backflow prevention assemblies as regulated by the plumbing code.

Sec. 11. Minnesota Statutes 2010, section 326B.42, subdivision 8, is amended to read:

Subd. 8. **Plumbing contractor.** "Plumbing contractor" means a licensed contractor whose responsible ~~licensed plumber individual~~ is a licensed master plumber.

Sec. 12. Minnesota Statutes 2010, section 326B.42, subdivision 9, is amended to read:

Subd. 9. **Responsible ~~licensed plumber individual~~.** A contractor's "responsible ~~licensed plumber individual~~" means the licensed master plumber or licensed restricted master plumber designated in writing by the contractor in the contractor's license application, or in another manner acceptable to the commissioner, as the individual responsible for the contractor's compliance with sections 326B.41 to 326B.49, all rules adopted under these sections and sections 326B.50 to 326B.59, and all orders issued under section 326B.082.

Sec. 13. Minnesota Statutes 2010, section 326B.42, subdivision 10, is amended to read:

Subd. 10. **Restricted plumbing contractor.** "Restricted plumbing contractor" means a licensed contractor whose responsible ~~licensed plumber individual~~ is a licensed restricted master plumber.

Sec. 14. Minnesota Statutes 2010, section 326B.435, subdivision 2, is amended to read:

Subd. 2. **Powers; duties; administrative support.** (a) The board shall have the power to:

(1) elect its chair, vice-chair, and secretary;

(2) adopt bylaws that specify the duties of its officers, the meeting dates of the board, and containing such other provisions as may be useful and necessary for the efficient conduct of the business of the board;

(3) adopt the plumbing code that must be followed in this state and any plumbing code amendments thereto. The plumbing code shall include the minimum standards described in sections 326B.43, subdivision 1, and 326B.52, subdivision 1. The board shall adopt the plumbing code and any amendments thereto pursuant to chapter 14 and as provided in subdivision 6, paragraphs (b), (c), and (d);

(4) review requests for final interpretations and issue final interpretations as provided in section 326B.127, subdivision 5;

(5) adopt rules that regulate the licensure, certification, or registration of plumbing contractors, journeymen, unlicensed individuals, master plumbers, restricted master plumbers, restricted journeymen, restricted plumbing contractors, backflow prevention rebuilders and testers, water conditioning contractors, and water conditioning installers, and other persons engaged in the design, installation, and alteration of plumbing systems or engaged in or working at the business of water conditioning installation or service, or engaged in or working at the business of medical gas system installation, maintenance, or repair, except for those individuals licensed under section 326.02, subdivisions 2 and 3. The board shall adopt these rules pursuant to chapter 14 and as provided in subdivision 6, paragraphs (e) and (f);

(6) adopt rules that regulate continuing education for individuals licensed as master plumbers, journeyman plumbers, restricted master plumbers, restricted journeyman plumbers, water conditioning contractors, and water conditioning installers, and for individuals certified under sections 326B.437 and 326B.438. The board shall adopt these rules pursuant to chapter 14 and as provided in subdivision 6, paragraphs (e) and (f);

(7) refer complaints or other communications to the commissioner, whether oral or written, as provided in subdivision 8, that allege or imply a violation of a statute, rule, or order that the commissioner has the authority to enforce pertaining to code compliance, licensure, or an offering to perform or performance of unlicensed plumbing services;

- (8) approve per diem and expenses deemed necessary for its members as provided in subdivision 3;
- (9) approve license reciprocity agreements;
- (10) select from its members individuals to serve on any other state advisory council, board, or committee; and
- (11) recommend the fees for licenses, registrations, and certifications.

Except for the powers granted to the Plumbing Board, the Board of Electricity, and the Board of High Pressure Piping Systems, the commissioner of labor and industry shall administer and enforce the provisions of this chapter and any rules promulgated pursuant thereto.

(b) The board shall comply with section 15.0597, subdivisions 2 and 4.

(c) The commissioner shall coordinate the board's rulemaking and recommendations with the recommendations and rulemaking conducted by the other boards created pursuant to this chapter. The commissioner shall provide staff support to the board. The support includes professional, legal, technical, and clerical staff necessary to perform rulemaking and other duties assigned to the board. The commissioner of labor and industry shall supply necessary office space and supplies to assist the board in its duties.

Sec. 15. **[326B.437] REDUCED PRESSURE BACKFLOW PREVENTION REBUILDERS AND TESTERS.**

(a) No person shall perform or offer to perform the installation, maintenance, repair, replacement, or rebuilding of reduced pressure zone backflow prevention assemblies unless the person obtains a plumbing contractor's license. An individual shall not engage in the testing, maintenance, repair, or rebuilding of reduced pressure zone backflow prevention assemblies, as regulated by the Plumbing Code, unless the individual is certified by the commissioner as a backflow prevention rebuilder.

(b) An individual shall not engage in testing of a reduced pressure zone backflow prevention assembly, as regulated by the Plumbing Code, unless the individual possesses a backflow prevention rebuilder certificate or is certified by the commissioner as a backflow prevention tester.

(c) Certificates are issued for an initial period of two years and must be renewed every two years thereafter for as long as the certificate holder installs, maintains, repairs, rebuilds, or tests reduced pressure zone backflow prevention assemblies. For purposes of calculating fees under section 326B.092, an initial or renewed backflow prevention rebuilder or tester certificate shall be considered an entry level license.

(d) The Plumbing Board shall adopt expedited rules under section 14.389 that are related to the certification of backflow prevention rebuilders and backflow prevention testers. Section 326B.13, subdivision 8, does not apply to these rules. Notwithstanding the 18-month limitation under section 14.125, this authority expires on December 31, 2014.

(e) The department shall recognize certification programs that are a minimum of 16 contact hours and include the passage of an examination. The examination must consist of a practical and a written component. This paragraph expires when the Plumbing Board adopts rules under paragraph (d).

Sec. 16. Minnesota Statutes 2010, section 326B.438, is amended to read:

**326B.438 MEDICAL GAS SYSTEMS.**

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

(b) "Medical gas" means medical gas as defined under the National Fire Protection Association NFPA 99C Standard on Gas and Vacuum Systems.

(c) "Medical gas system" means a level 1, 2, or 3 piped medical gas and vacuum system as defined under the National Fire Protection Association NFPA 99C Standard on Gas and Vacuum Systems.

Subd. 2. **License and certification required.** ~~A No person shall perform or offer to perform the installation, maintenance, or repair of medical gas systems unless the person obtains a contractor license. An individual shall not engage in the installation, maintenance, or repair of a medical gas system unless the person individual possesses a current Minnesota master or journeyman plumber's license and is certified by the commissioner under rules adopted by the Minnesota Plumbing Board. The certification must be renewed annually biennially for as long as the certificate holder engages in the installation, maintenance, or repair of medical gas and vacuum systems. If a medical gas and vacuum system certificate is not renewed within 12 months after its expiration the medical gas and vacuum certificate is permanently forfeited.~~

Subd. 3. **Exemptions.** ~~(a) A person~~ An individual who on August 1, 2010, ~~holds~~ possesses a valid certificate ~~authorized by meeting the requirements of the American Society of Sanitary Engineering (ASSE) Standard 6010 and is a qualified brazer in accordance with standards recommended by the provisions required in the National Fire Protection Association under NFPA (NFPA) 99C is exempt from the licensing requirements of subdivision 2 and may install, maintain, and repair a medical gas system.~~ This exemption applies only if the person individual maintains a valid certification authorized by the ASSE in accordance with ASSE Standard 6010 and the brazer qualifications in NFPA 99C, and is certified by the commissioner under rules adopted by the Minnesota Plumbing Board.

~~(b) A person who on August 1, 2010, possesses a current Minnesota master or journeyman plumber's license and a valid certificate authorized by the ASSE in accordance with standards recommended by the National Fire Protection Association under NFPA 99C is exempt from the requirements of subdivision 2 and may install, maintain, and repair a medical gas system. This exemption applies only if a person maintains a valid Minnesota master or journeyman plumber's license and valid certification authorized by the ASSE.~~

Subd. 4. **Fees.** ~~The fee for a medical gas certificate~~ For the purpose of calculating fees under section 326B.092, an initial or renewed medical gas certificate issued by the commissioner according to subdivision 2 is \$30 per year shall be considered a journeyman level license.

**EFFECTIVE DATE.** The requirement under subdivision 2 and subdivision 3 that a master journeyman plumber or exempt individual must be certified by the commissioner and the fee in subdivision 4 are not effective until 180 days after the Minnesota Plumbing Board adopts rules.

Sec. 17. Minnesota Statutes 2010, section 326B.46, subdivision 1, is amended to read:

Subdivision 1. **License required.** (a) No individual shall engage in or work at the business of a master plumber, restricted master plumber, journeyman plumber, and restricted journeyman plumber unless licensed to do so by the commissioner. A license is not required for individuals performing building sewer or water service installation who have completed pipe laying training as prescribed by the commissioner. A master plumber may also work as a journeyman plumber, a restricted journeyman plumber, and a restricted master plumber. A journeyman plumber may also work as a restricted journeyman plumber. Anyone not so licensed may do plumbing work which complies with the provisions of the minimum standards prescribed by the Plumbing Board on premises or that part of premises owned and actually occupied by the worker as a residence, unless otherwise forbidden to do so by a local ordinance.

(b) No person shall engage in the business of planning, superintending, or installing plumbing or shall install plumbing in connection with the dealing in and selling of plumbing material and supplies unless at all times a licensed master plumber, or in cities and towns with a population of fewer than 5,000 according to the last federal census, a restricted master plumber, who shall be responsible for proper installation, is in charge of the plumbing work of the person.

(c) Except as provided in subdivision ~~2~~ 1a, no person shall perform or offer to perform plumbing work with or without compensation unless the person obtains a contractor's license. A contractor's license does not of itself qualify its holder to perform the plumbing work authorized by holding a master, journeyman, restricted master, or restricted journeyman license.

Sec. 18. Minnesota Statutes 2010, section 326B.46, subdivision 1a, is amended to read:

Subd. 1a. **Exemptions from licensing.** (a) An individual without a contractor license may do plumbing work on the individual's residence in accordance with subdivision 1, paragraph (a).

(b) An individual who is an employee working on the maintenance and repair of plumbing equipment, apparatus, or facilities owned or leased by the individual's employer and which is within the limits of property owned or leased, and operated or maintained by the individual's employer, shall not be required to maintain a contractor license as long as the employer has on file with the commissioner a current certificate of responsible ~~person~~. ~~The certificate must be signed by the responsible individual.~~ The responsible individual must be a master plumber or, in an area of the state that is not a city or town with a population of more than 5,000 according to the last federal census, a restricted master plumber. The certificate must be signed by the responsible individual and must state that the person signing the certificate is responsible for ensuring that the maintenance and repair work performed by the employer's employees ~~comply~~ complies with sections 326B.41 to 326B.49, all rules adopted under those sections and sections 326B.50 to 326B.59, and all orders issued under section 326B.082. The employer must pay a filing fee to file a certificate of responsible ~~person~~ individual with the commissioner. The certificate shall expire two years from the date of filing. In order to maintain a current certificate of responsible ~~person~~ individual, the employer must resubmit a certificate of responsible ~~person~~ individual, with a filing fee, no later than two years from the date of the previous submittal. The filing of the certificate of responsible ~~person~~ individual does not exempt any employee of the employer from the requirements of this chapter regarding individual licensing as a plumber or registration as a plumber's apprentice.

(c) If a contractor employs a licensed plumber, the licensed plumber does not need a separate contractor license to perform plumbing work on behalf of the employer within the scope of the licensed plumber's license.

(d) A person may perform and offer to perform building sewer or water service installation without a contractor's license if the person is in compliance with the bond and insurance requirements of subdivision 2.

Sec. 19. Minnesota Statutes 2010, section 326B.46, subdivision 1b, is amended to read:

Subd. 1b. **Employment of master plumber or restricted master plumber.** (a) Each contractor must designate a responsible licensed plumber, who shall be responsible for the performance of all plumbing work in accordance with sections 326B.41 to 326B.49, all rules adopted under these sections and sections 326B.50 to 326B.59, and all orders issued under section 326B.082. A plumbing contractor's responsible ~~licensed plumber~~ individual must be a master plumber. A restricted plumbing contractor's responsible ~~licensed plumber~~ individual must be a master plumber or a restricted master plumber. A plumbing contractor license authorizes the contractor to offer to perform and, through licensed and registered individuals, to perform plumbing work in all areas of the state. A restricted plumbing contractor license authorizes the contractor to offer to perform and, through licensed and registered individuals, to perform plumbing work in all areas of the state except in cities and towns with a population of more than 5,000 according to the last federal census.

(b) If the contractor is an individual or sole proprietorship, the responsible licensed ~~plumber individual~~ must be the individual, proprietor, or managing employee. If the contractor is a partnership, the responsible licensed ~~plumber individual~~ must be a general partner or managing employee. If the contractor is a limited liability company, the responsible licensed ~~plumber individual~~ must be a chief manager or managing employee. If the contractor is a corporation, the responsible licensed ~~plumber individual~~ must be an officer or managing employee. If the responsible licensed ~~plumber individual~~ is a managing employee, the responsible licensed ~~plumber individual~~ must be actively engaged in performing plumbing work on behalf of the contractor, and cannot be employed in any capacity as a plumber for any other contractor. An individual may be the responsible licensed ~~plumber individual~~ for only one contractor.

(c) All applications and renewals for contractor licenses shall include a verified statement that the applicant or licensee has complied with this subdivision.

Sec. 20. Minnesota Statutes 2010, section 326B.46, subdivision 2, is amended to read:

Subd. 2. **Bond; insurance.** ~~As a condition of licensing, each contractor~~ (a) The bond and insurance requirements of paragraphs (b) and (c) apply to each person who performs or offers to perform plumbing work within the state, including any person who offers to perform or performs sewer or water service installation without a contractor's license. If the person performs or offers to perform any plumbing work other than sewer or water service installation, then the person must meet the requirements of paragraphs (b) and (c) as a condition of holding a contractor's license.

(b) Each person who performs or offers to perform plumbing work within the state shall give and maintain bond to the state in the amount of at least \$25,000 for (1) all plumbing work entered into within the state or (2) all plumbing work and subsurface sewage treatment work entered into within the state. If the bond is for both plumbing work and subsurface sewage treatment work, the bond must comply with the requirements of this section and section 115.56, subdivision 2, paragraph (e). The bond shall be for the benefit of persons injured or suffering financial loss by reason of failure to comply with the requirements of the State Plumbing Code and, if the bond is for both plumbing work and subsurface sewage treatment work, financial loss by reason of failure to comply with the requirements of sections 115.55 and 115.56. The bond shall be filed with the commissioner and shall be written by a corporate surety licensed to do business in the state.

~~In addition, as a condition of licensing, each contractor~~ (c) Each person who performs or offers to perform plumbing work within the state shall have and maintain in effect public liability insurance, including products liability insurance with limits of at least \$50,000 per person and \$100,000 per occurrence and property damage insurance with limits of at least \$10,000. The insurance shall be written by an insurer licensed to do business in the state of Minnesota and, Each licensed master plumber person who performs or offers to perform plumbing work within the state shall maintain on file with the commissioner a certificate evidencing the insurance. In the event of a policy cancellation, the insurer shall send written notice to the commissioner at the same time that a cancellation request is received from or a notice is sent to the insured.

Sec. 21. Minnesota Statutes 2010, section 326B.46, subdivision 3, is amended to read:

Subd. 3. **Bond and insurance exemption.** ~~If a master plumber or restricted master plumber person~~ who is in compliance with the bond and insurance requirements of subdivision 2, employs a licensed plumber, the or an individual who has completed pipe laying training as prescribed by the commissioner, that employee plumber shall not be required to meet the bond and insurance requirements of subdivision 2. An individual who is an employee working on the maintenance and repair of plumbing equipment, apparatus, or facilities owned or leased by the individual's employer and which is within the limits of property owned or leased, and operated or maintained by the individual's employer, shall not be required to meet the bond and insurance requirements of subdivision 2.

Sec. 22. Minnesota Statutes 2010, section 326B.47, subdivision 1, is amended to read:

Subdivision 1. **Registration; supervision; records.** (a) All unlicensed individuals, other than plumber's apprentices and individuals who have completed pipe laying training as prescribed by the commissioner, must be registered under subdivision 3.

(b) A plumber's apprentice or registered unlicensed individual is authorized to assist in the installation of plumbing only while under the direct supervision of a master, restricted master, journeyman, or restricted journeyman plumber. The master, restricted master, journeyman, or restricted journeyman plumber is responsible for ensuring that all plumbing work performed by the plumber's apprentice or registered unlicensed individual complies with the plumbing code. The supervising master, restricted master, journeyman, or restricted journeyman must be licensed and must be employed by the same employer as the plumber's apprentice or registered unlicensed individual. Licensed individuals shall not permit plumber's apprentices or registered unlicensed individuals to perform plumbing work except under the direct supervision of an individual actually licensed to perform such work. Plumber's apprentices and registered unlicensed individuals shall not supervise the performance of plumbing work or make assignments of plumbing work to unlicensed individuals.

(c) Contractors employing plumber's apprentices or registered unlicensed individuals to perform plumbing work shall maintain records establishing compliance with this subdivision that shall identify all plumber's apprentices and registered unlicensed individuals performing plumbing work, and shall permit the department to examine and copy all such records.

Sec. 23. Minnesota Statutes 2010, section 326B.47, subdivision 3, is amended to read:

Subd. 3. **Registration, rules, applications, renewals, and fees.** An unlicensed individual may register by completing and submitting to the commissioner an application form provided by the commissioner, with all fees required by section 326B.092. A completed application form must state the date the individual began training, the individual's age, schooling, previous experience, and employer, and other information required by the commissioner. The Plumbing Board may prescribe rules, not inconsistent with this section, for the registration of unlicensed individuals. Applications for initial registration may be submitted at any time. Registration must be renewed annually and shall be for the period from July 1 of each year to June 30 of the following year.

Sec. 24. Minnesota Statutes 2010, section 326B.49, subdivision 1, is amended to read:

Subdivision 1. **Application, examination, and license fees.** (a) Applications for master and journeyman plumber's licenses shall be made to the commissioner, with all fees required by section 326B.092. Unless the applicant is entitled to a renewal, the applicant shall be licensed by the commissioner only after passing a satisfactory examination developed and administered by the commissioner, based upon rules adopted by the Plumbing Board, showing fitness.

(b) All initial journeyman plumber's licenses shall be effective for more than one calendar year and shall expire on December 31 of the year after the year in which the application is made. All master plumber's licenses shall expire on December 31 of each even-numbered year after issuance or renewal. The commissioner shall in a manner determined by the commissioner, without the need for any rulemaking under chapter 14, phase in the renewal of master and journeyman plumber's licenses from one year to two years. By June 30, 2011, all renewed master and journeyman plumber's licenses shall be two-year licenses.

(c) Applications for contractor licenses shall be made to the commissioner, with all fees required by section 326B.092. All contractor licenses shall expire on December 31 of each odd-numbered year after issuance or renewal.

(d) For purposes of calculating license fees and renewal license fees required under section 326B.092:

(1) the following licenses shall be considered business licenses: plumbing contractor and restricted plumbing contractor;

(2) the following licenses shall be considered master licenses: master plumber and restricted master plumber;

(3) the following licenses shall be considered journeyman licenses: journeyman plumber and restricted journeyman plumber; and

(4) the registration of a plumber's apprentice under section 326B.47, subdivision 3, shall be considered an entry level license.

(e) For each filing of a certificate of responsible ~~person~~ individual by an employer, the fee is \$100.

(f) The commissioner shall charge each person giving bond under section 326B.46, subdivision 2, paragraph (b), a biennial bond filing fee of \$100, unless the person is a licensed contractor.

Sec. 25. Minnesota Statutes 2010, section 326B.56, subdivision 1, is amended to read:

Subdivision 1. **Bonds.** (a) As a condition of licensing, each water conditioning contractor shall give and maintain a bond to the state as described in paragraph (b). No applicant for a water conditioning contractor ~~or installer~~ license who maintains the bond under paragraph (b) shall be otherwise required to meet the bond requirements of any political subdivision.

(b) Each bond given to the state under this subdivision shall be in the total sum of \$3,000 conditioned upon the faithful and lawful performance of all water conditioning installation or servicing done within the state. The bond shall be for the benefit of persons suffering injuries or damages due to the work. The bond shall be filed with the commissioner and shall be written by a corporate surety licensed to do business in this state. The bond must remain in effect at all times while the application is pending and while the license is in effect.

Sec. 26. Minnesota Statutes 2010, section 326B.58, is amended to read:

**326B.58 FEES; RENEWAL.**

(a) Each initial water conditioning master and water conditioning journeyman license shall be effective for more than one calendar year and shall expire on December 31 of the year after the year in which the application is made.

(b) The commissioner shall in a manner determined by the commissioner, without the need for any rulemaking under chapter 14, phase in the renewal of water conditioning master and journeyman licenses from one year to two years. By June 30, 2011, all renewed water conditioning contractor ~~and installer~~ licenses shall be two-year licenses. The Plumbing Board may by rule prescribe for the expiration and renewal of licenses.

(c) All water conditioning contractor licenses shall expire on December 31 of the year after issuance or renewal.

(d) For purposes of calculating license fees and renewal fees required under section 326B.092:

(1) a water conditioning journeyman license shall be considered a journeyman license;

(2) a water conditioning master license shall be considered a master license; and

(3) a water conditioning contractor license shall be considered a business license.



Sec. 27. Minnesota Statutes 2010, section 326B.82, subdivision 2, is amended to read:

Subd. 2. **Appropriate and related knowledge.** "Appropriate and related knowledge" means facts, information, or principles that are clearly relevant to the ~~licensee in performing~~ licensee's responsibilities under a license issued by the commissioner. These facts, information, or principles must convey substantive and procedural knowledge as it relates to postlicensing issues and must be relevant to the technical aspects of a ~~particular area of continuing education~~ regulated industry.

Sec. 28. Minnesota Statutes 2010, section 326B.82, subdivision 3, is amended to read:

Subd. 3. **Classroom hour.** "Classroom hour" means ~~a 50 minute hour~~ 50 minutes of educational content.

Sec. 29. Minnesota Statutes 2010, section 326B.82, subdivision 7, is amended to read:

Subd. 7. **Medical hardship.** "Medical hardship" ~~includes~~ means a documented physical disability or medical condition.

Sec. 30. Minnesota Statutes 2010, section 326B.82, subdivision 9, is amended to read:

Subd. 9. **Regulated industries industry.** "Regulated ~~industries~~ industry" means ~~residential contracting, residential remodeling, or residential roofing. Each of these is a regulated industry~~ any business, trade, profession, or occupation that requires a license issued under this chapter or chapter 327B as a condition of doing business in Minnesota.

Sec. 31. Minnesota Statutes 2010, section 326B.821, subdivision 1, is amended to read:

Subdivision 1. **Purpose.** The purpose of this section is to establish standards for residential building contractor continuing education. ~~The standards must include requirements for continuing education in the implementation of energy codes or energy conservation measures applicable to residential buildings.~~

Sec. 32. Minnesota Statutes 2010, section 326B.821, subdivision 5, is amended to read:

Subd. 5. **Content.** (a) Continuing education consists of approved courses that impart appropriate and related knowledge in the ~~residential construction industry~~ regulated industries pursuant to ~~sections 326B.802 to 326B.885~~ this chapter and other ~~relevant~~ applicable federal and state laws, rules, and regulations. Courses may include relevant materials that are included in licensing exams subject to the limitations imposed in subdivision 11. The burden of demonstrating that courses impart appropriate and related knowledge is upon the person seeking approval or credit.

(b) Except as required for Internet continuing education, course examinations will not be required for continuing education courses ~~unless they are required by the sponsor.~~

(c) ~~Textbooks are not required to be used for continuing education courses.~~ If textbooks are not used as part of the course, the sponsor must provide students with a syllabus containing, ~~at a minimum,~~ the course title, the times and dates of the course offering, the name, address, ~~and~~ telephone number of the course sponsor ~~and~~ the name and affiliation of the instructor, and a detailed outline of the subject materials to be covered. Any written or printed material given to students must be of readable quality and contain accurate and current information.

(d) Upon completion of an approved course, licensees shall earn one hour of continuing education credit for each classroom hour approved by the commissioner. ~~One credit hour of continuing education is equivalent to 50 minutes of educational content.~~ Each continuing education course must be attended in its entirety in order to receive credit for the number of approved hours. Courses may be approved for full or partial credit, and for more than one regulated industry.

(e) Continuing education credit in an approved course shall be awarded to presenting instructors on the basis of one credit for each hour of preparation for the duration of the initial presentation. Continuing education credit may not be earned if the licensee has previously obtained credit for the same course as a licensee or as an instructor within the three years immediately prior credits for completion of an approved course may only be used once for renewal of a specific license.

(e) (f) Courses will be approved using the following guidelines:

(1) course content must demonstrate significant intellectual or practical content and deal with matters directly related to the practice of ~~residential construction~~ in the regulated industry, workforce safety, or the business of running a ~~residential construction~~ company in the regulated industry. Courses may also address the professional responsibility or ethical obligations of ~~residential contractors to homeowners and suppliers~~ a licensee related to work in the regulated industry;

(2) the following courses may be ~~automatically~~ approved if they are specifically designed for the ~~residential construction~~ regulated industry and are in compliance with paragraph (f) (g):

(i) courses approved by the Minnesota Board of Continuing Legal Education; or

(ii) courses approved by the International Code Council, National Association of Home Building, or other nationally recognized professional organization of the ~~residential construction~~ regulated industry; and

(3) courses must be presented and attended in a suitable classroom or construction setting, except for Internet education courses which must meet the requirements of subdivision 5a. Courses presented via video recording, simultaneous broadcast, or teleconference may be approved provided the sponsor is available at all times during the presentation, except for Internet education courses which must meet the requirements of subdivision 5a.

(f) (g) The following courses will not be approved for credit:

(1) courses designed solely to prepare students for a license examination;

(2) courses in mechanical office skills, including typing, speed reading, or other machines or equipment. Computer courses are allowed, if appropriate and related to the ~~residential construction~~ regulated industry;

(3) courses in sales promotion, including meetings held in conjunction with the general business of the licensee;

(4) courses in motivation, salesmanship, psychology, or personal time management;

(5) courses that are primarily intended to impart knowledge of specific products of specific companies, if the use of the product or products relates to the sales promotion or marketing of one or more of the products discussed; or

(6) courses where any of the educational content of the course is the State Building Code that include code provisions that have not been adopted into the State Building Code unless the course materials clarify ~~whether or not that~~ that the code provisions have been officially adopted into a future version of the State Building Code and the effective date of enforcement, ~~if applicable~~.

(h) Nothing in this subdivision shall limit an authority expressly granted to the Board of Electricity, Board of High Pressure Piping Systems, or Plumbing Board.

Sec. 33. Minnesota Statutes 2010, section 326B.821, subdivision 5a, is amended to read:

Subd. 5a. **Internet continuing education.** (a) The design and delivery of an Internet continuing education course must be approved by the International Distance Education Certification Center (IDECC) before the course is submitted for the commissioner's approval. The IDECC approval must accompany the course submitted.

(b) An Internet continuing education course must:

- (1) specify the minimum computer 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 or course sponsor 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 downtime for updating and administration, except that this provision does not apply to live courses taught by an actual instructor and delivered over the Internet;
- (10) provide viewing access to the online course at all times to the commissioner, excluding minimal downtime for updating and administration;
- (11) include a process to authenticate the student's identity;
- (12) inform the student and the commissioner how long after its purchase a course will be accessible;
- (13) inform the student that license education credit will not be awarded for taking the course after it loses its 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 in which the student must correctly answer 70 percent of the questions;

(20) allow the student to go back 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;

(22) provide a completion certificate when the course and exam have been completed and the provider has verified the completion. Electronic certificates are sufficient and shall include the name of the provider, date and location of the course, educational program identification that was provided by the department, hours of instruction or continuing education hours, and licensee's or attendee's name and license, certification, or registration number or the last four digits of the licensee's or attendee's Social Security number; and

(23) allow the commissioner the ability to electronically review the class to determine if credit can be approved.

(c) 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.

Sec. 34. Minnesota Statutes 2010, section 326B.821, subdivision 6, is amended to read:

Subd. 6. **Course approval.** (a) Courses must be approved by the commissioner in advance and will be approved on the basis of the applicant's compliance with the provisions of this section relating to continuing education in the regulated industries. The commissioner shall make the final determination as to the approval and assignment of credit hours for courses. Courses must be at least one hour in length.

Licensees requesting credit for continuing education courses that have not been previously approved by the commissioner shall, on a form prescribed by the commissioner, submit an application for approval of continuing education credit accompanied by a nonrefundable fee of \$20 for each course to be reviewed. To be approved, courses must be in compliance with the provisions of this section governing the types of courses that will and will not be approved.

Approval will not be granted for time spent on meals or other unrelated activities. Breaks may not be accumulated in order to dismiss the class early. Classes shall not be offered by a provider to any one student for longer than eight hours in one day, excluding meal breaks.

(b) Application for course approval must be submitted on a form approved by the commissioner at least 30 days before the course offering.

(c) Approval must be granted for a subsequent offering of identical continuing education courses without requiring a new application if a notice of the subsequent offering is filed with the commissioner at least 30 days in advance of the date the course is to be held. The commissioner shall deny future offerings of courses if they are found not to be in compliance with the laws relating to course approval.

Sec. 35. Minnesota Statutes 2010, section 326B.821, subdivision 7, is amended to read:

Subd. 7. **Courses open to all.** All course offerings must be open to any interested individuals. Access may be restricted by the sponsor based on class size only. Courses ~~must~~ shall not be approved if attendance is restricted to any particular group of people, except for company-sponsored courses allowed by applicable law.

Sec. 36. Minnesota Statutes 2010, section 326B.821, subdivision 8, is amended to read:

Subd. 8. **Course sponsor.** (a) Each course of study shall have at least one sponsor, approved by the commissioner, who is responsible for supervising the program and ensuring compliance with all relevant law. Sponsors may engage an additional approved sponsor in order to assist the sponsor or to act as a substitute for the sponsor ~~in the event of an emergency or illness.~~

(b) Sponsors must submit an application and sworn statement stating they agree to abide by the requirements of this section and any other applicable statute or rule pertaining to ~~residential construction~~ continuing education in the regulated industry.

(c) A sponsor may also be an instructor.

(d) Failure to comply with ~~requirements~~ paragraph (b) may result in loss of sponsor approval for up to two years in accordance with section 326B.082.

Sec. 37. Minnesota Statutes 2010, section 326B.821, subdivision 9, is amended to read:

Subd. 9. **Responsibilities.** A sponsor is responsible for:

(1) ensuring compliance with all laws and rules relating to continuing educational offerings governed by the commissioner;

(2) ensuring that students are provided with current and accurate information relating to the laws and rules governing ~~their licensed activity~~ the regulated industry;

(3) supervising and evaluating courses and instructors. Supervision includes ensuring 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. Evaluations must be completed by students at the time the course is offered;

~~(6) furnishing the commissioner, upon request, with copies of the qualifications of instructors. Evaluations must be completed by students at the time the course is offered and by sponsors within five days after the course offering;~~

~~(7) investigating complaints related to course offerings or instructors. A copy of the written complaint must be sent to the commissioner within ten days of receipt of the complaint and a copy of the complaint resolution must be sent not more than ten days after resolution is reached;~~

~~(8) maintaining accurate records relating to course offerings, instructors, tests taken by students if required, 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 the sponsor ceases operations before termination of the sponsor application, the sponsor must provide to the commissioner digital copies of all course and attendance records of courses held for the previous three years;~~

~~(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. A sponsor may require payment of the course tuition as a condition of receiving the course completion certificate. Course completion certificates must be completed in their entirety. Course completion certificates must and shall contain the following;~~

(i) the statement: "If you have any comments about this course offering, please mail them to the Minnesota Department of Labor and Industry.";

(ii) the current address of the department must be included. A sponsor may require payment of the course tuition as a condition for receiving the course completion certificate, name of the provider, date and location of the course, educational program identification provided by the department, and hours of instruction or continuing education hours; and

(iii) the licensee's or attendee's name and license, certificate, or registration number or the last four digits of the licensee's or attendee's Social Security number; and

~~(10)~~ (11) notifying the commissioner in writing within ten days of any change in the information in an application for approval on file with the commissioner.

Sec. 38. Minnesota Statutes 2010, section 326B.821, subdivision 10, is amended to read:

Subd. 10. **Instructors.** (a) Each continuing education course shall have an instructor who is qualified by education, training, or experience to ensure competent instruction. Failure to have only qualified instructors teach at an approved course offering will result in loss of course approval. Sponsors are responsible to ensure that an instructor is qualified to teach the course offering.

(b) Qualified continuing education instructors must have one of the following qualifications:

(1) four years' practical experience in the subject area being taught;

(2) a college or graduate degree in the subject area being taught;

(3) direct experience in the development of laws, rules, or regulations related to the ~~residential construction~~ regulated industry; or

(4) demonstrated expertise in the subject area being taught. Instructors providing instruction related to electricity, plumbing, or high pressure piping systems must comply with all applicable continuing education rules adopted by the Board of Electricity, the Plumbing Board, or the Board of High Pressure Piping Systems.

(c) ~~Approved~~ Qualified continuing education instructors are responsible for:

(1) compliance with all laws and rules relating to continuing education;

(2) providing students with current and accurate information;

(3) maintaining an atmosphere conducive to learning in the classroom;

(4) verifying attendance of students, and certifying course completion;

(5) providing assistance to students and responding to questions relating to course materials; and

(6) attending the workshops or instructional programs that are required by the commissioner.

Sec. 39. Minnesota Statutes 2010, section 326B.821, subdivision 11, is amended to read:

Subd. 11. **Prohibited practices for sponsors and instructors.** (a) In connection with an approved continuing education course, sponsors and instructors shall not:

(1) recommend ~~or~~, promote, or disparage the specific services, products, processes, procedures, or practices of a particular ~~business~~ person in the regulated industry;

(2) encourage or recruit ~~individuals~~ students to engage the services of, or become associated with, a particular business;

(3) use materials for the sole purpose of promoting a particular business;

(4) require students to participate in other programs or services offered by an instructor or sponsor;

(5) attempt, either directly or indirectly, to discover questions or answers on an examination for a license;

(6) disseminate to any other person specific questions, problems, or information known or believed to be included in licensing examinations;

(7) misrepresent any information submitted to the commissioner;

(8) fail to reasonably cover, or ensure coverage of, all points, issues, and concepts contained in the course outline approved by the commissioner during the approved instruction; or

(9) issue inaccurate course completion certificates.

(b) Sponsors shall notify the commissioner within ten days of a felony or gross misdemeanor conviction or of disciplinary action taken against an occupational or professional license held by the sponsor or an instructor teaching an approved course. The ~~notification~~ conviction or disciplinary action shall be grounds for the commissioner to withdraw the approval of the sponsor and to disallow the use of the sponsor or instructor.

Sec. 40. Minnesota Statutes 2010, section 326B.821, subdivision 12, is amended to read:

Subd. 12. **Fees Course tuition.** ~~Fees Tuition~~ for an approved course of study and related materials must be clearly identified to students. In the event that a course is canceled for any reason, all ~~fees~~ tuition must be returned within 15 days from the date of cancellation. In the event that a course is postponed for any reason, students shall be given the choice of attending the course at a later date or having their ~~fees~~ tuition refunded in full within 15 days from the date of postponement. If a student is unable to attend a course or cancels the registration in a course, sponsor policies regarding refunds shall govern.

Sec. 41. Minnesota Statutes 2010, section 326B.821, subdivision 15, is amended to read:

Subd. 15. **Advertising courses.** (a) Paragraphs (b) to (g) govern the advertising of continuing education courses.

(b) Advertising must be truthful and not deceptive or misleading. Courses may not be advertised as approved for continuing education credit unless approval has been granted in writing by the commissioner.

(c) Once a course is approved, all advertisement, pamphlet, circular, or other similar materials pertaining to an approved course circulated or distributed in this state, must prominently display the following statement:

"This course has been approved by the Minnesota Department of Labor and Industry for ..... (approved number of hours) hours for ~~residential contractor~~ ..... (regulated industry) continuing education."

(d) Advertising of approved courses must be clearly distinguishable from the advertisement of other nonapproved courses and services.

(e) Continuing education courses may not be advertised before approval unless the course is described in any advertising as "approval pending." The sponsor must verbally notify ~~licensees~~ students before commencement of the course if the course has been denied credit, has not been approved for credit, or has only been approved for partial credit by the commissioner.

(f) The number of hours for which a course has been approved must be prominently displayed on an advertisement for the course. If the course offering is longer than the number of hours of credit to be given, it must be clear that credit is not earned for the entire course.

(g) The course approval number must not be included in any advertisement.

Sec. 42. Minnesota Statutes 2010, section 326B.821, subdivision 16, is amended to read:

Subd. 16. **Notice to students.** At the beginning of each approved offering, the following notice must be handed out in printed form or must be read to students:

"This educational offering is recognized by the Minnesota Department of Labor and Industry as satisfying ..... (insert number of hours approved) hours of credit toward ~~residential contractor~~ (insert regulated industry) continuing education requirements."

Sec. 43. Minnesota Statutes 2010, section 326B.821, subdivision 18, is amended to read:

Subd. 18. **Falsification of reports or certificates.** A licensee, its ~~qualified person~~ qualifying individual, or an applicant found to have falsified an education report or certificate to the commissioner shall be considered to have violated the laws relating to the regulated industry for which the person has a license and shall be subject to ~~ensure, limitation, condition, suspension, or revocation of the license or denial of the application for licensure~~ the enforcement provisions of section 326B.082.

The commissioner reserves the right to audit a licensee's continuing education records.

Sec. 44. Minnesota Statutes 2010, section 326B.821, subdivision 19, is amended to read:

Subd. 19. **Waivers and extensions.** ~~If a licensee provides documentation to the commissioner that the licensee or its qualifying person is unable, and will continue to be unable, to attend actual classroom course work because of a physical disability, medical condition, or similar reason, attendance at continuing education courses shall be waived for a period not to exceed one year. The commissioner shall require that the licensee or its qualifying person satisfactorily complete a self study program to include reading a sufficient number of textbooks, or listening to a sufficient number of tapes, related to the residential building contractor industry, as would be necessary for the licensee to satisfy continuing educational credit hour needs. The commissioner shall award the licensee credit hours for a self study program by determining how many credit hours would be granted to a classroom course involving the same material and giving the licensee the same number of credit hours under this section. The licensee may apply each year for a new waiver upon the same terms and conditions as were necessary to secure the original waiver, and must demonstrate that in subsequent years, the licensee was unable to complete actual classroom course work. The commissioner may request documentation of the condition upon which the request for waiver is based as is necessary to satisfy the commissioner of the existence of the condition and that the condition does preclude attendance at continuing education courses.~~



Upon written proof demonstrating a medical hardship, the commissioner shall extend, for up to 90 days, the time period during which the continuing education must be successfully completed. ~~Loss of income from either attendance at courses or cancellation of a license is not a bona fide financial hardship.~~ Requests for extensions must be submitted to the commissioner in writing no later than 60 days before the education is due and must include an explanation with verification of the hardship, plus verification of enrollment at an approved course of study on or before the extension period expires.

Sec. 45. Minnesota Statutes 2010, section 326B.821, subdivision 20, is amended to read:

Subd. 20. **Reporting requirements.** ~~Required~~ Continuing education credits must be reported by the sponsor in a manner prescribed by the commissioner. Licensees are responsible for maintaining copies of course completion certificates.

Sec. 46. Minnesota Statutes 2010, section 326B.821, subdivision 22, is amended to read:

Subd. 22. **Continuing education approval.** Continuing education courses must be approved in advance by the commissioner of labor and industry. ~~"Sponsor" means any person or entity offering approved education.~~

Sec. 47. Minnesota Statutes 2010, section 326B.821, subdivision 23, is amended to read:

Subd. 23. **Continuing education fees.** The following fees shall be paid to the commissioner:

(1) initial course approval, \$20 for each hour or fraction of one hour of continuing education course approval sought. Initial course approval expires on the last day of the ~~24th~~ 36th month after the course is approved;

~~(2) renewal of course approval, \$20 per course. Renewal of course approval expires on the last day of the 24th month after the course is renewed;~~

~~(3) (2) initial sponsor approval, \$100. Initial sponsor approval expires on the last day of the 24th month after the sponsor is approved; and~~

~~(4) (3) renewal of sponsor approval, \$20 \$100. Renewal of sponsor approval expires on the last day of the 24th month after the sponsor is renewed.~~

Sec. 48. Minnesota Statutes 2010, section 326B.865, is amended to read:

**326B.865 SIGN CONTRACTOR; BOND.**

(a) A sign contractor may post a compliance bond with the commissioner, conditioned that the sign contractor shall faithfully perform duties and comply with laws, ordinances, rules, and contracts entered into for the installation of signs. The bond must be renewed biennially and maintained for so long as determined by the commissioner. The aggregate liability of the surety on the bond to any and all persons, regardless of the number of claims made against the bond, may not exceed the annual amount of the bond. The bond may be canceled as to future liability by the surety upon 30 days' written notice mailed to the commissioner by United States mail.

(b) The amount of the bond shall be \$8,000. The bond may be drawn upon only by a local unit of government that requires sign contractors to post a compliance bond. The bond is in lieu of any compliance bond required by a local unit of government.

(c) For purposes of this section, "sign" means a device, structure, fixture, or placard using graphics, symbols, or written copy that is erected on the premises of an establishment including the name of the establishment or identifying the merchandise, services, activities, or entertainment available on the premises.

(d) Each person giving bond under this section shall pay a biennial bond filing fee of \$100 to the commissioner of labor and industry.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 49. Minnesota Statutes 2010, section 326B.89, subdivision 6, is amended to read:

Subd. 6. **Verified application.** To be eligible for compensation from the fund, an owner or lessee shall serve on the commissioner a verified application for compensation on a form approved by the commissioner. The application shall verify the following information:

- (1) the specific grounds upon which the owner or lessee seeks to recover from the fund;
- (2) that the owner or the lessee has obtained a final judgment in a court of competent jurisdiction against a licensee licensed under section 326B.83;
- (3) that the final judgment was obtained against the licensee on the grounds of fraudulent, deceptive, or dishonest practices, conversion of funds, or failure of performance that arose directly out of a contract directly between the licensee and the homeowner or lessee that was entered into prior to the cause of action and that occurred when the licensee was licensed and performing any of the special skills enumerated under section 326B.802, subdivision 15;
- (4) the amount of the owner's or the lessee's actual and direct out-of-pocket loss on the owner's residential real estate, on residential real estate leased by the lessee, or on new residential real estate that has never been occupied or that was occupied by the licensee for less than one year prior to purchase by the owner;
- (5) that the residential real estate is located in Minnesota;
- (6) that the owner or the lessee is not the spouse of the licensee or the personal representative of the licensee;
- (7) the amount of the final judgment, any amount paid in satisfaction of the final judgment, and the amount owing on the final judgment as of the date of the verified application;
- (8) that the owner or lessee has diligently pursued remedies against all the judgment debtors and all other persons liable to the judgment debtor in the contract for which the owner or lessee seeks recovery from the fund; and
- (9) that the verified application is being served within two years after the judgment became final.

The verified application must include documents evidencing the amount of the owner's or the lessee's actual and direct out-of-pocket loss. The owner's and the lessee's actual and direct out-of-pocket loss shall not include any attorney fees, litigation costs or fees, interest on the loss, and interest on the final judgment obtained as a result of the loss or any costs not directly related to the value difference between what was contracted for and what was provided. Any amount paid in satisfaction of the final judgment shall be applied to the owner's or lessee's actual and direct out-of-pocket loss. An owner or lessee may serve a verified application regardless of whether the final judgment has been discharged by a bankruptcy court. A judgment issued by a court is final if all proceedings on the judgment have either been pursued and concluded or been forgone, including all reviews and appeals. For purposes of this section, owners who are joint tenants or tenants in common are deemed to be a single owner. For purposes of this section, owners and lessees eligible for payment of compensation from the fund shall not include government agencies, political subdivisions, financial institutions, and any other entity that purchases, guarantees, or insures a loan secured by real estate.

Sec. 50. Minnesota Statutes 2010, section 326B.89, subdivision 8, is amended to read:

Subd. 8. **Administrative hearing.** If an owner or a lessee timely serves a request for hearing under subdivision 7, the commissioner shall request that an administrative law judge be assigned and that a hearing be conducted under the contested case provisions of chapter 14 within 45 days after the commissioner received the request for hearing, unless the parties agree to a later date. The commissioner must notify the owner or lessee of the time and place of the hearing at least 15 days before the hearing. Upon petition of the commissioner, the administrative law judge shall continue the hearing up to 60 days and upon a showing of good cause may continue the hearing for such additional period as the administrative law judge deems appropriate.

At the hearing the owner or the lessee shall have the burden of proving by substantial evidence under subdivision 6, clauses (1) to (8). Whenever an applicant's judgment is by default, stipulation, or consent, or whenever the action against the licensee was defended by a trustee in bankruptcy, the applicant shall have the burden of proving the cause of action for fraudulent, deceptive, or dishonest practices, conversion of funds, or failure of performance. Otherwise, the judgment shall create a rebuttable presumption of the fraudulent, deceptive, or dishonest practices, conversion of funds, or failure of performance. This presumption affects the burden of producing evidence.

The administrative law judge shall issue findings of fact, conclusions of law, and order. If the administrative law judge finds that compensation should be paid to the owner or the lessee, the administrative law judge shall order the commissioner to make payment from the fund of the amount it finds to be payable pursuant to the provisions of and in accordance with the limitations contained in this section. The order of the administrative law judge shall constitute the final decision of the agency in the contested case. The commissioner or the owner or lessee may seek judicial review of the administrative law judge's findings of fact, conclusions of law, and order ~~shall be~~ in accordance with sections 14.63 to 14.69.

Sec. 51. Minnesota Statutes 2010, section 327.32, subdivision 1a, is amended to read:

Subd. 1a. **Requirement; used manufactured homes.** No person shall sell or offer for sale in this state any used manufactured home manufactured after June 14, 1976, or install for occupancy any used manufactured home manufactured after June 14, 1976, unless the used manufactured home complies with the Notice of Compliance Form as provided in this subdivision. If manufactured after June 14, 1976, the home must bear a label as required by the secretary. The Notice of Compliance Form shall be signed by the seller and purchaser indicating which party is responsible for either making or paying for any necessary corrections prior to the sale and transferring ownership of the manufactured home.

The Notice of Compliance Form shall be substantially in the following form:

"Notice of Compliance Form as required in Minnesota Statutes, section 327.32, subdivision 1

This notice must be completed and signed by the purchaser(s) and the seller(s) of the used manufactured home described in the purchase agreement and on the bottom of this notice before the parties transfer ownership of a used manufactured home constructed after June 14, 1976.

Electric ranges and clothes dryers must have required four-conductor cords and plugs. For the purpose of complying with the requirements of section 327B.06, a licensed retailer or limited retailer shall retain at least one copy of the form required under this subdivision.

Complies .....

Correction required .....

Initialed by Responsible Party: Buyer .....

Seller .....

Solid fuel-burning fireplaces or stoves must be listed for use in manufactured homes, Code of Federal Regulations, title 24, section 3280.709 (g), and installed correctly in accordance with their listing or standards (i.e., chimney, doors, hearth, combustion, or intake, etc., Code of Federal Regulations, title 24, section 3280.709 (g)).

Complies ..... Correction required .....  
 Initialed by Responsible Party: Buyer ..... Seller .....

Gas water heaters and furnaces must be listed for manufactured home use, Code of Federal Regulations, title 24, section 3280.709 (a) and (d)(1) and (2), and installed correctly, in accordance with their listing or standards.

Complies ..... Correction required .....  
 Initialed by Responsible Party: Buyer ..... Seller .....

Smoke alarms are required to be installed and operational in accordance with Code of Federal Regulations, title 24, section 3280.208.

Complies ..... Correction required .....  
 Initialed by Responsible Party: Buyer ..... Seller .....

Carbon monoxide alarms or CO detectors that are approved and operational are required to be installed within ten feet of each room lawfully used for sleeping purposes.

Complies ..... Correction required .....  
 Initialed by Responsible Party: Buyer ..... Seller .....

Egress windows are required in every bedroom with at least one operable window with a net clear opening of 20 inches wide and 24 inches high, five square feet in area, with the bottom of windows opening no more than 36 inches above the floor. Locks, latches, operating handles, tabs, or other operational devices shall not be located more than 54 inches above the finished floor.

Complies ..... Correction required .....  
 Initialed by Responsible Party: Buyer ..... Seller .....

The furnace compartment of the home is required to have interior finish with a flame spread rating not exceeding 25 feet, as specified in the 1976 United States Department of Housing and Urban Development Code governing manufactured housing construction.

Complies ..... Correction required .....  
 Initialed by Responsible Party: Buyer ..... Seller .....

The water heater enclosure in this home is required to have interior finish with a flame spread rating not exceeding 25 feet, as specified in the 1976 United States Department of Housing and Urban Development Code governing manufactured housing construction.

Complies ..... Correction required .....  
 Initialed by Responsible Party: Buyer ..... Seller .....

The home complies with the snowload and heat zone requirements for the state of Minnesota as indicated by the data plate.

Complies ..... Correction required .....  
 Initialed by Responsible Party: Buyer ..... Seller .....

The parties to this agreement have initialed all required sections and agree by their signature to complete any necessary corrections prior to the sale or transfer of ownership of the home described below as listed in the purchase agreement. The state of Minnesota or a local building official has the authority to inspect the home in the manner described in Minnesota Statutes, section 327.33, prior to or after the sale to ensure compliance was properly executed as provided under the Manufactured Home Building Code.

Signature of Purchaser(s) of Home

.....date..... date.....  
.....  
Print name as appears on purchase agreement Print name as appears on purchase agreement

Signature of Seller(s) of Home

.....date..... date.....  
.....  
Print name and license number, if applicable Print name and license number, if applicable

(Street address of home at time of sale)

.....

(City/State/Zip).....

Name of manufacturer of home.....

Model and year.....

Serial number....."

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

Sec. 52. Minnesota Statutes 2010, section 327.32, subdivision 1b, is amended to read:

Subd. 1b. **Alternative design plan.** An alternative frost-free design slab for a new or used manufactured home that is submitted to the local building official, third-party inspector, or the department, stamped by a licensed professional engineer or architect, ~~and is as being~~ in compliance with either the federal installation standards in effect at the date of manufacture, the manufacturer's installation manual, or the Minnesota State Building Code, when applicable, shall be issued a permit ~~by the department~~ within ten days of being received by the approving authority.

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

Sec. 53. Minnesota Statutes 2010, section 327.32, subdivision 1e, is amended to read:

Subd. 1e. **Reinstallation requirements for ~~single-section~~ used manufactured homes.** (a) All ~~single-section~~ used manufactured homes reinstalled less than 24 months from the date of installation by the first purchaser must be reinstalled in compliance with subdivision 1c. All ~~single-section~~ used manufactured homes reinstalled more than 24 months from the date of installation by the first purchaser may be reinstalled without a frost-protected foundation if the home is reinstalled in compliance with Minnesota Rules, chapter 1350, for above frost-line installations and the notice requirement of subdivision 1f is complied with by the seller and the purchaser of the ~~single-section~~ used manufactured home.

(b) The installer shall affix an installation seal issued by the department to the outside of the home as required by the Minnesota State Building Code. The certificate of installation issued by the installer of record shall clearly state that the home has been reinstalled with an above frost-line foundation. Fees for inspection of a reinstallation and for issuance of reinstallation seals shall follow the requirements of sections 326B.802 to 326B.885. Fees for review of plans, specifications, and on-site inspections shall be those as specified in section 326B.153, subdivision 1, paragraph (c). Whenever an installation certificate for an above frost-line installation is issued to a ~~single-section~~ used manufactured home being listed for sale, the purchase agreement must disclose that the home is installed on a nonfrost-protected foundation and recommend that the purchaser have the home inspected to determine the effects of frost on the home.

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

Sec. 54. Minnesota Statutes 2010, section 327.32, subdivision 1f, is amended to read:

Subd. 1f. **Notice requirement.** The seller of the ~~single-section~~ used manufactured home being reinstalled under subdivision 1e shall provide the following notice to the purchaser and secure signatures of all parties to the purchase agreement on or before signing a purchase agreement prior to submitting an application for an installation certificate. Whenever a current owner of a manufactured home reinstalls the manufactured home under subdivision 1e, the current owner is not required to comply with the notice requirement under this subdivision. The notice shall be in at least 14-point font, except the heading, "WHICH MAY VOID WARRANTY," must be in capital letters, in 20-point font. The notice must be printed on a separate sheet of paper in a color different than the paper on which the purchase agreement is printed. The notice becomes a part of the purchase agreement and shall be substantially in the following form:

"Notice of Reinstalling of a ~~Single-Section~~ Used Manufactured Home Above Frost-Line;

WHICH MAY VOID WARRANTY

It is recommended that the ~~single-section~~ used manufactured home being reinstalled follow the instructions in the manufacturer's installation manual. By signing this notice, the purchaser(s) are acknowledging they have elected to use footings placed above the local frost line in accordance with the Minnesota State Building Code.

The seller has explained the differences between the manufacturer's installation instructions and the installation system selected by the purchaser(s) with respect to possible effects of frost on the manufactured home.

The purchaser(s) acknowledge by signing this notice that there is no manufacturer's original warranty remaining on the home and recognize that any other extended or ancillary warranty could be adversely affected if any applicable warranty stipulates that the home be installed in accordance with the manufacturer's installation manual to remain effective.

After the reinstallation of the manufactured home, it is highly recommended that the purchaser(s) have a licensed manufactured home installer recheck the home's installation for any releveling needs or anchoring system adjustments each freeze-thaw cycle.

The purchaser(s) of the used manufactured home described below that is being reinstalled acknowledge they have read this notice and have been advised to contact the manufacturer of the home and/or the Department of Labor and Industry if they desire additional information before signing this notice. It is the intent of this notice to inform the purchaser(s) that the purchaser(s) elected not to use a frost-protected foundation system for the reinstallation of the manufactured home as originally required by the home's installation manual.

Plain language notice.

I understand that because this home will be installed with footings placed above the local frost line, this home may be subject to adverse effects from frost heave that may damage this home. Purchaser(s) initials: .....

I understand that the installation of this home with footings placed above the local frost line could affect my ability to obtain a mortgage or mortgage insurance on this home. Purchaser(s) initials: .....

I understand that the installation of this home with footings placed above the local frost line could void my warranty on the home if any warranty is still in place on this home. Purchaser(s) initials: .....

Signature of Purchaser(s)

.....date.....date.....  
.....  
Print name Print name

(Street address of location where manufactured home is being reinstalled)

.....

(City/State/Zip).....

Name of manufacturer of home.....

Model and year.....

Serial number.....

Name of licensed installer and license number or homeowner responsible for the installation of the home as described above.

Installer name: ....."

License number: ....."

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

Sec. 55. Minnesota Statutes 2010, section 327.32, subdivision 7, is amended to read:

Subd. 7. **Enforcement.** All jurisdictions enforcing the State Building Code, in accordance with sections 326B.101 to 326B.151, shall undertake or provide for the administration and enforcement of the manufactured home installation rules promulgated by the commissioner. Municipalities which have adopted the State Building Code may provide installation inspection and plan review services in noncode areas of the state.

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

Sec. 56. Minnesota Statutes 2010, section 327.33, subdivision 2, is amended to read:

Subd. 2. **Fees.** The commissioner shall by rule establish reasonable fees for seals, installation seals and inspections which are sufficient to cover all costs incurred in the administration of sections 327.31 to 327.35. The commissioner shall also establish by rule a monitoring inspection fee in an amount that will comply with the secretary's fee distribution program. This monitoring inspection fee shall be an amount paid by the manufacturer for each manufactured home produced in Minnesota. The monitoring inspection fee shall be paid by the manufacturer to the secretary. The rules of the fee distribution program require the secretary to distribute the fees collected from all manufactured home manufacturers among states approved and conditionally approved based on the number of

new manufactured homes whose first location after leaving the manufacturer is on the premises of a distributor, dealer or purchaser in that state. Fees for inspections in areas that have not adopted the State Building Code must be equal to the fees for inspections in code areas of the state. Third party vendors may charge their usual and normal charge for inspections.

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

Sec. 57. Minnesota Statutes 2010, section 327C.095, subdivision 12, is amended to read:

Subd. 12. **Payment to the Minnesota manufactured home relocation trust fund.** (a) If a manufactured home owner is required to move due to the conversion of all or a portion of a manufactured home park to another use, the closure of a park, or cessation of use of the land as a manufactured home park, the manufactured home park owner shall, upon the change in use, pay to the commissioner of management and budget for deposit in the Minnesota manufactured home relocation trust fund under section 462A.35, the lesser amount of the actual costs of moving or purchasing the manufactured home approved by the neutral third party and paid by the Minnesota Housing Finance Agency under subdivision 13, paragraph (a) or (e), or \$3,250 for each single section manufactured home, and \$6,000 for each multisection manufactured home, for which a manufactured home owner has made application for payment of relocation costs under subdivision 13, paragraph (c). The manufactured home park owner shall make payments required under this section to the Minnesota manufactured home relocation trust fund within 60 days of receipt of invoice from the neutral third party.

(b) A manufactured home park owner is not required to make the payment prescribed under paragraph (a), nor is a manufactured home owner entitled to compensation under subdivision 13, paragraph (a) or (e), if:

(1) the manufactured home park owner relocates the manufactured home owner to another space in the manufactured home park or to another manufactured home park at the park owner's expense;

(2) the manufactured home owner is vacating the premises and has informed the manufactured home park owner or manager of this prior to the mailing date of the closure statement under subdivision 1;

(3) a manufactured home owner has abandoned the manufactured home, or the manufactured home owner is not current on the monthly lot rental, personal property taxes;

(4) the manufactured home owner has a pending eviction action for nonpayment of lot rental amount under section 327C.09, which was filed against the manufactured home owner prior to the mailing date of the closure statement under subdivision 1, and the writ of recovery has been ordered by the district court;

(5) the conversion of all or a portion of a manufactured home park to another use, the closure of a park, or cessation of use of the land as a manufactured home park is the result of a taking or exercise of the power of eminent domain by a governmental entity or public utility; or

(6) the owner of the manufactured home is not a resident of the manufactured home park, as defined in section 327C.01, subdivision 9, or the owner of the manufactured home is a resident, but came to reside in the manufactured home park after the mailing date of the closure statement under subdivision 1.

(c) If the unencumbered fund balance in the manufactured home relocation trust fund is less than \$1,000,000 as of June 30 of each year, the commissioner of management and budget shall ~~annually~~ assess each manufactured home park owner by mail the total amount of \$12 for each licensed lot in their park, payable on or before September 15 of ~~each~~ that year. The commissioner of management and budget shall deposit ~~the any~~ payments in the Minnesota manufactured home relocation trust fund. On or before July 15 of each year, the commissioner of management and budget shall prepare and distribute to park owners a letter explaining whether funds are being collected for that year.



information about the collection, an invoice for all licensed lots, and a sample form for the park owners to collect information on which park residents have been accounted for. If assessed under this paragraph, the park owner may recoup the cost of the \$12 assessment as a lump sum or as a monthly fee of no more than \$1 collected from park residents together with monthly lot rent as provided in section 327C.03, subdivision 6. Park owners may adjust payment for lots in their park that are vacant or otherwise not eligible for contribution to the trust fund under section 327C.095, subdivision 12, paragraph (b), and deduct from the assessment accordingly.

(d) This subdivision and subdivision 13, paragraph (c), clause (5), are enforceable by the neutral third party, on behalf of the Minnesota Housing Finance Agency, or by action in a court of appropriate jurisdiction. The court may award a prevailing party reasonable attorney fees, court costs, and disbursements.

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

Sec. 58. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall renumber each section of Minnesota Statutes listed in column A with the number listed in column B. The revisor shall also make necessary cross-reference changes consistent with the renumbering.

<u>Column A</u>	<u>Column B</u>
<u>326B.82, subd. 2</u>	<u>326B.091, subd. 2a</u>
<u>326B.82, subd. 3</u>	<u>326B.091, subd. 2b</u>
<u>326b.82, subd. 5</u>	<u>326B.091, subd. 2c</u>
<u>326B.82, subd. 7</u>	<u>326B.091, subd. 4a</u>
<u>326B.82, subd. 8</u>	<u>326B.091, subd. 5a</u>
<u>326B.82, subd. 9</u>	<u>326B.091, subd. 5c</u>
<u>326B.82, subd. 10</u>	<u>326B.091, subd. 7</u>
<u>326B.821, subd. 4</u>	<u>326B.0981, subd. 17</u>
<u>326B.821, subd. 5</u>	<u>326B.0981, subd. 3</u>
<u>326B.821, subd. 5a</u>	<u>326B.0981, subd. 4</u>
<u>326B.821, subd. 6</u>	<u>326B.0981, subd. 5</u>
<u>326B.821, subd. 7</u>	<u>326B.0981, subd. 6</u>
<u>326B.821, subd. 8</u>	<u>326B.099, subd. 1</u>
<u>326B.821, subd. 9</u>	<u>326B.099, subd. 2</u>
<u>326B.821, subd. 10</u>	<u>326B.099, subd. 3</u>
<u>326B.821, subd. 11</u>	<u>326B.099, subd. 4</u>
<u>326B.821, subd. 12</u>	<u>326B.0981, subd. 7</u>
<u>326B.821, subd. 13</u>	<u>326B.0981, subd. 8</u>
<u>326B.821, subd. 14</u>	<u>326B.0981, subd. 9</u>
<u>326B.821, subd. 15</u>	<u>326B.0981, subd. 10</u>
<u>326B.821, subd. 16</u>	<u>326B.0981, subd. 11</u>
<u>326B.821, subd. 17</u>	<u>326B.099, subd. 5</u>
<u>326B.821, subd. 18</u>	<u>326B.0981, subd. 12</u>
<u>326B.821, subd. 19</u>	<u>326B.0981, subd. 13</u>
<u>326B.821, subd. 20</u>	<u>326B.0981, subd. 14</u>
<u>326B.821, subd. 22</u>	<u>326B.0981, subd. 2</u>
<u>326B.821, subd. 23</u>	<u>326B.0981, subd. 15</u>
<u>326B.821, subd. 24</u>	<u>326B.0981, subd. 16</u>

Sec. 59. **REPEALER.**

Minnesota Statutes 2010, sections 326B.82, subdivisions 4 and 6; and 326B.821, subdivision 3, are repealed.

**EFFECTIVE DATE.** This section is effective January 1, 2012."

Delete the title and insert:

"A bill for an act relating to economic development; modifying certain economic development, fees, and licensing provisions; modifying certain occupational continuing education requirements; clarifying and modifying regulation of medical gas system and manufactured home provisions; requiring reports; appropriating money for jobs, economic development, and housing purposes; amending Minnesota Statutes 2010, sections 115C.08, subdivision 4; 116J.035, by adding a subdivision; 116J.551, subdivision 1; 181.723, subdivision 5; 182.6553, subdivision 6; 268.18, subdivisions 2, 2b; 268.199; 268A.15, subdivision 4; 298.17; 326B.04, subdivision 2; 326B.091; 326B.098; 326B.13, subdivision 8; 326B.148, subdivision 1; 326B.42, subdivisions 8, 9, 10, by adding subdivisions; 326B.435, subdivision 2; 326B.438; 326B.46, subdivisions 1, 1a, 1b, 2, 3; 326B.47, subdivisions 1, 3; 326B.49, subdivision 1; 326B.56, subdivision 1; 326B.58; 326B.82, subdivisions 2, 3, 7, 9; 326B.821, subdivisions 1, 5, 5a, 6, 7, 8, 9, 10, 11, 12, 15, 16, 18, 19, 20, 22, 23; 326B.865; 326B.89, subdivisions 6, 8; 327.32, subdivisions 1a, 1b, 1e, 1f, 7; 327.33, subdivision 2; 327C.095, subdivision 12; 341.321; Laws 2009, chapter 78, article 1, section 18; proposing coding for new law in Minnesota Statutes, chapters 116J; 326B; repealing Minnesota Statutes 2010, sections 326B.82, subdivisions 4, 6; 326B.821, subdivision 3."

We request the adoption of this report and repassage of the bill.

Senate Conferees: GEOFF MICHEL, TED H. LILLIE, THEODORE J. "TED" DALEY, JEREMY R. MILLER and JOHN C. PEDERSON.

House Conferees: BOB GUNTHER, JOE HOPPE, ANDREA KIEFFER, CAROL MCFARLANE and TIM SANDERS.

Gunther moved that the report of the Conference Committee on S. F. No. 887 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 887, A bill for an act relating to state government; appropriating money for jobs, economic development, and housing; modifying certain programs; modifying fees and licensing, registration, and continuing education provisions; amending Minnesota Statutes 2010, sections 116J.035, by adding a subdivision; 116J.8737, subdivisions 1, 2, 4; 116L.04, subdivision 1; 181.723, subdivision 5; 182.6553, subdivision 6; 326B.04, subdivision 2; 326B.091; 326B.098; 326B.13, subdivision 8; 326B.148, subdivision 1; 326B.42, subdivisions 8, 9, 10, by adding subdivisions; 326B.435, subdivision 2; 326B.438; 326B.46, subdivisions 1a, 1b, 2, 3; 326B.47, subdivisions 1, 3; 326B.49, subdivision 1; 326B.56, subdivision 1; 326B.58; 326B.82, subdivisions 2, 3, 7, 9; 326B.821, subdivisions 1, 5, 5a, 6, 7, 8, 9, 10, 11, 12, 15, 16, 18, 19, 20, 22, 23; 326B.865; 326B.89, subdivisions 6, 8; 327.32, subdivisions 1a, 1b, 1e; 327.33, subdivisions 1, 2; 341.321; Laws 2009, chapter 78, article 1, section 18; proposing coding for new law in Minnesota Statutes, chapter 326B; repealing Minnesota Statutes 2010, sections 326B.82, subdivisions 4, 6; 326B.821, subdivision 3.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 71 yeas and 61 nays as follows:

Those who voted in the affirmative were:

Abeler	Crawford	Gottwalt	Kiffmeyer	Murdock	Shimanski
Anderson, B.	Daudt	Gruenhagen	Kriesel	Murray	Smith
Anderson, D.	Davids	Gunther	Lanning	Myhra	Stensrud
Anderson, P.	Dean	Hackbarth	Leidiger	Nornes	Swedzinski
Anderson, S.	Dettmer	Hamilton	LeMieur	O'Driscoll	Torkelson
Banaian	Doepke	Hancock	Lohmer	Peppin	Urdahl
Barrett	Downey	Holberg	Loon	Petersen, B.	Vogel
Beard	Drazkowski	Hoppe	Mack	Quam	Wardlow
Benson, M.	Erickson	Howes	Mazorol	Runbeck	Westrom
Bills	Fabian	Kelly	McDonald	Sanders	Woodard
Buesgens	Franson	Kieffer	McFarlane	Schomacker	Spk. Zellers
Cornish	Garofalo	Kiel	McNamara	Scott	

Those who voted in the negative were:

Anzelc	Falk	Hosch	Loeffler	Nelson	Slocum
Atkins	Gauthier	Huntley	Mahoney	Norton	Thissen
Benson, J.	Greene	Johnson	Mariani	Paymar	Tillberry
Brynaert	Greiling	Kahn	Marquart	Pelowski	Wagenius
Carlson	Hansen	Kath	McElpatrick	Persell	Ward
Champion	Hausman	Knuth	Melin	Peterson, S.	Winkler
Clark	Hayden	Koenen	Moran	Poppe	
Davnie	Hilstrom	Lenczewski	Morrow	Rukavina	
Dill	Hilty	Lesch	Mullery	Scalze	
Dittrich	Hornstein	Liebling	Murphy, E.	Simon	
Eken	Hortman	Lillie	Murphy, M.	Slawik	

The bill was repassed, as amended by Conference, and its title agreed to.

Speaker pro tempore Daudt called Banaian to the Chair.

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 1047.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

CAL R. LUDEMAN, Secretary of the Senate

#### CONFERENCE COMMITTEE REPORT ON S. F. NO. 1047

A bill for an act relating to state government financing; establishing the Sunset Advisory Commission; prohibiting legislative liaison positions in state agencies and departments; eliminating assistant commissioner positions and reducing deputy commissioner positions; changing provisions of performance data required in the budget proposal; requiring specific funding information for forecasted programs; implementing zero-based

budgeting principles; implementing federal offset program for collection of debts owed to state agencies; providing a state employee salary freeze; providing an HSA-eligible high-deductible health plan for state employees; requiring a 15 percent reduction in the state workforce; requiring a verification audit for dependent eligibility for state employee health insurance; requiring a request for proposals for recommendations on state building efficiency, state vehicle management, tax fraud prevention, and strategic sourcing; requiring reports; appropriating money; amending Minnesota Statutes 2010, sections 15.057; 15.06, subdivision 8; 16A.10, subdivisions 1a, 1b, 1c; 16A.103, subdivision 1a; 16A.11, subdivision 3; 16B.03; 43A.08, subdivision 1; 43A.23, subdivision 1; 45.013; 84.01, subdivision 3; 116.03, subdivision 1; 116J.01, subdivision 5; 116J.035, subdivision 4; 174.02, subdivision 2; 241.01, subdivision 2; 270C.41; Laws 2010, chapter 215, article 6, section 4; proposing coding for new law in Minnesota Statutes, chapters 16A; 16D; 43A; proposing coding for new law as Minnesota Statutes, chapter 3D; repealing Minnesota Statutes 2010, section 197.585, subdivision 5.

May 17, 2011

The Honorable Michelle L. Fischbach  
President of the Senate

The Honorable Kurt Zellers  
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 1047 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 1047 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1  
STATE GOVERNMENT APPROPRIATIONS

Section 1. **STATE GOVERNMENT 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 "2012" and "2013" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2012, or June 30, 2013, respectively. "The first year" is fiscal year 2012. "The second year" is fiscal year 2013. "The biennium" is fiscal years 2012 and 2013.

	<b><u>APPROPRIATIONS</u></b>	
	<b><u>Available for the Year</u></b>	
	<b><u>Ending June 30</u></b>	
	<b><u>2012</u></b>	<b><u>2013</u></b>
Sec. 2. <b><u>LEGISLATURE</u></b>		
Subdivision 1. <b><u>Total Appropriation</u></b>	<b><u>\$63,070,000</u></b>	<b><u>\$63,070,000</u></b>
<b><u>Appropriations by Fund</u></b>		
	<b><u>2012</u></b>	<b><u>2013</u></b>
<u>General</u>	<u>62,942,000</u>	<u>62,942,000</u>
<u>Health Care Access</u>	<u>128,000</u>	<u>128,000</u>

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

Subd. 2. **Senate** 20,733,000 20,733,000

Subd. 3. **House of Representatives** 27,874,000 27,874,000

During the biennium ending June 30, 2013, any revenues received by the house of representatives from voluntary donations to support broadcast or print media are appropriated to the house of representatives.

Subd. 4. **Legislative Coordinating Commission** 14,463,000 14,463,000

Appropriations by Fund

General	14,335,000	14,335,000
Health Care Access	128,000	128,000

From its funds, \$10,000 each year is for purposes of the legislators' forum, through which Minnesota legislators meet with counterparts from South Dakota, North Dakota, and Manitoba to discuss issues of mutual concern.

Sec. 3. **GOVERNOR AND LIEUTENANT GOVERNOR** **\$3,027,000** **\$3,027,000**

(a) This appropriation is to fund the Office of the Governor and Lieutenant Governor.

(b) By September 1 of each year, the commissioner of management and budget shall report to the chairs and ranking minority members of the senate State Government Innovation and Veterans Affairs Committee and the house of representatives State Government Finance Committee any personnel costs incurred by the Offices of the Governor and Lieutenant Governor that were supported by appropriations to other agencies during the previous fiscal year. The Office of the Governor shall inform the chairs and ranking minority members of the committees before initiating any interagency agreements.

(c) During the biennium ending June 30, 2013, the Office of the Governor may not receive payments of more than \$670,000 each fiscal year from other executive agencies under Minnesota Statutes, section 15.53, to support office costs incurred by the office. Payments received under this paragraph must be deposited in a special revenue account. Money in the account is appropriated to the Office of the Governor. The authority in this paragraph supersedes other law enacted in 2011 that limits the ability of the office to enter into agreements relating to office costs with other executive branch agencies or prevents the use of appropriations made to other agencies for agreements with the office under Minnesota Statutes, section 15.53.

Sec. 4. **STATE AUDITOR** **\$8,008,000** **\$8,008,000**

Sec. 5. **ATTORNEY GENERAL****\$21,819,000****\$21,819,000**Appropriations by Fund

	<u>2012</u>	<u>2013</u>
<u>General</u>	19,540,000	19,540,000
<u>State Government</u>		
<u>Special Revenue</u>	1,884,000	1,884,000
<u>Environmental</u>	145,000	145,000
<u>Remediation</u>	250,000	250,000

Of this appropriation, \$65,000 in the first year and \$65,000 in the second year are from the general fund for transfer to the commissioner of public safety for a grant to the Minnesota County Attorneys Association for prosecutor and law enforcement training.

Sec. 6. **SECRETARY OF STATE****\$5,206,000****\$5,206,000**

Any funds available in the account established in Minnesota Statutes, section 5.30, pursuant to the Help America Vote Act, after funds appropriated in other laws enacted during the 2011 regular session are allotted for purposes specified in those laws, are appropriated for the purposes and uses authorized by federal law.

Sec. 7. **CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD****\$689,000****\$689,000**Sec. 8. **INVESTMENT BOARD****\$139,000****\$139,000**Sec. 9. **ADMINISTRATIVE HEARINGS****\$7,627,000****\$7,504,000**Appropriations by Fund

	<u>2012</u>	<u>2013</u>
<u>General</u>	377,000	254,000
<u>Workers' Compensation</u>	7,250,000	7,250,000

\$130,000 in the first year is for the cost of considering complaints filed under Minnesota Statutes, section 211B.32. Until June 30, 2013, the chief administrative law judge may not make any assessment against a county or counties under Minnesota Statutes, section 211B.37. Any amount of this appropriation that remains unspent at the end of the biennium must be canceled to the general account of the state elections campaign fund. The base for fiscal year 2014 is \$130,000, to be available for the biennium, under the same terms.

Sec. 10. **OFFICE OF ENTERPRISE TECHNOLOGY** **\$4,636,000** **\$4,636,000**

During the biennium ending June 30, 2013, the office must not charge fees to a public noncommercial educational television broadcast station for access to the state information infrastructure.

Sec. 11. **ADMINISTRATION**

Subdivision 1. **Total Appropriation** **\$17,789,000** **\$17,789,000**

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

Subd. 2. **Government and Citizen Services** **14,670,000** **14,670,000**

\$74,000 the first year and \$74,000 the second year are for the Council on Developmental Disabilities.

\$8,158,000 the first year and \$8,158,000 the second year are for office space costs of the legislature and veterans organizations, ceremonial space, and statutorily free space.

Subd. 3. **Administrative Management Support** **1,494,000** **1,494,000**

Subd. 4. **Public Broadcasting** **1,625,000** **1,625,000**

(a) The appropriations under this section are to the commissioner of administration for the purposes specified.

(b) \$1,002,000 the first year and \$1,002,000 the second year are for matching grants for public television.

(c) \$190,000 the first year and \$190,000 the second year are for public television equipment grants. Equipment or matching grant allocations shall be made after considering the recommendations of the Minnesota Public Television Association.

(d) \$264,000 the first year and \$264,000 the second year are for community service grants to public educational radio stations.

(e) \$92,000 the first year and \$92,000 the second year are for equipment grants to public educational radio stations.

(f) The grants in paragraphs (d) and (e) must be allocated after considering the recommendations of the Association of Minnesota Public Educational Radio Stations under Minnesota Statutes, section 129D.14.

(g) \$77,000 the first year and \$77,000 the second year are for grants to Minnesota Public Radio, Inc., for upgrades to Minnesota's Emergency Alert and AMBER Alert Systems.

(h) Any unencumbered balance remaining the first year for grants to public television or radio stations does not cancel and is available for the second year.

Sec. 12. **CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD** **\$325,000** **\$325,000**

Sec. 13. **MINNESOTA MANAGEMENT AND BUDGET** **\$17,225,000** **\$17,225,000**

Sec. 14. **REVENUE**

Subdivision 1. **Total Appropriation** **\$129,963,000** **\$130,013,000**

Appropriations by Fund

	<u>2012</u>	<u>2013</u>
<u>General</u>	<u>125,728,000</u>	<u>125,778,000</u>
<u>Health Care Access</u>	<u>1,749,000</u>	<u>1,749,000</u>
<u>Highway User Tax</u>		
<u>Distribution</u>	<u>2,183,000</u>	<u>2,183,000</u>
<u>Environmental</u>	<u>303,000</u>	<u>303,000</u>

The amounts that may be spent for each purpose are specified in subdivisions 2 and 3.

The commissioner must implement any reduction in funding by reducing administrative support functions before any reduction to compliance and enforcement programs.

Subd. 2. **Tax System Management** **103,992,000** **104,042,000**

Appropriations by Fund

<u>General</u>	<u>99,757,000</u>	<u>99,807,000</u>
<u>Health Care Access</u>	<u>1,749,000</u>	<u>1,749,000</u>
<u>Highway User Tax</u>		
<u>Distribution</u>	<u>2,183,000</u>	<u>2,183,000</u>
<u>Environmental</u>	<u>303,000</u>	<u>303,000</u>

Subd. 3. **Debt Collection Management** **25,971,000** **25,971,000**

Sec. 15. **GAMBLING CONTROL** **\$2,740,000** **\$2,740,000**

These appropriations are from the lawful gambling regulation account in the special revenue fund.

Sec. 16. **RACING COMMISSION** **\$899,000** **\$899,000**

These appropriations are from the racing and card playing regulation accounts in the special revenue fund.



Sec. 17. <u>AMATEUR SPORTS COMMISSION</u>	<u>\$248,000</u>	<u>\$248,000</u>
Sec. 18. <u>EXPLORE MINNESOTA TOURISM</u>	<u>\$8,369,000</u>	<u>\$8,269,000</u>

(a) Of this amount, \$12,000 each year is for a grant to the Upper Minnesota Film Office.

(b)(1) To develop maximum private sector involvement in tourism, \$500,000 the first year and \$500,000 the second year must be matched by Explore Minnesota Tourism from nonstate sources. Each \$1 of state incentive must be matched with \$3 of private sector funding. Cash match is defined as revenue to the state or documented cash expenditures directly expended to support Explore Minnesota Tourism programs. Up to one-half of the private sector contribution may be in-kind or soft match. The incentive in the first year shall be based on fiscal year 2011 private sector contributions. The incentive in the second year will be based on fiscal year 2012 private sector contributions. This incentive is ongoing.

(2) Funding for the marketing grants is available either year of the biennium. Unexpended grant funds from the first year are available in the second year.

(3) Unexpended money from the general fund appropriations made under this section does not cancel but must be placed in a special marketing account for use by Explore Minnesota Tourism for additional marketing activities.

(c) \$325,000 the first year and \$325,000 the second year are 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.

(d) \$100,000 the first year is for a grant to the Minnesota Film and TV Board for the film jobs production program under Minnesota Statutes, section 116U.26. This appropriation is available until expended.

Sec. 19. MINNESOTA HISTORICAL SOCIETY

Subdivision 1. <u>Total Appropriation</u>	<u>\$20,141,000</u>	<u>\$20,037,000</u>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

**Subd. 2. Education and Outreach**11,336,00011,336,000

Notwithstanding Minnesota Statutes, section 138.668, the Minnesota Historical Society may not charge a fee for its general tours at the Capitol, but may charge fees for special programs other than general tours.

**Subd. 3. Preservation and Access**8,479,0008,479,000**Subd. 4. Fiscal Agent**(a) Minnesota International Center39,00039,000(b) Minnesota Air National Guard Museum14,000-0-(c) Minnesota Military Museum90,000-0-(d) Farmamerica115,000115,000(e) Hockey Hall of Fame68,00068,000(f) Balances Forward

Any unencumbered balance remaining in this subdivision the first year does not cancel but is available for the second year of the biennium.

**Subd. 5. Fund Transfer**

The Minnesota Historical Society may reallocate funds appropriated in and between subdivisions 2 and 3 for any program purposes and the appropriations are available in either year of the biennium.

**Sec. 20. BOARD OF THE ARTS****Subdivision 1. Total Appropriation****\$7,089,000****\$7,089,000**

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

**Subd. 2. Operations and Services**536,000536,000**Subd. 3. Grants Program**4,533,0004,533,000**Subd. 4. Regional Arts Councils**2,020,0002,020,000**Subd. 5. Unencumbered balance available**

Any unencumbered balance remaining in this section the first year does not cancel, but is available for the second year of the biennium.

Sec. 21. <b><u>MINNESOTA HUMANITIES CENTER</u></b>	<b><u>\$225,000</u></b>	<b><u>\$225,000</u></b>
Sec. 22. <b><u>COUNCIL ON BLACK MINNESOTANS</u></b>	<b><u>\$246,000</u></b>	<b><u>\$246,000</u></b>
Sec. 23. <b><u>COUNCIL ON ASIAN-PACIFIC MINNESOTANS</u></b>	<b><u>\$214,000</u></b>	<b><u>\$214,000</u></b>
Sec. 24. <b><u>COUNCIL ON AFFAIRS OF CHICANO/LATINO PEOPLE</u></b>	<b><u>\$231,000</u></b>	<b><u>\$231,000</u></b>
Sec. 25. <b><u>INDIAN AFFAIRS COUNCIL</u></b>	<b><u>\$422,000</u></b>	<b><u>\$422,000</u></b>
<u>Of this appropriation \$167,000 each year is for a cultural resources specialist to assist the council with the duties assigned to it relating to Indian burial grounds under Minnesota Statutes, section 307.08.</u>		
Sec. 26. <b><u>SCIENCE MUSEUM OF MINNESOTA</u></b>	<b><u>\$1,009,000</u></b>	<b><u>\$1,009,000</u></b>
Sec. 27. <b><u>TORT CLAIMS</u></b>	<b><u>\$161,000</u></b>	<b><u>\$161,000</u></b>
<u>These appropriations are to be spent by the commissioner of management and budget according to Minnesota Statutes, section 3.736, subdivision 7. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.</u>		
Sec. 28. <b><u>MINNESOTA STATE RETIREMENT SYSTEM</u></b>		
Subdivision 1. <b><u>Total Appropriation</u></b>	<b><u>\$472,000</u></b>	<b><u>\$481,000</u></b>
<u>The amounts that may be spent for each purpose are specified in the following subdivisions.</u>		
<u>During the biennium ending June 30, 2013, payments for retirement allowances for former legislators and surviving spouses must be made from the legislators retirement fund created under Minnesota Statutes, section 3A.03, subdivision 3, and not from the general fund.</u>		
Subd. 2. <b><u>Constitutional Officers</u></b>	<u>472,000</u>	<u>481,000</u>
<u>Under Minnesota Statutes, section 352C.001, if an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.</u>		
Sec. 29. <b><u>MERF DIVISION ACCOUNT</u></b>	<b><u>\$22,750,000</u></b>	<b><u>\$22,750,000</u></b>
<u>These amounts are estimated to be needed under Minnesota Statutes, section 353.505.</u>		
Sec. 30. <b><u>TEACHERS RETIREMENT ASSOCIATION</u></b>	<b><u>\$15,454,000</u></b>	<b><u>\$15,454,000</u></b>

The amounts estimated to be needed are as follows:

(a) **Special direct state aid.** \$12,954,000 the first year and \$12,954,000 the second year are for special direct state aid authorized under Minnesota Statutes, section 354A.12, subdivisions 3a and 3c.

(b) **Special direct state matching aid.** \$2,500,000 the first year and \$2,500,000 the second year are for special direct state matching aid authorized under Minnesota Statutes, section 354A.12, subdivision 3b.

Sec. 31. **ST. PAUL TEACHERS RETIREMENT FUND** **\$2,827,000** **\$2,827,000**

The amounts estimated to be needed for special direct state aid to first class city teachers retirement funds authorized under Minnesota Statutes, section 354A.12, subdivisions 3a and 3c.

Sec. 32. **DULUTH TEACHERS RETIREMENT FUND** **\$346,000** **\$346,000**

The amounts estimated to be needed for special direct state aid to first class city teachers retirement funds authorized under Minnesota Statutes, section 354A.12, subdivisions 3a and 3c.

Sec. 33. **STATE LOTTERY**

Notwithstanding Minnesota Statutes, section 349A.10, subdivision 3, the operating budget must not exceed \$29,000,000 in fiscal year 2012 and \$29,000,000 in fiscal year 2013.

Sec. 34. **GENERAL CONTINGENT ACCOUNTS** **\$600,000** **\$500,000**

Appropriations by Fund

	<u>2012</u>	<u>2013</u>
<u>General</u>	<u>100,000</u>	<u>-0-</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>400,000</u>	<u>400,000</u>
<u>Workers' Compensation</u>	<u>100,000</u>	<u>100,000</u>

(a) The appropriations in this section may only be spent with the approval of the governor after consultation with the Legislative Advisory Commission pursuant to Minnesota Statutes, section 3.30.

(b) If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

(c) If a contingent account appropriation is made in one fiscal year, it should be considered a biennial appropriation.

Sec. 35. Laws 2009, chapter 101, article 2, section 106, is amended to read:

Sec. 106. **ENTERPRISE REAL PROPERTY CONTRIBUTIONS.**

On or before June 1, 2009, the commissioner of administration shall determine the amount to be contributed by each executive agency to maintain the enterprise real property technology system for the fiscal year 2010 and fiscal year 2011 biennium. On or before June 15, 2009, each executive agency shall enter into an agreement with the commissioner of administration setting forth the manner in which the executive agency shall make its contribution to the enterprise real property system, either from uncommitted fiscal year 2009 funds or by contributing from fiscal year 2010 and fiscal year 2011 funds to the real property enterprise system and services account to fund the total amount of \$399,000 for the biennium. Funds will be available for the enterprise real property technology project until June 30, 2013. Funds contributed under this section must be credited to the enterprise real property technology system and services account.

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

Sec. 36. **PROBLEM GAMBLING APPROPRIATION.**

\$225,000 in fiscal year 2012 and \$225,000 in fiscal year 2013 are appropriated from the lottery prize fund to the Gambling Control Board for a grant to the state affiliate recognized by the National Council on Problem Gambling. The affiliate must provide services to increase public awareness of problem gambling, education and training for individuals and organizations providing effective treatment services to problem gamblers and their families, and research relating to problem gambling. These services must be complementary to and not duplicative of the services provided through the problem gambling program administered by the commissioner of human services. Of this appropriation, \$50,000 in fiscal year 2012 and \$50,000 in fiscal year 2013 are contingent on the contribution of nonstate matching funds. Matching funds may be either cash or qualifying in-kind contributions. The commissioner of management and budget may disburse the state portion of the matching funds in increments of \$25,000 upon receipt of a commitment for an equal amount of matching nonstate funds. These are onetime appropriations.

Sec. 37. **APPROPRIATION; REIMBURSEMENT OF RECOUNT COSTS.**

\$322,000 is appropriated from the general fund to the secretary of state in fiscal year 2011 for the reimbursement of costs of recounts during the 2010 general election, to be paid to counties consistent with the cost survey of the counties previously conducted by the secretary of state and for reimbursement to the secretary of state costs in those recounts already paid by the secretary of state to the counties. This appropriation remains available until December 31, 2011.

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

Sec. 38. **APPROPRIATION; PAYMENT OF LEGAL FEES.**

\$148,375 is appropriated from the general fund to the secretary of state in fiscal year 2011 for the payment of legal fees imposed by the United States District Court, District of Minnesota, in the case of American Broadcasting Companies, Inc. et al v. Mark Ritchie et al. (Case 08-cv-5285-MJD-AJB). This appropriation remains available until June 30, 2013.

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

Sec. 39. **SAVINGS; APPROPRIATION REDUCTION FOR EXECUTIVE AGENCIES.**

The commissioner of management and budget must reduce general fund appropriations to executive agencies, including constitutional offices, for agency operations for the biennium ending June 30, 2013, by \$94,875,000. The Minnesota State Colleges and Universities is not an executive agency for purposes of this section. The commissioner must not reduce appropriations to the Department of Veterans Affairs or the Department of Military

Affairs except to the extent the commissioner determines there are savings directly attributable to items specified in clauses (2), (4), (5), and (6). To the greatest extent possible, these reductions must come from savings provided by the reforms, efficiencies, and cost-savings measures contained in this act, including:

- (1) reduction in the number of full-time equivalent employees;
- (2) salary and benefit changes;
- (3) elimination of deputy and assistant commissioner positions;
- (4) consolidation of responsibilities for executive branch information technology systems;
- (5) operational efficiencies and cost savings obtained under contracts with vendors; and
- (6) verification of dependent eligibility for state employee group insurance coverage.

If operational efficiencies and cost savings obtained under contracts with vendors yield savings in dedicated funds other than those established in the state constitution or protected by federal law, the commissioner of management and budget may transfer the amount of savings to the general fund. Reductions made in 2013 must be reflected as reductions in agency base budgets for fiscal years 2014 and 2015. The commissioner of management and budget must report to the chairs and ranking minority members of the senate Finance Committee and the house of representatives Ways and Means and Finance Committees regarding the amount of reductions in spending by each agency under this section.

Sec. 40. **REPORTS.**

By January 15, 2012, and January 15, 2013, the Minnesota Humanities Commission, Council on Black Minnesotans, Council on Asian-Pacific Minnesotans, Council on Affairs of Chicano/Latino People, and Indian Affairs Council must each report to the chairs and ranking minority members of the legislative committees with jurisdiction over the groups. The reports must describe the results obtained with the appropriations in this act, including a description and evaluation of how the groups accomplished their statutory duties in the preceding year.

ARTICLE 2  
MILITARY AFFAIRS AND VETERANS AFFAIRS

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 and are available for the fiscal years indicated for each purpose. The figures "2012" and "2013" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2012, or June 30, 2013, respectively. "The first year" is fiscal year 2012. "The second year" is fiscal year 2013. "The biennium" is fiscal years 2012 and 2013.

<b><u>APPROPRIATIONS</u></b>		
<b><u>Available for the Year</u></b>		
<b><u>Ending June 30</u></b>		
<b><u>2012</u></b>		<b><u>2013</u></b>

Sec. 2. **MILITARY AFFAIRS**

<b><u>Subdivision 1. Total Appropriation</u></b>	<b><u>\$22,371,000</u></b>	<b><u>\$19,371,000</u></b>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. <b><u>Maintenance of Training Facilities</u></b>	<u>6,660,000</u>	<u>6,660,000</u>
Subd. 3. <b><u>General Support</u></b>	<u>2,363,000</u>	<u>2,363,000</u>
Subd. 4. <b><u>Enlistment Incentives</u></b>	<u>13,348,000</u>	<u>10,348,000</u>

\$3,000,000 the first year is for additional costs of enlistment incentives.

If appropriations for either year of the biennium are insufficient, the appropriation from the other year is available. The appropriations for enlistment incentives are available until expended.

Sec. 3. **VETERANS AFFAIRS**

Subdivision 1. <b><u>Total Appropriation</u></b>	<b><u>\$57,795,000</u></b>	<b><u>\$58,595,000</u></b>
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Appropriations by Fund

	<u>2012</u>	<u>2013</u>
General	<u>57,695,000</u>	<u>58,595,000</u>
Special Revenue	<u>100,000</u>	<u>-0-</u>

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

Subd. 2. <b><u>Veterans Services</u></b>	<u>13,879,000</u>	<u>13,779,000</u>
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Appropriations by Fund

	<u>2012</u>	<u>2013</u>
General	<u>13,779,000</u>	<u>13,779,000</u>
Special Revenue	<u>100,000</u>	<u>-0-</u>

\$100,000 in the first year is from the "Support Our Troops" account established under Minnesota Statutes, section 190.19, subdivision 2a, for a grant to the Minnesota Assistance Council for Veterans. This is a onetime appropriation.

\$945,000 each year is for the higher education veterans assistance program under Minnesota Statutes, section 197.585.

\$100,000 each year is for the costs of administering the Minnesota GI Bill program under Minnesota Statutes, section 197.791.

\$353,000 each year is for grants to the following congressionally chartered veterans service organizations, as designated by the commissioner: Disabled American Veterans, Military Order of the

Purple Heart, the American Legion, Veterans of Foreign Wars, Vietnam Veterans of America, AMVETS, and Paralyzed Veterans of America. This funding must be allocated in direct proportion to the funding currently being provided by the commissioner to these organizations.

**Subd. 3. Veterans Homes**

43,916,000

44,816,000

**Veterans Homes Special Revenue Account.** The general fund appropriations made to the department may be transferred to a veterans homes special revenue account in the special revenue fund in the same manner as other receipts are deposited according to Minnesota Statutes, section 198.34, and are appropriated to the department for the operation of veterans homes facilities and programs.

**Fergus Falls Veterans Home.** Of the general fund appropriation, \$738,000 in fiscal year 2013 is for operation of a new 21-bed specialty care/Alzheimer's unit at the Minnesota Veterans Home in Fergus Falls. Base funding for this program is \$842,000 in fiscal years 2014 and 2015.

**Minneapolis Veterans Home.** Of the general fund appropriation, \$162,000 in fiscal year 2013 is for operation of a new adult day care program at the Minnesota Veterans Home in Minneapolis. Base funding for this program is \$232,000 in fiscal years 2014 and 2015.

**Veterans Homes Service Redesign.** \$551,000 in fiscal year 2012 and \$801,000 in fiscal year 2013, generated from additional nongeneral fund revenue and cost savings from operating efficiencies, are to be used to support the operational needs of the five state veterans homes.

Sec. 4. Laws 2010, chapter 215, article 6, section 4, is amended to read:

Sec. 4. **VETERANS HOMES**

Of the appropriation in Laws 2009, chapter 94, article 3, section 2, subdivision 3, or from funds carried forward from fiscal year 2009:

(1) ~~\$1,000,000~~ \$800,000 in fiscal year 2011 is for operational expenses related to the 21-bed addition at the Fergus Falls Veterans Home; and

(2) ~~\$113,000~~ \$313,000 in fiscal year 2011 is for start-up expenses related to the opening of an adult daycare facility at the Minneapolis Veterans Home.

An appropriation in this section that is unspent at the end of fiscal year 2011 carries forward and is available in fiscal year 2012.

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



Sec. 5. **REPEALER.**

Minnesota Statutes 2010, section 197.585, subdivision 5, is repealed.

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

ARTICLE 3  
STATE GOVERNMENT OPERATIONS

Section 1. Minnesota Statutes 2010, section 3.85, subdivision 3, is amended to read:

Subd. 3. **Membership.** The commission consists of ~~five~~ seven members of the senate appointed by the Subcommittee on Committees of the Committee on Rules and Administration and ~~five~~ seven members of the house of representatives appointed by the speaker. No more than five members from each chamber may be from the majority caucus in that chamber. Members shall be appointed at the commencement of each regular session of the legislature for a two-year term beginning January 16 of the first year of the regular session. Members continue to serve until their successors are appointed. Vacancies that occur while the legislature is in session shall be filled like regular appointments. If the legislature is not in session, senate vacancies shall be filled by the last Subcommittee on Committees of the senate Committee on Rules and Administration or other appointing authority designated by the senate rules, and house of representatives vacancies shall be filled by the last speaker of the house, or if the speaker is not available, by the last chair of the house of representatives Rules Committee.

**EFFECTIVE DATE.** This section is effective January 16, 2013.

Sec. 2. **[3D.01] SHORT TITLE.**

This chapter may be cited as the "Minnesota Sunset Act."

Sec. 3. **[3D.02] DEFINITIONS.**

Subdivision 1. **Scope.** The definitions in this section apply to this chapter.

Subd. 2. **Advisory committee.** "Advisory committee" means a committee, council, commission, or other entity created under state law whose primary function is to advise a state agency.

Subd. 3. **Commission.** "Commission" means the Sunset Advisory Commission.

Subd. 4. **State agency.** "State agency" means an agency expressly made subject to this chapter.

Sec. 4. **[3D.03] SUNSET ADVISORY COMMISSION.**

Subdivision 1. **Membership.** (a) The Sunset Advisory Commission consists of 12 members appointed as follows:

(1) five senators and one public member, appointed according to the rules of the senate, with no more than three senators from the majority caucus; and

(2) five members of the house of representatives and one public member, appointed by the speaker of the house, with no more than three of the house of representatives members from the majority caucus.

(b) The first members of the Sunset Advisory Commission must be appointed before September 1, 2011, for terms ending the first Monday in January 2013.

Subd. 2. **Public member restrictions.** An individual is not eligible for appointment as a public member if the individual or the individual's spouse is:

(1) regulated by a state agency that the commission will review during the term for which the individual would serve;

(2) employed by, participates in the management of, or directly or indirectly has more than a ten percent interest in a business entity or other organization regulated by a state agency the commission will review during the term for which the individual would serve; or

(3) required to register as a lobbyist under chapter 10A because of the person's activities for compensation on behalf of a profession or entity related to the operation of an agency under review.

Subd. 3. **Removal.** (a) It is a ground for removal of a public member from the commission if the member does not have the qualifications required by subdivision 2 for appointment to the commission at the time of appointment or does not maintain the qualifications while serving on the commission. The validity of the commission's action is not affected by the fact that it was taken when a ground for removal of a public member from the commission existed.

(b) Except as provided in paragraph (a), a public member may be removed only as provided in section 15.0575, subdivision 4.

Subd. 4. **Terms.** Legislative members serve at the pleasure of the appointing authority. Public members serve two-year terms expiring the first Monday in January of each odd-numbered year.

Subd. 5. **Limits.** Members are subject to the following restrictions:

(1) after an individual serves four years on the commission, the individual is not eligible for appointment to another term or part of a term;

(2) a legislative member who serves a full term may not be appointed to an immediately succeeding term; and

(3) a public member may not serve consecutive terms, and, for purposes of this prohibition, a member is considered to have served a term only if the member has served more than one-half of the term.

Subd. 6. **Appointments.** Appointments must be made before the second Monday of January of each odd-numbered year.

Subd. 7. **Legislative members.** If a legislative member ceases to be a member of the legislative body from which the member was appointed, the member vacates membership on the commission.

Subd. 8. **Vacancies.** If a vacancy occurs, the appointing authority shall appoint a person to serve for the remainder of the unexpired term in the same manner as the original appointment.

Subd. 9. **Officers.** The commission shall have a chair and vice-chair as presiding officers.

Subd. 10. **Quorum; voting.** Seven members of the commission constitute a quorum. A final action or recommendation may not be made unless approved by a recorded vote of at least seven members. All other actions by the commission shall be decided by a majority of the members present and voting.

Subd. 11. **Compensation.** Each public member shall be reimbursed for expenses as provided in section 15.0575. Compensation for legislators is as determined by the members' legislative chamber.

Sec. 5. **[3D.04] STAFF.**

The Legislative Coordinating Commission shall provide staff and administrative services for the commission.

Sec. 6. **[3D.05] RULES.**

The commission may adopt rules necessary to carry out this chapter.

Sec. 7. **[3D.06] AGENCY REPORT TO COMMISSION.**

Before September 1 of the odd-numbered year before the year in which a state agency is sunset, the agency commissioner shall report to the commission:

(1) information regarding the application to the agency of the criteria in section 3D.10;

(2) a priority-based budget for the agency;

(3) an inventory of all boards, commissions, committees, and other entities related to the agency; and

(4) any other information that the agency commissioner considers appropriate or that is requested by the commission.

Sec. 8. **[3D.07] COMMISSION DUTIES.**

Before January 1 of the year in which a state agency subject to this chapter and its advisory committees are sunset, the commission shall:

(1) review and take action necessary to verify the reports submitted by the agency; and

(2) conduct a review of the agency based on the criteria provided in section 3D.10 and prepare a written report.

Sec. 9. **[3D.08] PUBLIC HEARINGS.**

Before February 1 of the year a state agency subject to this chapter and its advisory committees are sunset, the commission shall conduct public hearings concerning but not limited to the application to the agency of the criteria provided in section 3D.10.

Sec. 10. **[3D.09] COMMISSION REPORT.**

By February 1 of each even-numbered year, the commission shall present to the legislature and the governor a report on the agencies and advisory committees reviewed. In the report the commission shall include:

(1) its findings regarding the criteria prescribed by section 3D.10;

(2) its recommendations based on the matters prescribed by section 3D.11; and

(3) other information the commission considers necessary for a complete review of the agency.

Sec. 11. **[3D.10] CRITERIA FOR REVIEW.**

The commission and its staff shall consider the following criteria in determining whether a public need exists for the continuation of a state agency or its advisory committees or for the performance of the functions of the agency or its advisory committees:

- (1) the efficiency and effectiveness with which the agency or the advisory committee operates;
- (2) an identification of the mission, goals, and objectives intended for the agency or advisory committee and of the problem or need that the agency or advisory committee was intended to address and the extent to which the mission, goals, and objectives have been achieved and the problem or need has been addressed;
- (3) an identification of any activities of the agency in addition to those granted by statute and of the authority for those activities and the extent to which those activities are needed;
- (4) an assessment of authority of the agency relating to fees, inspections, enforcement, and penalties;
- (5) whether less restrictive or alternative methods of performing any function that the agency performs could adequately protect or provide service to the public;
- (6) the extent to which the jurisdiction of the agency and the programs administered by the agency overlap or duplicate those of other agencies, the extent to which the agency coordinates with those agencies, and the extent to which the programs administered by the agency can be consolidated with the programs of other state agencies;
- (7) the promptness and effectiveness with which the agency addresses complaints concerning entities or other persons affected by the agency, including an assessment of the agency's administrative hearings process;
- (8) an assessment of the agency's rulemaking process and the extent to which the agency has encouraged participation by the public in making its rules and decisions and the extent to which the public participation has resulted in rules that benefit the public;
- (9) the extent to which the agency has complied with federal and state laws and applicable rules regarding equality of employment opportunity and the rights and privacy of individuals, and state law and applicable rules of any state agency regarding purchasing guidelines and programs for historically underutilized businesses;
- (10) the extent to which the agency issues and enforces rules relating to potential conflicts of interest of its employees;
- (11) the extent to which the agency complies with chapter 13 and follows records management practices that enable the agency to respond efficiently to requests for public information; and
- (12) the effect of federal intervention or loss of federal funds if the agency is abolished.

Sec. 12. **[3D.11] RECOMMENDATIONS.**

(a) In its report on a state agency, the commission shall:

- (1) make recommendations on the abolition, continuation, or reorganization of each affected state agency and its advisory committees and on the need for the performance of the functions of the agency and its advisory committees;

(2) make recommendations on the consolidation, transfer, or reorganization of programs within state agencies not under review when the programs duplicate functions performed in agencies under review; and

(3) make recommendations to improve the operations of the agency, its policy body, and its advisory committees, including management recommendations that do not require a change in the agency's enabling statute.

(b) The commission shall include the estimated fiscal impact of its recommendations and may recommend appropriation levels for certain programs to improve the operations of the state agency.

(c) The commission shall have drafts of legislation prepared to carry out the commission's recommendations under this section, including legislation necessary to continue the existence of agencies that would otherwise sunset if the commission recommends continuation of an agency.

(d) After the legislature acts on the report under section 3D.09, the commission shall present to the legislative auditor the commission's recommendations that do not require a statutory change to be put into effect. Subject to the legislative audit commission's approval, the legislative auditor may examine the recommendations and include as part of the next audit of the agency a report on whether the agency has implemented the recommendations and, if so, in what manner.

Sec. 13. **[3D.12] MONITORING OF RECOMMENDATIONS.**

During each legislative session, the staff of the commission shall monitor legislation affecting agencies that have undergone sunset review and shall periodically report to the members of the commission on proposed changes that would modify prior recommendations of the commission.

Sec. 14. **[3D.13] REVIEW OF ADVISORY COMMITTEES.**

An advisory committee, the primary function of which is to advise a particular state agency, is subject to sunset on the date set for sunset of the agency unless the advisory committee is expressly continued by law.

Sec. 15. **[3D.14] CONTINUATION BY LAW.**

During the regular session immediately before the sunset of a state agency or an advisory committee that is subject to this chapter, the legislature may enact legislation to continue the agency or advisory committee for a period not to exceed 12 years. This chapter does not prohibit the legislature from:

(1) terminating a state agency or advisory committee subject to this chapter at a date earlier than that provided in this chapter; or

(2) considering any other legislation relative to a state agency or advisory committee subject to this chapter.

Sec. 16. **[3D.15] PROCEDURE AFTER TERMINATION.**

Subdivision 1. **Termination.** Unless otherwise provided by law:

(1) if after sunset review a state agency is abolished, the agency may continue in existence until June 30 of the following year to conclude its business;

(2) abolishment does not reduce or otherwise limit the powers and authority of the state agency during the concluding year;

(3) a state agency is terminated and shall cease all activities at the expiration of the one-year period; and

(4) all rules that have been adopted by the state agency expire at the expiration of the one-year period.

**Subd. 2. Funds of abolished agency or advisory committee.** (a) Any unobligated and unexpended appropriations of an abolished agency or advisory committee lapse on June 30 of the year after abolishment.

(b) Except as provided by subdivision 4 or as otherwise provided by law, all money in a dedicated fund of an abolished state agency or advisory committee on June 30 of the year after abolishment is transferred to the general fund. The part of the law dedicating the money to a specific fund of an abolished agency becomes void on June 30 of the year after abolishment.

**Subd. 3. Property and records of abolished agency or advisory committee.** Unless the governor designates an appropriate state agency as prescribed by subdivision 4, property and records in the custody of an abolished state agency or advisory committee on June 30 of the year after abolishment must be transferred to the commissioner of administration. If the governor designates an appropriate state agency, the property and records must be transferred to the designated state agency.

**Subd. 4. Continuing obligations.** (a) The legislature recognizes the state's continuing obligation to pay bonded indebtedness and all other obligations, including lease, contract, and other written obligations, incurred by a state agency or advisory committee abolished under this chapter, and this chapter does not impair or impede the payment of bonded indebtedness and all other obligations, including lease, contract, and other written obligations, in accordance with their terms. If an abolished state agency or advisory committee has outstanding bonded indebtedness or other outstanding obligations, including lease, contract, and other written obligations, the bonds and all other obligations, including lease, contract, and other written obligations, remain valid and enforceable in accordance with their terms and subject to all applicable terms and conditions of the laws and proceedings authorizing the bonds and all other obligations, including lease, contract, and other written obligations.

(b) The governor shall designate an appropriate state agency that shall continue to carry out all covenants contained in the bonds and in all other obligations, including lease, contract, and other written obligations, and the proceedings authorizing them, including the issuance of bonds, and the performance of all other obligations, including lease, contract, and other written obligations, to complete the construction of projects or the performance of other obligations, including lease, contract, and other written obligations.

(c) The designated state agency shall provide payment from the sources of payment of the bonds in accordance with the terms of the bonds and shall provide payment from the sources of payment of all other obligations, including lease, contract, and other written obligations, in accordance with their terms, whether from taxes, revenues, or otherwise, until the bonds and interest on the bonds are paid in full and all other obligations, including lease, contract, and other written obligations, are performed and paid in full. If the proceedings so provide, all funds established by laws or proceedings authorizing the bonds or authorizing other obligations, including lease, contract, and other written obligations, must remain with the comptroller or the previously designated trustees. If the proceedings do not provide that the funds remain with the comptroller or the previously designated trustees, the funds must be transferred to the designated state agency.

Sec. 17. **[3D.16] ASSISTANCE OF AND ACCESS TO STATE AGENCIES.**

The commission may request the assistance of state agencies and officers. When assistance is requested, a state agency or officer shall assist the commission. In carrying out its functions under this chapter, the commission or its designated staff member may inspect the records, documents, and files of any state agency.

Sec. 18. **[3D.17] RELOCATION OF EMPLOYEES.**

If an employee is displaced because a state agency or its advisory committee is abolished or reorganized, the state agency shall make a reasonable effort to relocate the displaced employee.

Sec. 19. **[3D.18] SAVING PROVISION.**

Except as otherwise expressly provided, abolition of a state agency does not affect rights and duties that matured, penalties that were incurred, civil or criminal liabilities that arose, or proceedings that were begun before the effective date of the abolition.

Sec. 20. **[3D.19] REVIEW OF PROPOSED LEGISLATION CREATING AN AGENCY.**

Each bill filed in a house of the legislature that would create a new state agency or a new advisory committee to a state agency shall be reviewed by the commission. The commission shall review the bill to determine if:

(1) the proposed functions of the agency or committee could be administered by one or more existing state agencies or advisory committees;

(2) the form of regulation, if any, proposed by the bill is the least restrictive form of regulation that will adequately protect the public;

(3) the bill provides for adequate public input regarding any regulatory function proposed by the bill; and

(4) the bill provides for adequate protection against conflicts of interest within the agency or committee.

Sec. 21. **[3D.20] GIFTS AND GRANTS.**

The commission may accept gifts, grants, and donations from any organization described in section 501(c)(3) of the Internal Revenue Code for the purpose of funding any activity under this chapter. All gifts, grants, and donations must be accepted in an open meeting by a majority of the voting members of the commission and reported in the public record of the commission with the name of the donor and purpose of the gift, grant, or donation. Money received under this section is appropriated to the commission.

Sec. 22. **[3D.21] EXPIRATION.**

Subdivision 1. **Group 1.** The following agencies are sunset and expire on June 30, 2012: Department of Health, Department of Human Rights, Department of Human Services, all health-related licensing boards listed in section 214.01, Council on Affairs of Chicano/Latino People, Council on Black Minnesotans, Council on Asian-Pacific Minnesotans, Indian Affairs Council, Council on Disabilities, and all advisory groups associated with these agencies.

Subd. 2. **Group 2.** The following agencies are sunset and expire on June 30, 2014: Department of Education, Board of Teaching, Minnesota Office of Higher Education, and all advisory groups associated with these agencies.

Subd. 3. **Group 3.** The following agencies are sunset and expire on June 30, 2016: Department of Commerce, Department of Employment and Economic Development, Department of Labor and Industry, all non-health-related licensing boards listed in section 214.01 except as otherwise provided in this section, Explore Minnesota Tourism, Public Utilities Commission, Iron Range Resources and Rehabilitation Board, Bureau of Mediation Services, Combative Sports Commission, Amateur Sports Commission, and all advisory groups associated with these agencies.

Subd. 4. **Group 4.** The following agencies are sunset and expire on June 30, 2018: Department of Corrections, Department of Public Safety, Department of Transportation, Peace Officer Standards and Training Board, Corrections Ombudsman, and all advisory groups associated with these agencies.

Subd. 5. **Group 5.** The following agencies are sunset and expire on June 30, 2020: Department of Agriculture, Department of Natural Resources, Pollution Control Agency, Board of Animal Health, Board of Water and Soil Resources, and all advisory groups associated with these agencies.

Subd. 6. **Group 6.** The following agencies are sunset and expire on June 30, 2022: Department of Administration, Department of Management and Budget, Department of Military Affairs, Department of Revenue, Department of Veterans Affairs, Arts Board, Minnesota Zoo, Office of Administrative Hearings, Campaign Finance and Public Disclosure Board, Capitol Area Architectural and Planning Board, Office of Enterprise Technology, Minnesota Racing Commission, and all advisory groups associated with these agencies.

Subd. 7. **Continuation.** Following sunset review of an agency, the legislature may act within the same legislative session in which the sunset report was received on Sunset Advisory Commission recommendations to continue or reorganize the agency.

Subd. 8. **Other groups.** The commission may review, under the criteria in section 3D.10, and propose to the legislature an expiration date for any agency, board, commission, or program not listed in this section.

Sec. 23. Minnesota Statutes 2010, section 6.48, is amended to read:

#### **6.48 EXAMINATION OF COUNTIES; COST, FEES.**

(a) All the powers and duties conferred and imposed upon the state auditor shall be exercised and performed by the state auditor in respect to the offices, institutions, public property, and improvements of several counties of the state. At least once in each year, if funds and personnel permit, the state auditor may visit, without previous notice, each county and make a thorough examination of all accounts and records relating to the receipt and disbursement of the public funds and the custody of the public funds and other property. If the audit is performed by a private certified public accountant, the state auditor may require additional information from the private certified public accountant as the state auditor deems in the public interest. The state auditor may accept the audit or make additional examinations as the state auditor deems to be in the public interest. The state auditor shall prescribe and install systems of accounts and financial reports that shall be uniform, so far as practicable, for the same class of offices. A copy of the report of such examination shall be filed and be subject to public inspection in the office of the state auditor and another copy in the office of the auditor of the county thus examined. The state auditor may accept the records and audit, or any part thereof, of the Department of Human Services in lieu of examination of the county social welfare funds, if such audit has been made within any period covered by the state auditor's audit of the other records of the county. If any such examination shall disclose malfeasance, misfeasance, or nonfeasance in any office of such county, such report shall be filed with the county attorney of the county, and the county attorney shall institute such civil and criminal proceedings as the law and the protection of the public interests shall require.

(b) The county receiving any examination shall pay to the state general fund, notwithstanding the provisions of section 16A.125, the total cost and expenses of such examinations, including the salaries paid to the examiners while actually engaged in making such examination. The state auditor on deeming it advisable may bill counties, having a population of 200,000 or over, monthly for services rendered and the officials responsible for approving and paying claims shall cause said bill to be promptly paid. The general fund shall be credited with all collections made for any such examinations.

(c) Notwithstanding paragraph (a), a county may provide for an audit to be performed by a certified public accountant firm meeting the requirements of section 326A.05. A county must notify the state auditor before August 1 of the even-numbered year immediately preceding the year in which the county intends to have an audit performed by a certified public accounting firm. A county currently using a certified public accounting firm must notify the



state auditor before August 1 of the even-numbered year immediately preceding the year in which the county intends for the state auditor to audit the county. The audit performed under this paragraph must meet the standards and be in the form required by the state auditor. The state auditor may require additional information from the certified public accountant firm as the state auditor deems in the public interest, but the state auditor must accept the audit unless the state auditor determines that it does not meet recognized industry auditing standards or is not in the form required by the state auditor.

Sec. 24. Minnesota Statutes 2010, section 15.057, is amended to read:

**15.057 PUBLICITY REPRESENTATIVES AND LEGISLATIVE LIAISONS.**

Subdivision 1. **Publicity representatives.** No state department, bureau, or division, whether the same operates on funds appropriated or receipts or fees of any nature whatsoever, except the Department of Transportation, the Department of Employment and Economic Development, the Game and Fish Division, State Agricultural Society, and Explore Minnesota Tourism shall use any of such funds for the payment of the salary or expenses of a publicity representative. The head of any such department, bureau, or division shall be personally liable for funds used contrary to this provision. This ~~section~~ subdivision shall not be construed, however, as preventing any such department, bureau, or division from sending out any bulletins or other publicity required by any state law or necessary for the satisfactory conduct of the business for which such department, bureau, or division was created.

Subd. 2. **Legislative liaisons.** No state agency may use any money appropriated to it for the salary or expenses of an individual serving as a liaison for the legislative affairs of the agency. This subdivision does not prevent any employee of a state agency from providing information requested by legislators and providing testimony at legislative hearings.

Sec. 25. Minnesota Statutes 2010, section 15.06, subdivision 8, is amended to read:

Subd. 8. **Number of deputy commissioners; no assistant commissioners.** ~~Unless specifically authorized by statute, other than section 43A.08, subdivision 2~~ Except for the Department of Veterans Affairs, no department or agency specified in subdivision 1 shall have more than one deputy commissioner. Except for the Department of Veterans Affairs, no department or agency specified in subdivision 1 may employ an assistant commissioner.

Sec. 26. **[15.062] EMPLOYEE COMPETITION FOR STATE BUSINESS.**

If an agency decides to seek an outside vendor to perform work currently done by state employees, the agency must permit groups of state employees to compete for the business by submitting responses to the agency's solicitation documents. Notwithstanding section 16A.127 or any other law to the contrary, no statewide or agency indirect costs may be assessed to a group of agency employees with respect to work performed under a contract awarded to a group of employees under this section. This section supersedes any provision of law preventing a state agency from entering into a contract with a state employee.

Sec. 27. **[15.76] SAVI PROGRAM.**

Subdivision 1. **Program established.** The state agency value initiative (SAVI) program is established to encourage state agencies to identify cost-effective and efficiency measures in agency programs and operations that result in cost savings for the state. All state agencies, including Minnesota State Colleges and Universities, may participate in this program.

Subd. 2. **Retained savings.** (a) In order to encourage innovation and creative cost savings by state employees, upon approval of the commissioner of management and budget, 50 percent of any appropriations for agency operations that remain unspent at the end of a biennium because of unanticipated innovation, efficiencies, or creative

cost-savings may be carried forward and retained by the agency to fund specific agency proposals or projects. Agencies choosing to spend retained savings funds must ensure that project expenditures do not create future obligations beyond the amounts available from the retained savings. The retained savings must be used only to fund projects that directly support the agency's mission. This section does not restrict authority granted by other law to carry forward money for a different period or for different purposes.

(b) This section supersedes any contrary provision of section 16A.28.

Subd. 3. **Special peer review panel; review process.** (a) Each participating agency must organize a peer review panel that will determine which proposal or project receives funding from the SAVI program. The peer review panel must be comprised of department employees who are credited with cost-savings initiatives and department managers. The ratio between managers and department employees must be balanced.

(b) An agency may spend money for a project recommended for funding by the peer review panel after:

(1) the agency has posted notice of spending for the proposed project on the agency Web site for at least 30 days; and

(2) the commissioner of management and budget has approved spending money from the SAVI account for the project.

(c) Before approving a project, the commissioner of management and budget must submit the request to the Legislative Advisory Commission for its review and recommendation. Upon receiving a request from the commissioner, the Legislative Advisory Commission shall post notice of the request on a legislative Web site for at least 30 days. Failure of the commission to make a recommendation within this 30-day period is considered a negative recommendation. A recommendation of the commission must be made at a meeting of the commission unless a written recommendation is signed by all the members entitled to vote on the item.

Subd. 4. **SAVI-dedicated account.** Each agency that participates in the SAVI program shall have a SAVI-dedicated account in the special revenue fund, or other appropriate fund as determined by the commissioner of management and budget, into which the agency's savings are deposited. The agency will manage and review projects that are funded from this account. Money in the account is appropriated to the participating agency for purposes authorized by this section.

Subd. 5. **Expiration.** This section expires June 30, 2018.

**EFFECTIVE DATE.** This section is effective June 30, 2013, and first applies to funds to be carried forward from the biennium ending June 30, 2013, to the biennium beginning July 1, 2013.

Sec. 28. Minnesota Statutes 2010, section 16A.10, subdivision 1a, is amended to read:

Subd. 1a. **Purpose of performance data.** Performance data shall be presented in the budget proposal to:

(1) provide information so that the legislature can determine the extent to which state programs and activities are successful;

(2) encourage agencies to develop clear and measurable goals and objectives for their programs and activities; and

(3) strengthen accountability to Minnesotans by providing a record of state government's performance in providing effective and efficient services.

Sec. 29. Minnesota Statutes 2010, section 16A.10, subdivision 1b, is amended to read:

Subd. 1b. **Performance data format.** (a) As part of the budget proposal, agencies shall:

(1) describe the goals and objectives of each agency program and activity; and

(2) present performance data that measures the performance of programs ~~and activities~~ in meeting ~~program~~ goals and objectives.

(b) Measures reported ~~must be outcome-based and objective, and~~ may include indicators of outputs, efficiency, ~~outcomes,~~ and other measures relevant to understanding each program and activity.

(c) Agencies shall present as much historical information as needed to understand major trends and shall set targets for future performance issues ~~where feasible and appropriate.~~ The information shall appropriately highlight agency performance issues that would assist legislative review and decision making.

(d) For purposes of this subdivision, subdivision 1a, and section 16A.106, the terms "program" and "activity" are used in the same manner as the terms are used in state budgeting. However, the commissioner may authorize an agency to define these terms in a different manner if that allows for a more effective presentation of performance data.

Sec. 30. Minnesota Statutes 2010, section 16A.10, subdivision 1c, is amended to read:

Subd. 1c. **Performance measures for change items.** For each change item in the budget proposal requesting new or increased funding, the budget document must present proposed performance measures that can be used to determine if the new or increased funding is accomplishing its goals. To the extent possible, each budget change item must identify relevant Minnesota Milestones and other statewide goals and indicators related to the proposed initiative. ~~The commissioner must report to the Subcommittee on Government Accountability established under section 3.885, subdivision 10, regarding the format to be used for the presentation and selection of Minnesota Milestones and other statewide goals and indicators.~~

Sec. 31. Minnesota Statutes 2010, section 16A.103, subdivision 1a, is amended to read:

Subd. 1a. **Forecast parameters.** The forecast must assume the continuation of current laws and reasonable estimates of projected growth in the national and state economies and affected populations. Revenue must be estimated for all sources provided for in current law. Expenditures must be estimated for all obligations imposed by law and those projected to occur as a result of variables outside the control of the legislature. Expenditures for the current biennium must be based on actual appropriations or, for forecasted programs, the amount needed to fund the formula in law. The base for expenditures projections for the next biennium is the amount appropriated in the second year of the current biennium, except as provided by other law, or, for forecasted programs, the amount needed to fund the formula in law. Expenditure estimates must not include an allowance for inflation.

Sec. 32. **[16A.106] ZERO-BASED BUDGETING PRINCIPLES.**

(a) The detailed budget presented to the legislature must include:

(1) a description of each budget activity for which the agency or entity receives an appropriation in the current biennium or for which the agency or entity requests an appropriation in the next biennium;

(2) for each budget activity, three alternative funding levels or alternative ways of performing the budget activity, at least one of which is less than the previous biennium's actual expenditures for that budget activity, a summary of the priorities that would be accomplished within each level compared to a zero budget, and the additional increments of value that would be added by the higher funding levels compared to what would be accomplished if there were no funding for the activity; and

(3) for each budget activity, performance data as specified in section 16A.10, subdivision 1b, the predicted effect of the three alternative funding levels on future performance, and also one or more measures of cost efficiency and effectiveness of program delivery, which must include comparisons to other states or entities with similar programs.

(b) The commissioner's budget preparation guidelines and instructions must contain requirements, deadlines, and technical assistance to facilitate implementation of this section. After consultation with the legislative commission on planning and fiscal policy, the commissioner's instructions may establish parameters for the three alternative funding levels required in paragraph (a), clause (3).

(c) The governor's recommendations must prioritize the budget activities within an agency or program area. To the extent activities in more than one agency or program area are meeting the same goals, the recommendations must prioritize budget activities across agencies or programs with the same goals, and this prioritization must include agencies or programs not subject to zero-based budgeting principles that biennium.

(d) Expenditures for debt service under section 16A.641, subdivision 10, are not subject to zero-based budgeting principles.

**EFFECTIVE DATE.** (a) The zero-based budgeting principles in this section first apply to the following budget proposals for the biennium beginning July 1, 2013:

(1) legislative branch;

(2) judicial branch;

(3) Minnesota State Colleges and Universities system; and

(4) approximately half of expenditure programs in the executive branch, designated by the governor, in consultation with the chairs and lead minority members of the senate Finance Committee and the house of representatives Ways and Means Committee.

(b) The zero-based budgeting principles in this section apply to all budget proposals for the biennium beginning July 1, 2015, and after.

Sec. 33. Minnesota Statutes 2010, section 16A.11, subdivision 3, is amended to read:

Subd. 3. **Part two: detailed budget.** (a) Part two of the budget, the detailed budget estimates both of expenditures and revenues, must contain any statements on the financial plan which the governor believes desirable or which may be required by the legislature. The detailed estimates shall include the governor's budget arranged in tabular form.

(b) For programs designated for the zero-based budgeting principles under section 16A.106, the budget must be prepared according to the requirements of that section.

(c) For programs not designated for zero-based budgeting principles under section 16A.106, tables listing expenditures for the next biennium must show the appropriation base for each year as defined in section 16A.103, subdivision 1c. ~~The appropriation base is the amount appropriated for the second year of the current biennium.~~ The tables must separately show any adjustments to the base required by current law or policies of the commissioner of management and budget. For forecasted programs, the tables must also show the amount of the forecast adjustments, based on the most recent forecast prepared by the commissioner of management and budget under section 16A.103. For all programs, the tables must show the amount of appropriation changes recommended by the governor, after adjustments to the base and forecast adjustments, and the total recommendation of the governor for that year.

~~(c)~~ (d) The detailed estimates must include a separate line listing the total cost of professional and technical service contracts for the prior biennium and the projected costs of those contracts for the current and upcoming biennium. They must also include a summary of the personnel employed by the agency, reflected as full-time equivalent positions.

~~(d)~~ (e) The detailed estimates for internal service funds must include the number of full-time equivalents by program; detail on any loans from the general fund, including dollar amounts by program; proposed investments in technology or equipment of \$100,000 or more; an explanation of any operating losses or increases in retained earnings; and a history of the rates that have been charged, with an explanation of any rate changes and the impact of the rate changes on affected agencies.

Sec. 34. Minnesota Statutes 2010, section 16A.28, subdivision 3, is amended to read:

Subd. 3. **Lapse.** Any portion of any appropriation not carried forward and remaining unexpended and unencumbered at the close of a fiscal year lapses to the fund from which it was originally appropriated. Except as provided in section 15.76, any appropriation amounts not carried forward and remaining unexpended and unencumbered at the close of a biennium lapse to the fund from which the appropriation was made.

**EFFECTIVE DATE.** This section is effective June 30, 2013.

Sec. 35. **[16A.90] EMPLOYEE GAINSHARING SYSTEM.**

The commissioner shall establish a program to provide onetime bonus compensation to state employees for efforts made to reduce the costs of operating state government or for ways of providing better or more efficient state services. The commissioner may make a onetime award to an employee or group of employees whose suggestion or involvement in a project is determined by the commissioner to have resulted in documented cost-savings to the state. The maximum award is ten percent of the documented savings in the first fiscal year in which the savings are realized. The award must be paid from the appropriation to which the savings accrued.

Sec. 36. **[16A.93] MINNESOTA PAY FOR PERFORMANCE ACT.**

Sections 16A.93 to 16A.96 may be cited as the "Minnesota Pay for Performance Act of 2011."

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

Sec. 37. **[16A.94] PROGRAM.**

Subdivision 1. **Pilot program established.** The commissioner shall implement a pilot program to demonstrate the feasibility and desirability of using state appropriation bonds to pay for certain services based on performance and outcomes for the people served.

Subd. 2. **Oversight committee.** (a) The commissioner shall appoint an oversight committee to:

- (1) identify criteria to select one or more services to be included in the pilot program;
- (2) identify the conditions of performance and desired outcomes for the people served by each service selected;
- (3) identify criteria to evaluate whether a service has met the performance conditions; and
- (4) provide any other advice or assistance requested by the commissioner.

(b) The oversight committee must include the commissioners of the Departments of Human Services, Employment and Economic Development, and Administration, or their designees; a representative of a nonprofit organization that has participated in a pay-for-performance program; and any other person or organization that the commissioner determines would be of assistance in developing and implementing the pilot program.

Subd. 3. **Contracts.** The commissioner and the commissioner of the agency with a service to be provided through the pilot program shall enter into a contract with the selected provider. The contract must specify the service to be provided, the time frame in which it is to be provided, the outcome required for payment, and any other terms deemed necessary or convenient for implementation of the pilot program. The commissioner shall pay a provider that has met the terms and conditions of a contract with money appropriated to the commissioner from the special appropriation bond proceeds account established in section 16A.96. At a minimum, before the commissioner pays a provider, the commissioner must determine that the state's return on investment is positive.

Subd. 4. **Return on investment calculation.** The commissioner, in consultation with the oversight committee, must establish the method and data required for calculating the state's return on investment. The data at a minimum must include:

(1) state income taxes and any other revenues collected in the year after the service was provided that would not have been collected without the service; and

(2) costs avoided by the state by providing the service.

A positive return on investment for the state will cover the state's costs in financing and administering the pilot program through documented increased state tax revenue or cost avoidance.

Subd. 5. **Report to governor and legislature.** The commissioner must report to the governor and legislative committees with jurisdiction over capital investment, finance, and ways and means, and the services included in the pilot program, by January 15 of each year following a year in which the pilot program is operating. The report must describe and discuss the criteria for selection and evaluation of services to be provided through the program, the net benefits to the state of the program, the state's return on investment, the cost of the services provided by other means in the most recent past, the time frame for payment for the services, and the timing and costs for sale and issuance of the bonds authorized in section 16A.96.

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

Sec. 38. **[16A.96] MINNESOTA PAY FOR PERFORMANCE PROGRAM; APPROPRIATION BONDS.**

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

(b) "Appropriation bond" means a bond, note, or other similar instrument of the state payable during a biennium from one or more of the following sources:

(1) money appropriated by law in any biennium for debt service due with respect to obligations described in subdivision 2, paragraph (b);

(2) proceeds of the sale of obligations described in subdivision 2, paragraph (b);

(3) payments received for that purpose under agreements and ancillary arrangements described in subdivision 2, paragraph (d); and

(4) investment earnings on amounts in clauses (1) to (3).

(c) "Debt service" means the amount payable in any biennium of principal, premium, if any, and interest on appropriation bonds.

Subd. 2. **Authority.** (a) Subject to the limitations of this subdivision, the commissioner of management and budget may sell and issue appropriation bonds of the state under this section for the purposes of the Minnesota pay for performance program established in sections 16A.93 to 16A.96. Proceeds of the bonds must be credited to a special appropriation bond proceeds account in the state treasury. Net income from investment of the proceeds, as estimated by the commissioner, must be credited to the special appropriation bond proceeds account.

(b) Appropriation bonds may be sold and issued in amounts that, in the opinion of the commissioner, are necessary to provide sufficient funds for achieving the purposes authorized as provided under paragraph (a), and pay debt service, pay costs of issuance, make deposits to reserve funds, pay the costs of credit enhancement, or make payments under other agreements entered into under paragraph (d); provided, however, that bonds issued and unpaid shall not exceed \$20,000,000 in principal amount, excluding refunding bonds sold and issued under subdivision 4. During the biennium ending June 30, 2013, the commissioner may sell and issue bonds only in an amount that the commissioner determines will result in principal and interest payments less than the amount of savings to be generated through pay-for-performance contracts under section 16A.94. For programs achieving savings under a pay-for-performance contract, the commissioner must reduce general fund appropriations by at least the amount of principal and interest payments on bonds issued under this section.

(c) Appropriation bonds may be issued in one or more series on the terms and conditions the commissioner determines to be in the best interests of the state, but the term on any series of bonds may not exceed 20 years.

(d) At the time of, or in anticipation of, issuing the appropriation bonds, and at any time thereafter, so long as the appropriation bonds are outstanding, the commissioner may enter into agreements and ancillary arrangements relating to the appropriation bonds, including but not limited to trust indentures, liquidity facilities, remarketing or dealer agreements, letter of credit agreements, insurance policies, guaranty agreements, reimbursement agreements, indexing agreements, or interest exchange agreements. Any payments made or received according to the agreement or ancillary arrangement shall be made from or deposited as provided in the agreement or ancillary arrangement. The determination of the commissioner included in an interest exchange agreement that the agreement relates to an appropriation bond shall be conclusive.

Subd. 3. **Form; procedure.** (a) Appropriation bonds may be issued in the form of bonds, notes, or other similar instruments, and in the manner provided in section 16A.672. In the event that any provision of section 16A.672 conflicts with this section, this section shall control.

(b) Every appropriation bond shall include a conspicuous statement of the limitation established in subdivision 6.

(c) Appropriation bonds may be sold at either public or private sale upon such terms as the commissioner shall determine are not inconsistent with this section and may be sold at any price or percentage of par value. Any bid received may be rejected.

(d) Appropriation bonds may bear interest at a fixed or variable rate.

Subd. 4. **Refunding bonds.** The commissioner from time to time may issue appropriation bonds for the purpose of refunding any appropriation bonds then outstanding, including the payment of any redemption premiums on the bonds, any interest accrued or to accrue to the redemption date, and costs related to the issuance and sale of the refunding bonds. The proceeds of any refunding bonds may, in the discretion of the commissioner, be applied to the purchase or payment at maturity of the appropriation bonds to be refunded, to the redemption of the outstanding bonds on any redemption date, or to pay interest on the refunding bonds and may, pending application, be placed in escrow to be applied to the purchase, payment, retirement, or redemption. Any escrowed proceeds, pending such

use, may be invested and reinvested in obligations that are authorized investments under section 11A.24. The income earned or realized on the investment may also be applied to the payment of the bonds to be refunded or interest or premiums on the refunded bonds, or to pay interest on the refunding bonds. After the terms of the escrow have been fully satisfied, any balance of the proceeds and any investment income may be returned to the general fund or, if applicable, the appropriation bond proceeds account for use in any lawful manner. All refunding bonds issued under this subdivision must be prepared, executed, delivered, and secured by appropriations in the same manner as the bonds to be refunded.

Subd. 5. **Appropriation bonds as legal investments.** Any of the following entities may legally invest any sinking funds, money, or other funds belonging to them or under their control in any appropriation bonds issued under this section:

(1) the state, the investment board, public officers, municipal corporations, political subdivisions, and public bodies;

(2) banks and bankers, savings and loan associations, credit unions, trust companies, savings banks and institutions, investment companies, insurance companies, insurance associations, and other persons carrying on a banking or insurance business; and

(3) personal representatives, guardians, trustees, and other fiduciaries.

Subd. 6. **No full faith and credit; state not required to make appropriations.** The appropriation bonds are not public debt of the state, and the full faith, credit, and taxing powers of the state are not pledged to the payment of the appropriation bonds or to any payment that the state agrees to make under this section. Appropriation bonds shall not be obligations paid directly, in whole or in part, from a tax of statewide application on any class of property, income, transaction, or privilege. Appropriation bonds shall be payable in each fiscal year only from amounts that the legislature may appropriate for debt service for any fiscal year, provided that nothing in this section shall be construed to require the state to appropriate funds sufficient to make debt service payments with respect to the bonds in any fiscal year.

Subd. 7. **Appropriation of proceeds.** The proceeds of appropriation bonds and interest credited to the special appropriation bond proceeds account are appropriated to the commissioner for payment of contract obligations under the pay for performance program, as permitted by state and federal law, and nonsalary expenses incurred in conjunction with the sale of the appropriation bonds.

Subd. 8. **Appropriation for debt service.** The amount needed to pay principal and interest on appropriation bonds issued under this section is appropriated each year to the commissioner from the general fund subject to the repeal, unallotment under section 16A.152, or cancellation otherwise pursuant to subdivision 6.

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

Sec. 39. Minnesota Statutes 2010, section 16B.03, is amended to read:

#### **16B.03 APPOINTMENTS.**

The commissioner is authorized to appoint staff, including ~~two~~ one deputy ~~commissioners~~ commissioner, in accordance with chapter 43A.



Sec. 40. **[16C.075] E-VERIFY.**

A contract for services valued in excess of \$50,000 must require certification from the vendor and any subcontractors that, as of the date services on behalf of the state of Minnesota will be performed, the vendor and all subcontractors have implemented or are in the process of implementing the federal E-Verify program for all newly hired employees in the United States who will perform work on behalf of the state of Minnesota. This section does not apply to contracts entered into by the State Board of Investment.

**EFFECTIVE DATE.** This section is effective July 1, 2011, and applies to contracts entered into on or after that date.

Sec. 41. Minnesota Statutes 2010, section 16C.08, subdivision 2, is amended to read:

Subd. 2. **Duties of contracting agency.** (a) Before an agency may seek approval of a professional or technical services contract valued in excess of \$5,000, it must provide the following:

(1) a description of how the proposed contract or amendment is necessary and reasonable to advance the statutory mission of the agency;

(2) a description of the agency's plan to notify firms or individuals who may be available to perform the services called for in the solicitation;

(3) a description of the performance measures or other tools, including accessibility measures if applicable, that will be used to monitor and evaluate contract performance; and

(4) an explanation detailing, if applicable, why this procurement is being pursued unilaterally by the agency and not as an enterprise procurement.

(b) In addition to paragraph (a), the agency must certify that:

~~(1) no current state employee is able and available to perform the services called for by the contract;~~

~~(2) (1) the normal competitive bidding mechanisms will not provide for adequate performance of the services;~~

~~(3) (2) reasonable efforts will be made to publicize the availability of the contract to the public;~~

~~(4) (3) the agency will develop and implement a written plan providing for the assignment of specific agency personnel to manage the contract, including a monitoring and liaison function, the periodic review of interim reports or other indications of past performance, and the ultimate utilization of the final product of the services;~~

~~(5) (4) the agency will not allow the contractor to begin work before the contract is fully executed unless an exception under section 16C.05, subdivision 2a, has been granted by the commissioner and funds are fully encumbered;~~

~~(6) (5) the contract will not establish an employment relationship between the state or the agency and any persons performing under the contract; and~~

~~(7) (6) in the event the results of the contract work will be carried out or continued by state employees upon completion of the contract, the contractor is required to include state employees in development and training, to the extent necessary to ensure that after completion of the contract, state employees can perform any ongoing work related to the same function; and~~

~~(8) the agency will not contract out its previously eliminated jobs for four years without first considering the same former employees who are on the seniority unit layoff list who meet the minimum qualifications determined by the agency.~~

(c) A contract establishes an employment relationship for purposes of paragraph (b), clause ~~(6)~~ (5), if, under federal laws governing the distinction between an employee and an independent contractor, a person would be considered an employee.

Sec. 42. **16C.082] CONTRACTS FOR TAX-RELATED ACTIVITIES.**

An agency may not enter into a contract for tax fraud prevention or detection, or tax audit-related activities, that compensates a vendor based on a percentage of taxes assessed or collected.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to contracts entered into on or after that date.

Sec. 43. Minnesota Statutes 2010, section 16C.09, is amended to read:

**16C.09 PROCEDURE FOR SERVICE CONTRACTS.**

(a) Before entering into or approving a service contract, the commissioner must determine, at least, that:

~~(1) no current state employee is able and available to perform the services called for by the contract;~~

~~(2)~~ (1) the work to be performed under the contract is necessary to the agency's achievement of its statutory responsibilities and there is statutory authority to enter into the contract;

~~(3)~~ (2) the contract will not establish an employment relationship between the state or the agency and any persons performing under the contract;

~~(4)~~ (3) the contractor and agents are not employees of the state, except as authorized in section 15.062;

~~(5)~~ (4) the contracting agency has specified a satisfactory method of evaluating and using the results of the work to be performed; and

~~(6)~~ (5) the combined contract and amendments will not exceed five years without specific, written approval by the commissioner according to established policy, procedures, and standards, or unless otherwise provided for by law. The term of the original contract must not exceed two years, unless the commissioner determines that a longer duration is in the best interest of the state.

(b) For purposes of paragraph (a), clause (1), employees are available if qualified and:

~~(1) are already doing the work in question; or~~

~~(2) are on layoff status in classes that can do the work in question.~~

~~An employee is not available if the employee is doing other work, is retired, or has decided not to do the work in question.~~

~~(e)~~ (b) This section does not apply to an agency's use of inmates pursuant to sections 241.20 to 241.23 or to an agency's use of persons required by a court to provide:

- (1) community service; or
- (2) conservation or maintenance services on lands under the jurisdiction and control of the state.

Sec. 44. **[16D.18] RECIPROCAL AGREEMENT.**

(a) The commissioner is authorized to enter into agreements with the federal Department of the Treasury that provide for offsetting state payments against federal nontax obligations. Except as provided in paragraph (d), the commissioner may charge a fee of \$20 per transaction for such offsets and may collect this offset fee from the debtor by deducting it from the state payment. The agreement may provide for offsetting federal payments, as authorized by federal law, against state tax and nontax obligations, and collecting the offset cost from the debtor. The agreement shall provide that the federal Department of the Treasury may deduct a fee from each administrative offset and state payment offset. Setoffs to collect state and other entity obligations under chapters 16D, 270A, 270C, and any other provision of Minnesota Statutes occur before a state payment offset. For purposes of this paragraph "administrative offset" is any offset of federal payments to collect state debts and "state payment offset" is any offset of state payments to collect federal nontax debts.

(b) A debt is eligible for offset under this program if notice of intent to offset the debt is sent at least 60 days prior to filing an offset claim or a shorter period of time, if required by federal law or an agreement with the federal Department of the Treasury. When there is an agreement for scheduled payments on an account, the debtor must be sent this notice each time an additional debt is claimed.

(c) The debtor shall have the time period required for notice under paragraph (b) to contest the offset. An agreement under this section must not allow for offset of payments if the debt that would be subject to the offset is being contested or if the time for appealing the determination of the debt has not yet expired. The treasury offset program agreement entered into by the state must not require federal agencies to provide different due process than the requirements under Code of Federal Regulations, title 31, section 285.6.

(d) Notwithstanding the fee authorized under paragraph (a), if the commissioner enters into a contingency fee agreement with a nonstate vendor to provide assistance under this section, the commissioner may charge a debtor a fee for the processing of state payment offsets for the recovery of federal nontax debts or the processing of federal payment offsets for the recovery of state tax and nontax debt. The fee is a separate debt and may be withheld from any refund, reimbursement, or other money held for the debtor. The fee may not exceed 15 percent of the original debt. Section 16A.1283 does not apply to fees charged under this paragraph.

**EFFECTIVE DATE.** This section is effective the day following final enactment. As soon as possible after that date, the commissioner must discuss an agreement authorized under this section with appropriate federal officials, and if an agreement is entered into, the commissioner must begin to implement it to collect debts owed to the state as soon as possible.

Sec. 45. Minnesota Statutes 2010, section 37.06, is amended to read:

**37.06 SECRETARY; LEGISLATIVE AUDITOR; DUTIES; REPORT.**

The secretary shall keep a complete record of the proceedings of the annual meetings of the State Agricultural Society and all meetings of the board of managers and any committee of the board, keep all accounts of the society other than those kept by the treasurer of the society, and perform other duties as directed by the board of managers. On or before December 31 each year, the secretary shall report to the governor for the fiscal year ending October 31 all the proceedings of the society during the current year and its financial condition as appears from its books. This report must contain a full, detailed statement of all receipts and expenditures during the year.

The books and accounts of the society for the fiscal year must be examined and audited annually by an independent auditor, either a private auditor or the legislative auditor. If the audit is conducted by the legislative auditor, the cost of the examination must be paid by the society to the state and credited to the general fund.

A summary of this examination, certified by the ~~legislative~~ auditor, must be appended to the secretary's report, along with the ~~legislative~~ auditor's recommendations and the proceedings of the first annual meeting of the society held following the secretary's report, including addresses made at the meeting as directed by the board of managers. The summary, recommendations, and proceedings must be printed in the same manner as the reports of state officers. Copies of the report must be printed annually and distributed as follows: to each society or association entitled to membership in the society, to each newspaper in the state, and the remaining copies as directed by the board of managers.

Sec. 46. Minnesota Statutes 2010, section 43A.08, subdivision 1, is amended to read:

Subdivision 1. **Unclassified positions.** Unclassified positions are held by employees who are:

- (1) chosen by election or appointed to fill an elective office;
- (2) heads of agencies required by law to be appointed by the governor or other elective officers, and the executive or administrative heads of departments, bureaus, divisions, and institutions specifically established by law in the unclassified service;
- (3) deputy ~~and assistant~~ agency heads and one confidential secretary in the agencies listed in ~~subdivision 1a and in the Office of Strategic and Long Range Planning~~ section 15.06, subdivision 1;
- (4) the confidential secretary to each of the elective officers of this state and, for the secretary of state and state auditor, an additional deputy, clerk, or employee;
- (5) intermittent help employed by the commissioner of public safety to assist in the issuance of vehicle licenses;
- (6) employees in the offices of the governor and of the lieutenant governor and one confidential employee for the governor in the Office of the Adjutant General;
- (7) employees of the Washington, D.C., office of the state of Minnesota;
- (8) employees of the legislature and of legislative committees or commissions; provided that employees of the Legislative Audit Commission, except for the legislative auditor, the deputy legislative auditors, and their confidential secretaries, shall be employees in the classified service;
- (9) presidents, vice-presidents, deans, other managers and professionals in academic and academic support programs, administrative or service faculty, teachers, research assistants, and student employees eligible under terms of the federal Economic Opportunity Act work study program in the Perpich Center for Arts Education and the Minnesota State Colleges and Universities, but not the custodial, clerical, or maintenance employees, or any professional or managerial employee performing duties in connection with the business administration of these institutions;
- (10) officers and enlisted persons in the National Guard;
- (11) attorneys, legal assistants, and three confidential employees appointed by the attorney general or employed with the attorney general's authorization;

(12) judges and all employees of the judicial branch, referees, receivers, jurors, and notaries public, except referees and adjusters employed by the Department of Labor and Industry;

(13) members of the State Patrol; provided that selection and appointment of State Patrol troopers must be made in accordance with applicable laws governing the classified service;

(14) examination monitors and intermittent training instructors employed by the Departments of Management and Budget and Commerce and by professional examining boards and intermittent staff employed by the technical colleges for the administration of practical skills tests and for the staging of instructional demonstrations;

(15) student workers;

(16) executive directors or executive secretaries appointed by and reporting to any policy-making board or commission established by statute;

(17) employees unclassified pursuant to other statutory authority;

(18) intermittent help employed by the commissioner of agriculture to perform duties relating to pesticides, fertilizer, and seed regulation;

(19) the administrators and the deputy administrators at the State Academies for the Deaf and the Blind; and

(20) chief executive officers in the Department of Human Services.

Sec. 47. Minnesota Statutes 2010, section 43A.20, is amended to read:

#### **43A.20 PERFORMANCE APPRAISAL AND PAY.**

(a) The commissioner shall design and maintain a performance appraisal system under which each employee in the civil service in the executive branch shall be evaluated and counseled on work performance at least once a year. The performance appraisal system must include three components:

(1) evaluation of the individual employee's performance relative to goals for that individual, which must constitute a majority of the overall determination of an employee's performance;

(2) evaluation of the performance of the individual employee's program, defined by the agency head, toward meeting targeted outcomes for the program; and

(3) evaluation of the performance of the entire agency toward meeting targeted outcomes for the agency.

(b) Individual pay increases for all employees ~~not represented by an exclusive representative certified pursuant to chapter 179A~~ shall be based on the ~~evaluation~~ evaluations required by paragraph (a) and other factors consistent with paragraph (a) that the commissioner negotiates in collective bargaining agreements or includes in the plans developed pursuant to section 43A.18. ~~Collective bargaining agreements entered into pursuant to chapter 179A may, and are encouraged to, provide for pay increases based on employee work performance. An employee in the executive branch may not receive an increase in salary or wages based on cost of living or progression to another step or lane unless the employee's supervisor certifies that the employee's performance has been satisfactory.~~

(c) This section does not apply to faculty and administrators in the Minnesota State Colleges and University system.

(d) This section supersedes any conflicting provision of other law.

**EFFECTIVE DATE.** This section is effective July 1, 2011. For employees covered by a collective bargaining agreement, this section applies to collective bargaining agreements entered into on or after that date.

Sec. 48. **[43A.347] REDUCTION IN STATE WORK FORCE.**

Subdivision 1. **Required reduction.** (a) The number of full-time equivalent employees employed in the executive branch, and the costs directly associated with employing those persons, must be reduced by at least 15 percent by June 30, 2015, and thereafter, compared to the number of full-time equivalent positions and the costs directly associated with those positions on January 1, 2011.

(b) An appointing authority may use any or all of the following to achieve this requirement: attrition, a hard hiring freeze, furloughs, and layoffs.

(c) For purposes of this section:

(1) "costs directly associated" with employing people means the cost of salaries and benefits, including the costs of employer contributions to public pension plans; and

(2) "executive branch" does not include the Minnesota State Colleges and Universities, the Department of Military Affairs, or the Department of Veterans Affairs.

Subd. 2. **Savings.** Savings resulting from implementation of this section must cancel back to the fund in which the savings occurred.

Subd. 3. **Application of Public Employment Labor Relations Act.** Unilateral implementation of this section is not an unfair labor practice under chapter 179A.

Sec. 49. Minnesota Statutes 2010, section 45.013, is amended to read:

**45.013 POWER TO APPOINT STAFF.**

The commissioner of commerce may appoint ~~four one~~ deputy commissioners, ~~four~~ assistant commissioners, and ~~an assistant to the commissioner.~~ Those positions, as well as that of ~~and~~ a confidential secretary, are in the unclassified service. The commissioner may appoint other employees necessary to carry out the duties and responsibilities entrusted to the commissioner.

Sec. 50. Minnesota Statutes 2010, section 84.01, subdivision 3, is amended to read:

~~Subd. 3. **Employees; delegation.** Subject to the provisions of Laws 1969, chapter 1129, and to other applicable laws The commissioner shall organize the department and employ up to three assistant commissioners, each of whom shall serve at the pleasure of the commissioner in the unclassified service, one of whom shall have responsibility for coordinating and directing the planning of every division within the agency, and such other officers, employees, and agents as the commissioner may deem necessary to discharge the functions of the department, define the duties of such officers, employees, and agents and to delegate to them any of the commissioner's powers, duties, and responsibilities subject to the control of, and under the conditions prescribed by, the commissioner. Appointments to exercise delegated power shall be by written order filed with the secretary of state.~~

Sec. 51. Minnesota Statutes 2010, section 116.03, subdivision 1, is amended to read:

Subdivision 1. **Office.** (a) The office of commissioner of the Pollution Control Agency is created and is under the supervision and control of the commissioner, who is appointed by the governor under the provisions of section 15.06.

(b) The commissioner may appoint a deputy commissioner ~~and assistant commissioners~~ who shall be in the unclassified service.

(c) The commissioner shall make all decisions on behalf of the agency that are not required to be made by the agency under section 116.02.

Sec. 52. Minnesota Statutes 2010, section 116J.01, subdivision 5, is amended to read:

Subd. 5. **Departmental organization.** (a) The commissioner shall organize the department as provided in section 15.06.

(b) The commissioner may establish divisions and offices within the department. ~~The commissioner may employ four deputy commissioners in the unclassified service.~~

(c) The commissioner shall:

(1) employ assistants and other officers, employees, and agents that the commissioner considers necessary to discharge the functions of the commissioner's office;

(2) define the duties of the officers, employees, and agents, and delegate to them any of the commissioner's powers, duties, and responsibilities, subject to the commissioner's control and under conditions prescribed by the commissioner.

(d) The commissioner shall ensure that there are at least three employment and economic development officers in state offices in nonmetropolitan areas of the state who will work with local units of government on developing local employment and economic development.

Sec. 53. Minnesota Statutes 2010, section 116J.035, subdivision 4, is amended to read:

Subd. 4. **Delegation of powers.** The commissioner may delegate, in written orders filed with the secretary of state, any powers or duties subject to the commissioner's control to officers and employees in the department. Regardless of any other law, the commissioner may delegate the execution of specific contracts or specific types of contracts to the commissioner's ~~deputies, an assistant commissioner, deputy~~ or a program director if the delegation has been approved by the commissioner of administration and filed with the secretary of state.

Sec. 54. Minnesota Statutes 2010, section 161.1419, subdivision 8, is amended to read:

Subd. 8. **Expiration.** The commission expires on June 30, ~~2012~~ 2016.

Sec. 55. Minnesota Statutes 2010, section 174.02, subdivision 2, is amended to read:

Subd. 2. **Unclassified positions.** The commissioner may ~~establish four positions in the unclassified service at the~~ appoint a deputy and assistant commissioner, assistant to commissioner or and a personal secretary levels. ~~No more than two of these positions shall be at the deputy commissioner level in the unclassified service.~~

Sec. 56. Minnesota Statutes 2010, section 241.01, subdivision 2, is amended to read:

Subd. 2. ~~Deputies~~ **Deputy.** The commissioner of corrections may appoint and employ ~~no more than two a~~ deputy commissioner ~~commissioner~~. The commissioner may also appoint a personal secretary, who shall serve at the commissioner's pleasure in the unclassified civil service.

Sec. 57. Minnesota Statutes 2010, section 270C.41, is amended to read:

**270C.41 AGREEMENT WITH INTERNAL REVENUE SERVICE AGREEMENTS WITH FEDERAL GOVERNMENT.**

Subdivision 1. **Agreement with Internal Revenue Service.** Pursuant to section 270B.12, the commissioner may enter into an agreement with the Internal Revenue Service to identify taxpayers who have refunds due from the department and liabilities owing to the Internal Revenue Service. In accordance with the procedures established in

the agreement, the Internal Revenue Service may levy against the refunds to be paid by the department. For each refund levied upon, the commissioner shall first deduct from the refund a fee of \$20, and then remit the refund or the amount of the levy, whichever is less, to the Internal Revenue Service. The proceeds of fees shall be deposited into the Department of Revenue recapture revolving fund under section 270A.07, subdivision 1.

**Subd. 2. Reciprocal offset agreements.** (a) The commissioner is authorized to enter into agreements with the federal Department of the Treasury that provide for offsetting state payments against federal nontax obligations. Except as provided in paragraph (d), the commissioner may charge a fee of \$20 per transaction for such offsets and may collect this offset fee from the debtor by deducting it from the state payment. The agreement may provide for offsetting federal payments, as authorized by federal law, against state tax and nontax obligations, and collecting the offset cost from the debtor. The agreement shall provide that the federal Department of the Treasury may deduct a fee from each administrative offset and state payment offset. Setoffs to collect state and other entity obligations under chapters 16D, 270A, 270C, and any other provision of Minnesota Statutes, occur before a state payment offset. For purposes of this paragraph "administrative offset" is any offset of federal payments to collect state debts and "state payment offset" is any offset of state payments to collect federal nontax debts.

(b) A debt is eligible for offset under this program if notice of intent to offset the debt is sent at least 60 days prior to filing an offset claim or a shorter period of time, if required by federal law or an agreement with the federal Department of the Treasury. When there is an agreement for scheduled payments on an account, the debtor must be sent this notice each time an additional debt is claimed.

(c) The debtor shall have the time period required for notice under paragraph (b) to contest the offset. An agreement under this section must not allow for offset of payments if the debt that would be subject to the offset is being contested or if the time for appealing the determination of the debt has not yet expired. The treasury offset program agreement entered into by the state must not require federal agencies to provide different due process than the requirements under Code of Federal Regulations, title 31, section 285.6.

(d) Notwithstanding the fee authorized under paragraph (a), if the commissioner enters into a contingency fee agreement with a nonstate vendor to provide assistance under this section, the commissioner may charge a debtor a fee for the processing of state payment offsets for the recovery of federal nontax debts or the processing of federal payment offsets for the recovery of state tax and nontax debt. The fee is a separate debt and may be withheld from any refund, reimbursement, or other money held for the debtor. The fee may not exceed 15 percent of the original debt. Section 16A.1283 does not apply to fees charged under this paragraph.

**EFFECTIVE DATE.** This section is effective the day following final enactment. As soon as possible after that date, the commissioner must discuss an agreement authorized under this section with appropriate federal officials, and if an agreement is entered into, the commissioner must begin to implement it to collect debts owed to the state as soon as possible.

Sec. 58. Minnesota Statutes 2010, section 270C.545, is amended to read:

**270C.545 FEDERAL TAX REFUND OFFSET FEES; TIME LIMIT FOR SUBMITTING CLAIMS FOR OFFSET.**

~~For~~ If fees are charged by the Department of the Treasury of the United States for the offset of federal tax refunds that or the offset of federal payments and these fees are deducted from the refund or the federal payment amounts remitted to the commissioner, then the unpaid debts of the taxpayers whose refunds or federal payments are being offset to satisfy the debts are reduced only by the actual amount of the refund payments or federal payments received by the commissioner. Notwithstanding any other provision of law to the contrary, a claim for the offset of a federal tax refund must be submitted to the Department of the Treasury of the United States within ten years after the date of the assessment of the tax owed by the taxpayer whose refund is to be offset to satisfy the debt. For court debts referred to the commissioner under section 16D.04, subdivision 2, paragraph (a), the federal refund offset fees are deducted as provided in this section, but the ten-year time limit prescribed in this section for tax debts does not apply.



Sec. 59. Minnesota Statutes 2010, section 471.697, subdivision 2, is amended to read:

Subd. 2. **First class city audits.** ~~The state auditor shall continue to audit cities of the first class pursuant to Notwithstanding section 6.49, a city of the first class may provide for an audit to be performed by a certified public accountant firm meeting the requirements of section 326A.05. The audit performed by a certified public accountant must meet the standards and be in the form required by the state auditor. The state auditor may require additional information from the certified public accountant firm as the state auditor deems in the public interest, but the state auditor must accept the audit unless the state auditor determines that it does not meet recognized industry auditing standards.~~

Sec. 60. Laws 2010, chapter 361, article 3, section 8, is amended to read:

Sec. 8. **USE OF CARRYFORWARD.**

The restrictions in Minnesota Statutes, section 16A.281, on the use of money carried forward from one biennium to another shall not apply to money the legislative auditor carried forward from the ~~previous biennium for use in fiscal years 2010 and 2011~~ ending June 30, 2009, or the biennium ending June 30, 2011. The legislative auditor may use the carry forward money for costs related to the conduct of audits related to funds authorized in the Minnesota Constitution, Article XI, section 15, and audits related to the institutions, offices, and functions of the Minnesota State Colleges and Universities.

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

Sec. 61. **STATE BUILDING EFFICIENCY.**

Subdivision 1. **Request for proposals.** By July 1, 2011, the commissioner of administration shall issue a request for proposals for a contract to provide recommendations for efficiencies in state building management to the commissioner. The request for proposals shall require the vendor to provide a system that will overlay existing building controls and instrumentation that influence energy consumption, including space, equipment and system performance, facility operations, and facility maintenance. The request for proposals shall require the vendor to provide a system that provides concurrent building monitoring, energy consumption optimization, space utilization, and equipment performance information.

Subd. 2. **Standards-based platform system with data analytics.** The request for proposals must require the vendor to provide: (1) a standards-based platform system with the capability to integrate and coordinate a variety of control systems, including their data, and the ability to manage all state buildings and their control systems; and (2) a system that uses data analytics to integrate corrective action notification and work order management.

Subd. 3. **Proof of concept phase.** The request for proposals shall require the selected vendor, at no cost to the state, to begin work on the contract by implementing its proposed system on one to three instrumented state buildings to demonstrate the savings provided by the system. The system provided by the vendor must be capable of application to all instrumented state-owned buildings. During this proof of concept phase, the vendor and the state must agree on how savings during the full implementation phase will be defined, measured, and verified, to ensure that the contract will provide the highest possible return on investment to the state.

Subd. 4. **Full implementation and payment.** The request for proposal must require the state to implement the system provided by the vendor in all instrumented buildings owned by the state if the state and the vendor have agreed on how savings will be defined, measured, and verified, and the work done under the requirements of subdivision 3 provides material savings to the state. After the full implementation of the system provided by the vendor, the vendor shall be paid by the state from the savings attributable to the work done by the vendor, according to the terms and performance measures negotiated in the contract.

Subd. 5. **Selection of vendor.** The commissioner of administration shall select a vendor from the responses to the request for proposal by September 1, 2011.

Subd. 6. **Progress report.** The commissioner shall provide a report describing the progress made under this section to the governor and the chairs and ranking minority members of the legislative committees with jurisdiction over the commissioner of administration by January 15, 2012. The report shall provide a dynamic scoring analysis of the work described in the report.

Sec. 62. **FLEET MANAGEMENT IMPROVEMENTS.**

Subdivision 1. **Request for proposals.** By July 1, 2011, the commissioner of administration shall issue a request for proposals to improve the procurement, allocation, control, energy efficiency, maintenance, and in-service life of state vehicles. The request for proposal shall require the vendor to provide a system for:

(1) a life-cycle solution for vehicle management, covering all stages from procurement through disposal of state vehicles; and

(2) the integration of data analytics to provide vehicle tracking, usage, and proactive maintenance management.

Subd. 2. **Proof of concept phase.** The request for proposals must specify that the vendor, at no cost to the state, must implement its system in one vehicle maintenance facility on a sample group of vehicles to demonstrate the cost-savings potential of the recommendations. During this proof of concept phase, the vendor and the state must agree on how savings during the full implementation phase will be defined, measured, and verified, to ensure that the contract will provide the highest possible return on investment to the state.

Subd. 3. **Full implementation and payment.** The request for proposal must require the state to implement the recommendations provided by the vendor if the state and the vendor have agreed on how savings will be defined, measured, and verified, and the work done under the requirements of subdivision 2 provides material savings to the state. After the full implementation of the system provided by the vendor, the vendor shall be paid by the state from the savings attributable to the work done by the vendor, according to the terms and performance measures negotiated in the contract.

Subd. 4. **Selection of vendor.** The commissioner of administration shall select a vendor from the responses to the request for proposal by September 1, 2011.

Subd. 5. **Progress report.** The commissioner shall provide a report describing the progress made under this section to the governor and the chairs and ranking minority members of the legislative committees with jurisdiction over the commissioner of administration by January 15, 2012. The report shall provide a dynamic scoring analysis of the work described in the report.

Sec. 63. **SALARY FREEZE.**

(a) Effective July 1, 2011, and until June 30, 2013, a state employee may not receive a salary or wage increase. This section prohibits any increases, including but not limited to: across-the-board increases; cost-of-living adjustments; increases based on longevity; step increases; increases in the form of lump-sum payments; increases in employer contributions to deferred compensation plans; or any other pay grade adjustments of any kind. For purposes of this section, "salary or wage" does not include employer contributions toward the cost of medical or dental insurance premiums, provided that employee contributions to the costs of medical or dental insurance premiums are not decreased. This section does not prohibit an increase in the rate of salary and wages for an employee who is promoted or transferred to a position with greater responsibilities and with a higher salary or wage rate. For purposes of this section, state employee means an employee as defined in Minnesota Statutes, section 43A.02, subdivision 21, but does not include faculty or administrators in the Minnesota State Colleges and Universities system.

(b) A state appointing authority may not enter into a collective bargaining agreement or implement a compensation plan that increases salary or wages in a manner prohibited by this section. Neither a state appointing authority nor an exclusive representative of state employees may request interest arbitration in relation to an increase in salary or wages that is prohibited by this section, and an arbitrator may not issue an award that would increase salary or wages in a manner prohibited by this section.

(c) This section supersedes Minnesota Statutes, section 179A.20, subdivision 6, or other law, to the extent those laws would authorize an increase prohibited by this section.

**EFFECTIVE DATE.** Paragraph (b) is effective the day following final enactment. Paragraphs (a) and (c) are effective June 30, 2011.

Sec. 64. **STATE EMPLOYEE EFFICIENT USE OF HEALTH CARE INCENTIVE PROGRAM.**

The commissioner of management and budget may develop and implement a program that creates an incentive for efficient use by state employees of State Employee Group Insurance Program (SEGIP). The program may reward employees covered by SEGIP as a group if per capita employee health care costs paid by SEGIP for a calendar year prove to be less than estimated by the commissioner prior to the beginning of the calendar year. The reward may consist of payments of one-half of the cost-savings into the employees' health reimbursement accounts, to be made no later than June 30 of the following calendar year.

Sec. 65. **STATE EMPLOYEE GROUP INSURANCE PLAN DEPENDENT ELIGIBILITY VERIFICATION AUDIT SERVICES.**

Subdivision 1. **Request for proposals.** By August 1, 2011, the commissioner of management and budget shall issue a request for proposals for a contract to provide dependent eligibility verification audit services for state-paid hospital, medical, and dental benefits provided to participants in the state employee group insurance program and their dependents. The request for proposals must require that the vendor will:

(1) conduct a document-model dependent eligibility verification audit of all plans offered under Minnesota Statutes, sections 43A.22 to 43A.31;

(2) identify ineligible dependents covered by the plans and report those findings to the commissioner and third-party administrators of the state's employee health plans, as directed by the commissioner; and

(3) implement a process for ongoing eligibility verification following the conclusion of the dependent eligibility verification audit required by this section.

Subd. 2. **Additional vendor criteria.** The request for proposals required by subdivision 1 must require the vendor to provide the following minimum capabilities and experience in performing the services described in subdivision 1:

(1) a rules-based process for making objective eligibility determinations;

(2) assigned eligibility advocates to assist employees through the verification process;

(3) a formal claims and appeals process; and

(4) experience in the performance of dependent eligibility verification audits.

Subd. 3. **Contract required.** By November 1, 2011, the commissioner must enter into a contract for the services specified in subdivision 1. The contract must incorporate a performance-based vendor financing option that compensates the vendor based on the amount of savings generated by the work performed under the contract.

Sec. 66. **SEGIS SAVINGS.**

The commissioner of management and budget must negotiate and implement changes to the state employee group insurance program that will result in reduced general fund contributions from state employers subject to appropriation reductions under article 1, section 39, of at least \$90,009,000 during the biennium ending June 30, 2013.

Sec. 67. **TAX FRAUD PREVENTION AND DETECTION.**

Subdivision 1. **Request for proposals.** By July 1, 2011, the commissioner of revenue shall issue a request for proposals to prevent and detect tax fraud and increase delinquent tax revenue collection. The request for proposals shall require the vendor to provide data analytics capabilities, including, but not limited to, predictive modeling techniques and other forms of advanced analytics that will integrate into the current tax processing system to detect compliance issues before tax return processing is completed, and optimization algorithms that will assist the commissioner in maximizing revenues collected with current levels of compliance staff.

Subd. 2. **Proof of concept phase.** The selected vendor, at no cost to the state, shall implement its recommendations on a subset of data provided by the commissioner to demonstrate the cost-savings potential of the recommendations.

Subd. 3. **Data.** Data provided to the vendor by the commissioner for the proof of concept phase must not include not public data, as defined in section 13.02, subdivision 8a.

Subd. 4. **Full implementation phase.** The request for proposal must require the state to implement the recommendations provided by the vendor if the work done under the requirements of subdivision 2 provides material savings to the state. After the full implementation of the system provided by the vendor, the vendor shall be paid by the state from the savings attributable to the work done by the vendor, according to the terms and performance measures negotiated in the contract. The contract shall not compensate the vendor based on a percentage of taxes assessed or collected.

Subd. 5. **Selection of vendor.** The commissioner of administration shall select a vendor from the responses to the request for proposal by September 1, 2011.

Subd. 6. **Progress report.** The commissioner shall provide a report describing the progress made under this section to the governor and the chairs and ranking minority members of the legislative committees with jurisdiction over the commissioner of revenue and data practices by January 15, 2012. The report shall provide a dynamic scoring analysis of the work described in the report and address data access and privacy issues involved in implementation of the system.

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

Sec. 68. **STRATEGIC SOURCING REQUEST FOR PROPOSALS.**

Subdivision 1. **Request for proposals.** By July 1, 2011, the commissioner of administration shall issue a request for proposals for a contract to provide recommendations for efficiencies in strategic sourcing to the commissioner. For the purposes of this section, "strategic sourcing" has the meaning given in Minnesota Statutes, section 16C.02, subdivision 20. The request for proposals shall require the vendor to provide recommendations for improvements to methods used by the commissioner to analyze and reduce spending on goods and services, including, but not limited to, spend analysis, product standardization, contract consolidation, negotiations, multiple jurisdiction purchasing alliances, reverse and forward auctions, life-cycle costing, and other techniques.

Subd. 2. **Proof of concept phase.** The request for proposal shall require the selected vendor, at no cost to the state, to begin work on the contract by assisting the commissioner in implementing its proposed solution on selected state procurement processes to demonstrate the savings provided by the recommendations. The system provided by the vendor must be capable of application to the state procurement system.

Subd. 3. **Full implementation and payment.** The request for proposal must require the state to implement the recommendations provided by the vendor in the entire state procurement system if the work done under the requirements of subdivision 2 provides material savings to the state. After the full implementation of the system provided by the vendor, the vendor shall be paid by the state from the savings attributable to the work done by the vendor, according to the terms and performance measures negotiated in the contract.

Subd. 4. **Selection of vendor.** The commissioner of administration shall select, from qualified respondents, a vendor from the responses to the request for proposal by September 1, 2011.

Subd. 5. **Progress report.** The commissioner shall provide a report describing the progress made under this section to the governor and the chairs and ranking minority members of the legislative committees with jurisdiction over the commissioner of administration by January 15, 2012.

Sec. 69. **STATE JOB CLASSIFICATIONS.**

The commissioner of management and budget shall report to the legislature by January 15, 2012, on a process to redesign and consolidate the job classification plan for executive branch employees, with a goal of assigning all classified positions to no more than 50 job families. The process must lead to development of a new job classification plan designed to enhance the ability of state agencies to flexibly manage their workforces to meet changing needs and demands of the agency, and to enhance the ability of state employees to transfer to other positions for which they are qualified. In developing this process, the commissioner must meet and confer with the exclusive representatives of each affected bargaining unit. The report to the legislature must identify implementation issues.

Sec. 70. **HELP AMERICA VOTE ACT.**

(a) If the secretary of state determines that this state is otherwise eligible to receive an additional requirements payment of federal money under the Help America Vote Act, Public Law 107-252, the secretary must certify to the commissioner of management and budget the amount, if any, needed to meet the matching requirement of section 253(b)(5) of the Help America Vote Act. In the certification, the secretary shall specify the portion of the match that should be taken from an unencumbered general fund appropriation to the Office of the Secretary of State not designated for a different purpose. Upon receipt of that certification, or as soon as an unencumbered general fund appropriation becomes available, whichever occurs later, the commissioner must transfer the specified amount to the Help America Vote Act account. Funds under the Help America Vote Act may be spent only following legislative approval.

(b) This section expires on June 30, 2013.

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

Sec. 71. **ESTIMATED REVENUE.**

The initiatives in sections 44, 57, 58, and 67 are expected to result in new general fund revenues of \$169,900,000 for the biennium ending June 30, 2013.

Sec. 72. **REPEALER.**

Minnesota Statutes 2010, sections 16C.085; 43A.047; and 179A.23, are repealed.

ARTICLE 4  
CONSOLIDATION OF INFORMATION TECHNOLOGY SERVICES

Section 1. Minnesota Statutes 2010, section 16B.99, is amended to read:

**16B.99 GEOSPATIAL INFORMATION OFFICE.**

Subdivision 1. **Creation.** The Minnesota Geospatial Information Office is created under the supervision of the ~~commissioner of administration~~ chief geospatial information officer, who is appointed by the chief information officer.

Subd. 2. **Responsibilities; authority.** The office has authority to provide coordination, guidance, and leadership, and to plan the implementation of Minnesota's geospatial information technology. The office must identify, coordinate, and guide strategic investments in geospatial information technology systems, data, and services to ensure effective implementation and use of Geospatial Information Systems (GIS) by state agencies to maximize benefits for state government as an enterprise.

Subd. 3. **Duties.** The office must:

(1) coordinate and guide the efficient and effective use of available federal, state, local, and public-private resources to develop statewide geospatial information technology, data, and services;

(2) provide leadership and outreach, and ensure cooperation and coordination for all Geospatial Information Systems (GIS) functions in state and local government, including coordination between state agencies, intergovernment coordination between state and local units of government, and extragovernment coordination, which includes coordination with academic and other private and nonprofit sector GIS stakeholders;

(3) review state agency and intergovernment geospatial technology, data, and services development efforts involving state or intergovernment funding, including federal funding;

(4) provide information to the legislature regarding projects reviewed, and recommend projects for inclusion in the governor's budget under section 16A.11;

(5) coordinate management of geospatial technology, data, and services between state and local governments;

(6) provide coordination, leadership, and consultation to integrate government technology services with GIS infrastructure and GIS programs;

(7) work to avoid or eliminate unnecessary duplication of existing GIS technology services and systems, including services provided by other public and private organizations while building on existing governmental infrastructures;

(8) promote and coordinate consolidated geospatial technology, data, and services and shared geospatial Web services for state and local governments; and

(9) promote and coordinate geospatial technology training, technical guidance, and project support for state and local governments.

Subd. 4. **Duties of chief geospatial information officer.** (a) In consultation with the state geospatial advisory council, the commissioner of administration, the commissioner of management and budget, and the ~~Minnesota~~ chief ~~geospatial~~ information officer, the chief ~~geospatial~~ information officer must identify when it is cost-effective for agencies to develop and use shared information and geospatial technology systems, data, and services. The chief ~~geospatial~~ information officer may require agencies to use shared information and geospatial technology systems, data, and services.

(b) The chief ~~geospatial~~ information officer, in consultation with the state geospatial advisory council, must establish reimbursement rates in cooperation with the commissioner of management and budget to bill agencies and other governmental entities sufficient to cover the actual development, operation, maintenance, and administrative costs of the shared systems. The methodology for billing may include the use of interagency agreements, or other means as allowed by law.

Subd. 5. **Fees.** (a) The chief ~~geospatial~~ information officer must set fees under section 16A.1285 that reflect the actual cost of providing information products and services to clients. Fees collected must be deposited in the state treasury and credited to the Minnesota Geospatial Information Office revolving account. Money in the account is appropriated to the chief ~~geospatial~~ information officer for providing Geospatial Information Systems (GIS) consulting services, software, data, Web services, and map products on a cost-recovery basis, including the cost of services, supplies, material, labor, and equipment as well as the portion of the general support costs and statewide indirect costs of the office that is attributable to the delivery of these products and services. Money in the account must not be used for the general operation of the Minnesota Geospatial Information Office.

(b) The chief ~~geospatial~~ information officer may require a state agency to make an advance payment to the revolving account sufficient to cover the agency's estimated obligation for a period of 60 days or more. If the revolving account is abolished or liquidated, the total net profit from the operation of the account must be distributed to the various funds from which purchases were made. For a given period of time, the amount of total net profit to be distributed to each fund must reflect the same ratio of total purchases attributable to each fund divided by the total purchases from all funds.

Subd. 6. **Accountability.** The chief geospatial information officer is appointed by the ~~commissioner of administration and must work closely with the~~ Minnesota chief information officer who shall advise on technology projects, standards, and services.

Subd. 7. **Discretionary powers.** The office may:

(1) enter into contracts for goods or services with public or private organizations and charge fees for services it provides;

(2) apply for, receive, and expend money from public agencies;

(3) apply for, accept, and disburse grants and other aids from the federal government and other public or private sources;

(4) enter into contracts with agencies of the federal government, local government units, the University of Minnesota and other educational institutions, and private persons and other nongovernment organizations as necessary to perform its statutory duties;

(5) appoint committees and task forces to assist the office in carrying out its duties;

(6) sponsor and conduct conferences and studies, collect and disseminate information, and issue reports relating to geospatial information and technology issues;

(7) participate in the activities and conferences related to geospatial information and communications technology issues;

(8) review the Geospatial Information Systems (GIS) technology infrastructure of regions of the state and cooperate with and make recommendations to the governor, legislature, state agencies, local governments, local technology development agencies, the federal government, private businesses, and individuals for the realization of GIS information and technology infrastructure development potential;

(9) sponsor, support, and facilitate innovative and collaborative geospatial systems technology, data, and services projects; and

(10) review and recommend alternative sourcing strategies for state geospatial information systems technology, data, and services.

**Subd. 8. Geospatial advisory councils created.** The chief ~~geospatial~~ information officer must establish a governance structure that includes advisory councils to provide recommendations for improving the operations and management of geospatial technology within state government and also on issues of importance to users of geospatial technology throughout the state.

(a) A statewide geospatial advisory council must advise the Minnesota Geospatial Information Office regarding the improvement of services statewide through the coordinated, affordable, reliable, and effective use of geospatial technology. The ~~commissioner of administration~~ chief information officer must appoint the members of the council. The members must represent a cross-section of organizations including counties, cities, universities, business, nonprofit organizations, federal agencies, and state agencies. No more than 20 percent of the members may be employees of a state agency. In addition, the chief geospatial information officer must be a nonvoting member.

(b) A state government geospatial advisory council must advise the Minnesota Geospatial Information Office on issues concerning improving state government services through the coordinated, affordable, reliable, and effective use of geospatial technology. The ~~commissioner of administration~~ chief information officer must appoint the members of the council. The members must represent up to 15 state government agencies and constitutional offices, including the Office of Enterprise Technology and the Minnesota Geospatial Information Office. The council must be chaired by the chief geographic information officer. A representative of the statewide geospatial advisory council must serve as a nonvoting member.

(c) Members of both the statewide geospatial advisory council and the state government advisory council must be recommended by a process that ensures that each member is designated to represent a clearly identified agency or interested party category and that complies with the state's open appointment process. Members shall serve a term of two years.

(d) The Minnesota Geospatial Information Office must provide administrative support for both geospatial advisory councils.

(e) This subdivision expires June 30, 2011.

~~Subd. 9. Report to legislature. By January 15, 2010, the chief geospatial information officer must provide a report to the chairs and ranking minority members of the legislative committees with jurisdiction over the policy and budget for the office. The report must address all statutes that refer to the Minnesota Geospatial Information Office or land management information system and provide any necessary draft legislation to implement any recommendations.~~



Sec. 2. **[16E.0151] RESPONSIBILITY FOR INFORMATION TECHNOLOGY SERVICES AND EQUIPMENT.**

(a) The chief information officer is responsible for providing or entering into managed services contracts for the provision of the following information technology systems and services to state agencies:

- (1) state data centers;
- (2) mainframes including system software;
- (3) servers including system software;
- (4) desktops including system software;
- (5) laptop computers including system software;
- (6) a data network including system software;
- (7) database, electronic mail, office systems, reporting, and other standard software tools;
- (8) business application software and related technical support services;
- (9) help desk for the components listed in clauses (1) to (8);
- (10) maintenance, problem resolution, and break-fix for the components listed in clauses (1) to (8);
- (11) regular upgrades and replacement for the components listed in clauses (1) to (8); and
- (12) network-connected output devices.

(b) All state agency employees whose work primarily involves functions specified in paragraph (a) are employees of the Office of Enterprise Technology. This includes employees who directly perform the functions in paragraph (a), as well as employees whose work primarily involves managing, supervising, or providing administrative services or support services to employees who directly perform these functions. The chief information officer may assign employees of the office to perform work exclusively for another state agency.

(c) The chief information officer may allow a state agency to obtain services specified in paragraph (a) through a contract with an outside vendor when the chief information officer and the agency head agree that a contract would provide best value, as defined in section 16C.02, under the service-level agreement. The chief information officer must require that agency contracts with outside vendors ensure that systems and services are compatible with standards established by the Office of Enterprise Technology.

(d) In exercising authority under this section, the chief information officer must cooperate with the commissioner of administration on contracts for acquisition of information technology systems and services. The authority granted to the chief information officer does not limit the procurement, contract management, and contract review authority of the commissioner of administration under chapter 16C, including authority of the commissioner to enter into and manage cooperative purchasing agreements with other states.

(e) The Minnesota State Retirement System, the Public Employees Retirement Association, the Teachers Retirement Association, the State Board of Investment, the Campaign Finance and Public Disclosure Board, the State Lottery, and the Statewide Radio Board are not state agencies for purposes of this section.

Sec. 3. **[16E.036] ADVISORY COMMITTEE.**

(a) The Technology Advisory Committee is created to advise the chief information officer. The committee consists of six members appointed by the governor who are individuals actively involved in business planning for state executive branch agencies, one county member designated by the Association of Minnesota Counties, one member appointed by the governor as a representative of a union that represents state information technology employees, and one member appointed by the governor to represent private businesses.

(b) Membership terms, removal of members, and filling of vacancies are as provided in section 15.059. Members do not receive compensation or reimbursement for expenses.

(c) The committee shall select a chair from its members. The chief information officer shall provide administrative support to the committee.

(d) The committee shall advise the chief information officer on:

(1) development and implementation of the state information technology strategic plan;

(2) critical information technology initiatives for the state;

(3) standards for state information architecture;

(4) identification of business and technical needs of state agencies;

(5) strategic information technology portfolio management, project prioritization, and investment decisions;

(6) the office's performance measures and fees for service agreements with executive branch agencies;

(7) management of the state enterprise technology revolving fund; and

(8) the efficient and effective operation of the office.

Sec. 4. Minnesota Statutes 2010, section 16E.14, is amended by adding a subdivision to read:

Subd. 6. **Technology improvement account.** The technology improvement account is established as an account in the enterprise technology fund. Money in the account is appropriated to the chief information officer for the purpose of funding a project that will result in improvements in state information and telecommunications technology. The chief information officer may spend money from the account on behalf of a state agency or group of agencies or may transfer money in the account to a state agency or group of agencies only according to an agreement under which: (1) the chief information officer has determined that savings generated by the project to be funded from the account will exceed the cost of the project; and (2) the agency or agencies sponsoring the project have developed a plan for recouping the project costs to the fund.

Sec. 5. **[16E.145] INFORMATION TECHNOLOGY APPROPRIATION.**

An appropriation for a state agency information and telecommunications technology project must be made to the chief information officer. The chief information officer must manage and disburse the appropriation on behalf of the sponsoring state agency. Any appropriation for an information and telecommunications technology project made to a state agency other than the Office of Enterprise Technology is transferred to the chief information officer.

**EFFECTIVE DATE.** This section is effective July 1, 2011, and applies to appropriations made before or after that date. The remainder of any appropriation subject to this section made before July 1, 2011, is transferred to the chief information officer on July 1, 2011. Ten percent of the unspent and unencumbered appropriations made before June 30, 2011, that would not otherwise cancel on June 30, 2011, that are transferred to the chief information officer, may be used for expenses relating to the transfer of functions under sections 1 to 8.

Sec. 6. **TRANSFERS; TRANSITION.**

(a) Powers, duties, responsibilities, assets, personnel, and unexpended appropriations relating to functions assigned to the chief information officer in Minnesota Statutes, section 16E.0151, are transferred to the Office of Enterprise Technology from all other state agencies, as defined in Minnesota Statutes, section 16E.03, subdivision 1, paragraph (e), effective July 1, 2011. All reporting relationships associated with the transferred powers, duties, responsibilities, assets, personnel, and unexpended appropriations are also transferred to the Office of Enterprise Technology on July 1, 2011. By January 15, 2012, the chief information officer shall submit to the legislature any statutory changes needed to complete implementation of the transfer in this section.

(b) Prior to the transfer mandated by paragraph (a), the chief information officer must enter into a service-level agreement with each state agency governing the provision of information technology systems and services in Minnesota Statutes, section 16E.0151. The agreements must specify the services to be provided and the charges for these services. As specified in Minnesota Statutes, section 16E.0151, an agency may choose to obtain these services from an outside vendor, rather than from the Office of Enterprise Technology. Authority to enter into agreements under this paragraph is effective the day following final enactment, with the resulting agreements effective July 1, 2011.

(c) Powers, duties, responsibilities, assets, personnel, and unexpended appropriations relating to geospatial information systems are transferred from the commissioner of administration to the Office of Enterprise Technology.

(d) Minnesota Statutes, section 15.039, applies to transfers in this section. Executive branch officials may use authority under Minnesota Statutes, section 16B.37, as necessary to implement this section.

(e) The transfer of authority to the Office of Enterprise Technology in this article does not require expansion or consolidation of office space, data centers, help desks, or other systems. The chief information officer may implement expansion, relocation, or consolidation to the extent feasible and desirable with existing resources, or to the extent that savings resulting from the expansions or consolidations will pay for the costs associated with these activities during the biennium ending June 30, 2013.

(f) Expenses relating to transfer of functions and other implementation of sections 1 to 8 must be paid from the enterprise technology revolving fund.

(g) The chief information officer must reduce the number of agency chief information officer positions to 15 by December 31, 2011. The chief information officer, in consultation with the commissioner of management and budget, must determine the general fund savings resulting from elimination of each chief information officer position, and the amount determined is transferred from the general fund appropriation to the agency to the enterprise technology revolving fund.

Sec. 7. **STUDY.**

The chief information officer in the Office of Enterprise Technology shall report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over state government finance by January 15, 2012, on the feasibility and desirability of the office entering into service-level agreements with the State Lottery and the Statewide Radio Board regarding provision of information technology systems and services to those entities.

Sec. 8. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall recodify Minnesota Statutes, section 16B.99, into Minnesota Statutes, chapter 16E.

Sec. 9. **EFFECTIVE DATE.**

Sections 1 to 8 are effective July 1, 2011. However, the chief information officer may phase in the transfer of functions required by sections 1 to 8 between July 1, 2011, and July 1, 2012."

Delete the title and insert:

"A bill for an act relating to state government operations; reducing general fund appropriations to executive agencies; requiring contributions to enterprise real property technology system; establishing the Sunset Advisory Commission; allowing counties and cities to use a certified public accountant for audits; prohibiting legislative liaisons; eliminating assistant commissioner positions and reducing deputy commissioner positions; allowing state employees to compete for state business; establishing the SAVI program; changing provisions of performance data required in the budget proposal; requiring specific funding information for forecasted programs; implementing zero-based budgeting principles; establishing employee gainsharing program; establishing the Minnesota Pay for Performance Act; permitting selling and issuing appropriations bonds; establishing e-verify program for vendors and subcontractors; placing limitation on contracts for tax-related activities; changing procedures for service contracts; extending expiration date for Mississippi River Parkway Commission; implementing federal offset program for collection of debts owed to state agencies; changing provisions for performance appraisal system; requiring reduction in state work force; allowing reciprocal offset agreements with the federal government; requiring a request for proposals for recommendations on state building efficiency, state vehicle management, tax fraud prevention, and strategic sourcing; continuing state employee salary freeze; implementing state employee efficient use of health care incentive program; requiring a verification audit for dependent eligibility for state employee health insurance; requiring state job classification redesign; determining funds for Help America Vote Act; estimating new general fund revenues; consolidating information technology services; requiring reports; appropriating money; amending Minnesota Statutes 2010, sections 3.85, subdivision 3; 6.48; 15.057; 15.06, subdivision 8; 16A.10, subdivisions 1a, 1b, 1c; 16A.103, subdivision 1a; 16A.11, subdivision 3; 16A.28, subdivision 3; 16B.03; 16B.99; 16C.08, subdivision 2; 16C.09; 16E.14, by adding a subdivision; 37.06; 43A.08, subdivision 1; 43A.20; 45.013; 84.01, subdivision 3; 116.03, subdivision 1; 116J.01, subdivision 5; 116J.035, subdivision 4; 161.1419, subdivision 8; 174.02, subdivision 2; 241.01, subdivision 2; 270C.41; 270C.545; 471.697, subdivision 2; Laws 2009, chapter 101, article 2, section 106; Laws 2010, chapter 215, article 6, section 4; Laws 2010, chapter 361, article 3, section 8; proposing coding for new law in Minnesota Statutes, chapters 15; 16A; 16C; 16D; 16E; 43A; proposing coding for new law as Minnesota Statutes, chapter 3D; repealing Minnesota Statutes 2010, sections 16C.085; 43A.047; 179A.23; 197.585, subdivision 5."

We request the adoption of this report and repassage of the bill.

Senate Conferees: MIKE PARRY, PAUL GAZELKA, DAVE A. THOMPSON, THEODORE J. "TED" DALEY and RAY VANDEVEER.

House Conferees: MORRIE LANNING, BRUCE ANDERSON, MIKE BENSON, KEITH DOWNEY and KIRK STENSRUD.

Lanning moved that the report of the Conference Committee on S. F. No. 1047 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 1047, A bill for an act relating to state government financing; establishing the Sunset Advisory Commission; prohibiting legislative liaison positions in state agencies and departments; eliminating assistant commissioner positions and reducing deputy commissioner positions; changing provisions of performance data required in the budget proposal; requiring specific funding information for forecasted programs; implementing zero-based budgeting principles; implementing federal offset program for collection of debts owed to state agencies; providing a state employee salary freeze; providing an HSA-eligible high-deductible health plan for state employees; requiring a 15 percent reduction in the state workforce; requiring a verification audit for dependent eligibility for state employee health insurance; requiring a request for proposals for recommendations on state building efficiency, state vehicle management, tax fraud prevention, and strategic sourcing; requiring reports; appropriating money; amending Minnesota Statutes 2010, sections 15.057; 15.06, subdivision 8; 16A.10, subdivisions 1a, 1b, 1c; 16A.103, subdivision 1a; 16A.11, subdivision 3; 16B.03; 43A.08, subdivision 1; 43A.23, subdivision 1; 45.013; 84.01, subdivision 3; 116.03, subdivision 1; 116J.01, subdivision 5; 116J.035, subdivision 4; 174.02, subdivision 2; 241.01, subdivision 2; 270C.41; Laws 2010, chapter 215, article 6, section 4; proposing coding for new law in Minnesota Statutes, chapters 16A; 16D; 43A; proposing coding for new law as Minnesota Statutes, chapter 3D; repealing Minnesota Statutes 2010, section 197.585, subdivision 5.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 70 yeas and 62 nays as follows:

Those who voted in the affirmative were:

Abeler	Daudt	Gruenhagen	Lanning	Murray	Smith
Anderson, B.	Dauids	Gunther	Leidiger	Myhra	Stensrud
Anderson, D.	Dean	Hackbarth	LeMieur	Nornes	Swedzinski
Anderson, P.	Dettmer	Hamilton	Lohmer	O'Driscoll	Torkelson
Anderson, S.	Doepke	Hancock	Loon	Peppin	Urdahl
Banaian	Downey	Holberg	Mack	Petersen, B.	Vogel
Barrett	Drazkowski	Hoppe	Mazorol	Quam	Wardlow
Beard	Erickson	Kelly	McDonald	Runbeck	Westrom
Benson, M.	Fabian	Kieffer	McElfatrick	Sanders	Woodard
Bills	Franson	Kiel	McFarlane	Schomacker	Spk. Zellers
Buesgens	Garofalo	Kiffmeyer	McNamara	Scott	
Crawford	Gottwalt	Kriesel	Murdock	Shimanski	

Those who voted in the negative were:

Anzelc	Eken	Hortman	Liebling	Murphy, M.	Slawik
Atkins	Falk	Hosch	Lillie	Nelson	Slocum
Benson, J.	Gauthier	Howes	Loeffler	Norton	Thissen
Brynaert	Greene	Huntley	Mahoney	Paymar	Tillberry
Carlson	Greiling	Johnson	Mariani	Pelowski	Wagenius
Champion	Hansen	Kahn	Marquart	Persell	Ward
Clark	Hausman	Kath	Melin	Peterson, S.	Winkler
Cornish	Hayden	Knuth	Moran	Poppe	
Davnie	Hilstrom	Koenen	Morrow	Rukavina	
Dill	Hilty	Lenczewski	Mullery	Scalze	
Dittrich	Hornstein	Lesch	Murphy, E.	Simon	

The bill was repassed, as amended by Conference, and its title agreed to.

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 760.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

CAL R. LUDEMAN, Secretary of the Senate

#### CONFERENCE COMMITTEE REPORT ON S. F. NO. 760

A bill for an act relating to state government; establishing the health and human services budget; modifying provisions related to continuing care, chemical and mental health, children and family services, human services licensing, health care programs, the Department of Health, and health licensing boards; appropriating money to the departments of health and human services and other health-related boards and councils; making forecast adjustments; requiring reports; imposing fees; imposing criminal penalties; amending Minnesota Statutes 2010, sections 8.31, subdivisions 1, 3a; 62E.14, by adding a subdivision; 62J.04, subdivision 3; 62J.17, subdivision 4a; 62J.692, subdivisions 4, 7; 103I.005, subdivisions 2, 8, 12, by adding a subdivision; 103I.101, subdivisions 2, 5; 103I.105; 103I.111, subdivision 8; 103I.205, subdivision 4; 103I.208, subdivision 2; 103I.501; 103I.531, subdivision 5; 103I.535, subdivision 6; 103I.641; 103I.711, subdivision 1; 103I.715, subdivision 2; 119B.011, subdivision 13; 119B.09, subdivision 10, by adding subdivisions; 119B.125, by adding a subdivision; 119B.13, subdivisions 1, 1a, 7; 144.125, subdivisions 1, 3; 144.128; 144.396, subdivisions 5, 6; 145.925, subdivision 1; 145.928, subdivisions 7, 8; 148.108, by adding a subdivision; 148.191, subdivision 2; 148.212, subdivision 1; 148.231; 151.07; 151.101; 151.102, by adding a subdivision; 151.12; 151.13, subdivision 1; 151.19; 151.25; 151.47, subdivision 1; 151.48; 152.12, subdivision 3; 245A.10, subdivisions 1, 3, 4, by adding subdivisions; 245A.11, subdivision 2b; 245A.143, subdivision 1; 245C.10, by adding a subdivision; 254B.03, subdivision 4; 254B.04, by adding a subdivision; 254B.06, subdivision 2; 256.01, subdivisions 14, 24, 29, by adding a subdivision; 256.969, subdivision 2b; 256B.04, subdivision 18; 256B.056, subdivisions 1a, 3; 256B.057, subdivision 9; 256B.06, subdivision 4; 256B.0625, subdivisions 8, 8a, 8b, 8c, 12, 13e, 17, 17a, 18, 19a, 25, 31a, by adding subdivisions; 256B.0651, subdivision 1; 256B.0652, subdivision 6; 256B.0653, subdivisions 2, 6; 256B.0911, subdivision 3a; 256B.0913, subdivision 4; 256B.0915, subdivisions 3a, 3b, 3e, 3h, 6, 10; 256B.14, by adding a subdivision; 256B.431, subdivisions 2r, 32, 42, by adding a subdivision; 256B.437, subdivision 6; 256B.441, subdivisions 50a, 59; 256B.48, subdivision 1; 256B.49, subdivision 16a; 256B.69, subdivisions 4, 5a, by adding a subdivision; 256B.76, subdivision 4; 256D.02, subdivision 12a; 256D.031, subdivisions 6, 7, 9; 256D.44, subdivision 5; 256D.47; 256D.49, subdivision 3; 256E.30, subdivision 2; 256E.35, subdivisions 5, 6; 256J.12, subdivisions 1a, 2; 256J.37, by adding a subdivision; 256J.38, subdivision 1; 256L.04, subdivision 7; 256L.05, by adding a subdivision; 256L.11, subdivision 7; 256L.12, subdivision 9; 297F.10, subdivision 1; 393.07, subdivision 10; 402A.10, subdivisions 4, 5; 402A.15; 518A.51; Laws 2008, chapter 363, article 18, section 3, subdivision 5; Laws 2010, First Special Session chapter 1, article 15, section 3, subdivision 6; article 25, section 3, subdivision 6; proposing coding for new law in Minnesota Statutes, chapters 1; 145; 148; 151; 214; 256; 256B; 256L; proposing coding for new law as Minnesota Statutes, chapter 256N; repealing Minnesota Statutes 2010, sections 62J.17, subdivisions 1, 3, 5a, 6a, 8; 62J.321, subdivision 5a; 62J.381; 62J.41, subdivisions 1, 2; 103I.005, subdivision 20; 144.1464; 144.147; 144.1487; 144.1488, subdivisions 1, 3, 4; 144.1489; 144.1490; 144.1491; 144.1499; 144.1501; 144.6062; 145.925; 145A.14, subdivisions 1, 2a; 245A.10, subdivision 5; 256.979, subdivisions 5, 6, 7, 10; 256.9791; 256B.055, subdivision 15; 256B.0625, subdivision 8e; 256B.0653, subdivision 5; 256B.0756; 256D.01, subdivisions 1, 1a, 1b, 1e, 2; 256D.03, subdivisions 1, 2, 2a; 256D.031, subdivisions 5, 8; 256D.05, subdivisions 1, 2, 4, 5, 6, 7, 8; 256D.0513; 256D.053, subdivisions 1, 2, 3; 256D.06, subdivisions 1, 1b, 2, 5, 7, 8; 256D.09, subdivisions 1, 2, 2a, 2b, 5, 6; 256D.10;

256D.13; 256D.15; 256D.16; 256D.35, subdivision 8b; 256D.46; Laws 2010, First Special Session chapter 1, article 16, sections 6; 7; Minnesota Rules, parts 3400.0130, subpart 8; 4651.0100, subparts 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15, 16, 16a, 18, 19, 20, 20a, 21, 22, 23; 4651.0110, subparts 2, 2a, 3, 4, 5; 4651.0120; 4651.0130; 4651.0140; 4651.0150; 9500.1243, subpart 3.

May 17, 2011

The Honorable Michelle L. Fischbach  
President of the Senate

The Honorable Kurt Zellers  
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 760 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 760 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1  
CHILDREN AND FAMILY SERVICES

Section 1. Minnesota Statutes 2010, section 119B.011, subdivision 13, is amended to read:

Subd. 13. **Family.** "Family" means parents, stepparents, guardians and their spouses, or other eligible relative caregivers and their spouses, and their blood related dependent children and adoptive siblings under the age of 18 years living in the same home including children temporarily absent from the household in settings such as schools, foster care, and residential treatment facilities or parents, stepparents, guardians and their spouses, or other relative caregivers and their spouses temporarily absent from the household in settings such as schools, military service, or rehabilitation programs. An adult family member who is not in an authorized activity under this chapter may be temporarily absent for up to 60 days. When a minor parent or parents and his, her, or their child or children are living with other relatives, and the minor parent or parents apply for a child care subsidy, "family" means only the minor parent or parents and their child or children. An adult age 18 or older who meets this definition of family and is a full-time high school or postsecondary student may be considered a dependent member of the family unit if 50 percent or more of the adult's support is provided by the parents, stepparents, guardians, and their spouses or eligible relative caregivers and their spouses residing in the same household.

**EFFECTIVE DATE.** This section is effective April 16, 2012.

Sec. 2. Minnesota Statutes 2010, section 119B.035, subdivision 4, is amended to read:

Subd. 4. **Assistance.** (a) A family is limited to a lifetime total of 12 months of assistance under subdivision 2. The maximum rate of assistance is equal to ~~90~~ 68 percent of the rate established under section 119B.13 for care of infants in licensed family child care in the applicant's county of residence.

(b) A participating family must report income and other family changes as specified in the county's plan under section 119B.08, subdivision 3.

(c) Persons who are admitted to the at-home infant child care program retain their position in any basic sliding fee program. Persons leaving the at-home infant child care program reenter the basic sliding fee program at the position they would have occupied.

(d) Assistance under this section does not establish an employer-employee relationship between any member of the assisted family and the county or state.

**EFFECTIVE DATE.** This section is effective October 31, 2011.

Sec. 3. Minnesota Statutes 2010, section 119B.09, is amended by adding a subdivision to read:

Subd. 9a. **Child care centers; assistance.** (a) For the purposes of this subdivision, "qualifying child" means a child who satisfies both of the following:

(1) is not a child or dependent of an employee of the child care provider; and

(2) does not reside with an employee of the child care provider.

(b) Funds distributed under this chapter must not be paid for child care services that are provided for a child by a child care provider who employs either the parent of the child or a person who resides with the child, unless at all times at least 50 percent of the children for whom the child care provider is providing care are qualifying children under paragraph (a).

(c) If a child care provider satisfies the requirements for payment under paragraph (b), but the percentage of qualifying children under paragraph (a) for whom the provider is providing care falls below 50 percent, the provider shall have four weeks to raise the percentage of qualifying children for whom the provider is providing care to at least 50 percent before payments to the provider are discontinued for child care services provided for a child who is not a qualifying child.

**EFFECTIVE DATE.** This section is effective January 1, 2013.

Sec. 4. Minnesota Statutes 2010, section 119B.09, subdivision 10, is amended to read:

Subd. 10. **Payment of funds.** All federal, state, and local child care funds must be paid directly to the parent when a provider cares for children in the children's own home. In all other cases, all federal, state, and local child care funds must be paid directly to the child care provider, either licensed or legal nonlicensed, on behalf of the eligible family. Funds distributed under this chapter must not be used for child care services that are provided for a child by a child care provider who resides in the same household or occupies the same residence as the child.

**EFFECTIVE DATE.** This section is effective March 5, 2012.

Sec. 5. Minnesota Statutes 2010, section 119B.09, is amended by adding a subdivision to read:

Subd. 13. **Child care in the child's home.** Child care assistance must only be authorized in the child's home if the child's parents have authorized activities outside of the home and if one or more of the following circumstances are met:

(1) the parents' qualifying activity occurs during times when out-of-home care is not available. If child care is needed during any period when out-of-home care is not available, in-home care can be approved for the entire time care is needed;

(2) the family lives in an area where out-of-home care is not available; or



(3) a child has a verified illness or disability that would place the child or other children in an out-of-home facility at risk or creates a hardship for the child and the family to take the child out of the home to a child care home or center.

**EFFECTIVE DATE.** This section is effective March 5, 2012.

Sec. 6. Minnesota Statutes 2010, section 119B.125, is amended by adding a subdivision to read:

Subd. 1b. **Training required.** (a) Effective November 1, 2011, prior to initial authorization as required in subdivision 1, a legal nonlicensed family child care provider must complete first aid and CPR training and provide the verification of first aid and CPR training to the county. The training documentation must have valid effective dates as of the date the registration request is submitted to the county and the training must have been provided by an individual approved to provide first aid and CPR instruction.

(b) Legal nonlicensed family child care providers with an authorization effective before November 1, 2011, must be notified of the requirements before October 1, 2011, or at authorization, and must meet the requirements upon renewal of an authorization that occurs on or after January 1, 2012.

(c) Upon each reauthorization after the authorization period when the initial first aid and CPR training requirements are met, a legal nonlicensed family child care provider must provide verification of at least eight hours of additional training listed in the Minnesota Center for Professional Development Registry.

(d) This subdivision only applies to legal nonlicensed family child care providers.

Sec. 7. Minnesota Statutes 2010, section 119B.13, subdivision 1, is amended to read:

Subdivision 1. **Subsidy restrictions.** (a) Beginning ~~July 1, 2006~~ October 31, 2011, the maximum rate paid for child care assistance in any county or multicounty region under the child care fund shall be the rate for like-care arrangements in the county effective ~~January~~ July 1, 2006, ~~increased~~ decreased by ~~six~~ five percent.

~~(b) Rate changes shall be implemented for services provided in September 2006 unless a participant eligibility redetermination or a new provider agreement is completed between July 1, 2006, and August 31, 2006.~~

~~As necessary, appropriate notice of adverse action must be made according to Minnesota Rules, part 3400.0185, subparts 3 and 4.~~

~~New cases approved on or after July 1, 2006, shall have the maximum rates under paragraph (a), implemented immediately.~~

~~(e)~~ (b) Every year, the commissioner shall survey rates charged by child care providers in Minnesota to determine the 75th percentile for like-care arrangements in counties. When the commissioner determines that, using the commissioner's established protocol, the number of providers responding to the survey is too small to determine the 75th percentile rate for like-care arrangements in a county or multicounty region, the commissioner may establish the 75th percentile maximum rate based on like-care arrangements in a county, region, or category that the commissioner deems to be similar.

~~(d)~~ (c) A rate which includes a special needs rate paid under subdivision 3 or under a school readiness service agreement paid under section 119B.231, may be in excess of the maximum rate allowed under this subdivision.

~~(e)~~ (d) The department shall monitor the effect of this paragraph on provider rates. The county shall pay the provider's full charges for every child in care up to the maximum established. The commissioner shall determine the maximum rate for each type of care on an hourly, full-day, and weekly basis, including special needs and disability care. The maximum payment to a provider for one day of care must not exceed the daily rate. The maximum payment to a provider for one week of care must not exceed the weekly rate.

(e) Child care providers receiving reimbursement under this chapter must not be paid activity fees or an additional amount above the maximum rates for care provided during nonstandard hours for families receiving assistance.

(f) When the provider charge is greater than the maximum provider rate allowed, the parent is responsible for payment of the difference in the rates in addition to any family co-payment fee.

(g) All maximum provider rates changes shall be implemented on the Monday following the effective date of the maximum provider rate.

**EFFECTIVE DATE.** Paragraph (d) is effective April 16, 2012. Paragraph (e) is effective September 3, 2012.

Sec. 8. Minnesota Statutes 2010, section 119B.13, subdivision 1a, is amended to read:

Subd. 1a. **Legal nonlicensed family child care provider rates.** (a) Legal nonlicensed family child care providers receiving reimbursement under this chapter must be paid on an hourly basis for care provided to families receiving assistance.

(b) The maximum rate paid to legal nonlicensed family child care providers must be ~~80~~ 68 percent of the county maximum hourly rate for licensed family child care providers. In counties where the maximum hourly rate for licensed family child care providers is higher than the maximum weekly rate for those providers divided by 50, the maximum hourly rate that may be paid to legal nonlicensed family child care providers is the rate equal to the maximum weekly rate for licensed family child care providers divided by 50 and then multiplied by ~~0.80~~ 0.68. The maximum payment to a provider for one day of care must not exceed the maximum hourly rate times ten. The maximum payment to a provider for one week of care must not exceed the maximum hourly rate times 50.

(c) A rate which includes a special needs rate paid under subdivision 3 may be in excess of the maximum rate allowed under this subdivision.

(d) Legal nonlicensed family child care providers receiving reimbursement under this chapter may not be paid registration fees for families receiving assistance.

**EFFECTIVE DATE.** This section is effective April 16, 2012, except the amendment changing 80 to 68 and 0.80 to 0.68 is effective October 31, 2011.

Sec. 9. Minnesota Statutes 2010, section 119B.13, subdivision 7, is amended to read:

Subd. 7. **Absent days.** (a) Licensed child care providers ~~may~~ and license-exempt centers must not be reimbursed for more than 25 ten full-day absent days per child, excluding holidays, in a fiscal year, ~~or for more than ten consecutive full-day absent days, unless the child has a documented medical condition that causes more frequent absences. Absences due to a documented medical condition of a parent or sibling who lives in the same residence as the child receiving child care assistance do not count against the 25 day absent day limit in a fiscal year. Documentation of medical conditions must be on the forms and submitted according to the timelines established by the commissioner. A public health nurse or school nurse may verify the illness in lieu of a medical practitioner. If a provider sends a child home early due to a medical reason, including, but not limited to, fever or contagious illness, the child care center director or lead teacher may verify the illness in lieu of a medical practitioner.~~ Legal nonlicensed family child care providers must not be reimbursed for absent days. If a child attends for part of the time authorized to be in care in a day, but is absent for part of the time authorized to be in care in that same day, the absent time will must be reimbursed but the time will must not count toward the ~~ten consecutive or 25 cumulative absent day limits limit.~~ Children in families where at least one parent is under the age of 21, does not have a high school or general equivalency diploma, and is a student in a school district or another similar program that provides

~~or arranges for child care, as well as parenting, social services, career and employment supports, and academic support to achieve high school graduation, may be exempt from the absent day limits upon request of the program and approval of the county. If a child attends part of an authorized day, payment to the provider must be for the full amount of care authorized for that day. Child care providers may must only be reimbursed for absent days if the provider has a written policy for child absences and charges all other families in care for similar absences.~~

(b) Child care providers must be reimbursed for up to ten federal or state holidays or designated holidays per year when the provider charges all families for these days and the holiday or designated holiday falls on a day when the child is authorized to be in attendance. Parents may substitute other cultural or religious holidays for the ten recognized state and federal holidays. Holidays do not count toward the ten ~~consecutive or 25 cumulative~~ absent day ~~limits~~ limit.

(c) A family or child care provider ~~may~~ must not be assessed an overpayment for an absent day payment unless (1) there was an error in the amount of care authorized for the family, (2) all of the allowed full-day absent payments for the child have been paid, or (3) the family or provider did not timely report a change as required under law.

~~(d) The provider and family must receive notification of the number of absent days used upon initial provider authorization for a family and when the family has used 15 cumulative absent days. Upon statewide implementation of the Minnesota Electronic Child Care System, the provider and family shall receive notification of the number of absent days used upon initial provider authorization for a family and ongoing notification of the number of absent days used as of the date of the notification.~~

~~(e) A county may pay for more absent days than the statewide absent day policy established under this subdivision if current market practice in the county justifies payment for those additional days. County policies for payment of absent days in excess of the statewide absent day policy and justification for these county policies must be included in the county's child care fund plan under section 119B.08, subdivision 3.~~

**EFFECTIVE DATE.** This section is effective January 1, 2013.

Sec. 10. **[256.987] ELECTRONIC BENEFIT TRANSFER CARD.**

Subdivision 1. **Electronic benefit transfer (EBT) card.** Cash benefits for the general assistance and Minnesota supplemental aid programs under chapter 256D and programs under chapter 256J must be issued on a separate EBT card with the name of the head of household printed on the card. The card must include the following statement: "It is unlawful to use this card to purchase tobacco products or alcoholic beverages." This card must be issued within 30 calendar days of an eligibility determination. During the initial 30 calendar days of eligibility, a recipient may have cash benefits issued on an EBT card without a name printed on the card. This card may be the same card on which food support benefits are issued and does not need to meet the requirements of this section.

Subd. 2. **EBT card use restricted to Minnesota vendors.** EBT cardholders receiving cash benefits under the general assistance and Minnesota supplemental aid programs under chapter 256D or programs under chapter 256J are prohibited from using their EBT cards at vendors located outside of Minnesota. This subdivision does not apply to food support benefits.

Subd. 3. **Prohibited purchases.** EBT debit cardholders in programs listed under subdivision 1 are prohibited from using the EBT debit card to purchase tobacco products and alcoholic beverages, as defined in section 340A.101, subdivision 2. It is unlawful for an EBT cardholder to purchase or attempt to purchase tobacco products or alcoholic beverages with the cardholder's EBT card. Violation of this subdivision is a petty misdemeanor. A retailer must not be held liable for the crime of another under section 609.05, for actions taken under this subdivision.

**EFFECTIVE DATE.** Subdivisions 1 and 2 of this section are effective June 1, 2012.

Sec. 11. Minnesota Statutes 2010, section 256D.02, subdivision 12a, is amended to read:

Subd. 12a. **Resident; general assistance medical care.** (a) For purposes of eligibility for ~~general assistance~~ ~~and~~ general assistance medical care, a person must be a resident of this state.

(b) A "resident" is a person living in the state for at least 30 days with the intention of making the person's home here and not for any temporary purpose. Time spent in a shelter for battered women shall count toward satisfying the 30-day residency requirement. All applicants for these programs are required to demonstrate the requisite intent and can do so in any of the following ways:

(1) by showing that the applicant maintains a residence at a verified address, other than a place of public accommodation. An applicant may verify a residence address by presenting a valid state driver's license; a state identification card; a voter registration card; a rent receipt; a statement by the landlord, apartment manager, or homeowner verifying that the individual is residing at the address; or other form of verification approved by the commissioner; or

(2) by verifying residence according to Minnesota Rules, part 9500.1219, subpart 3, item C.

(c) For general assistance medical care, a county agency shall waive the 30-day residency requirement in cases of medical emergencies. ~~For general assistance, a county shall waive the 30 day residency requirement where unusual hardship would result from denial of general assistance. For purposes of this subdivision, "unusual hardship" means the applicant is without shelter or is without available resources for food.~~

The county agency must report to the commissioner within 30 days on any waiver granted under this section. The county shall not deny an application solely because the applicant does not meet at least one of the criteria in this subdivision, but shall continue to process the application and leave the application pending until the residency requirement is met or until eligibility or ineligibility is established.

~~(d) For purposes of paragraph (c), the following definitions apply (1) "metropolitan statistical area" is as defined by the United States Census Bureau; (2) "shelter" includes any shelter that is located within the metropolitan statistical area containing the county and for which the applicant is eligible, provided the applicant does not have to travel more than 20 miles to reach the shelter and has access to transportation to the shelter. Clause (2) does not apply to counties in the Minneapolis-St. Paul metropolitan statistical area.~~

(e) Migrant workers as defined in section 256J.08 and, until March 31, 1998, their immediate families are exempt from the residency requirements of this section, provided the migrant worker provides verification that the migrant family worked in this state within the last 12 months and earned at least \$1,000 in gross wages during the time the migrant worker worked in this state.

~~(f) For purposes of eligibility for emergency general assistance, the 30 day residency requirement under this section shall not be waived.~~

~~(g)~~ (e) If any provision of this subdivision is enjoined from implementation or found unconstitutional by any court of competent jurisdiction, the remaining provisions shall remain valid and shall be given full effect.

**EFFECTIVE DATE.** This section is effective October 1, 2012.

Sec. 12. Minnesota Statutes 2010, section 256D.05, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** (a) Each assistance unit with income and resources less than the standard of assistance established by the commissioner and with a member who is a resident of the state shall be eligible for and entitled to general assistance if the assistance unit is:

(1) a person who is suffering from a professionally certified permanent or temporary illness, injury, or incapacity which is expected to continue for more than ~~30~~ 90 days and which prevents the person from obtaining or retaining employment;

~~(2) a person whose presence in the home on a substantially continuous basis is required because of the professionally certified illness, injury, incapacity, or the age of another member of the household;~~

~~(3)~~ (2) a person who has been placed in, and is residing in, a licensed or certified facility for purposes of physical or mental health or rehabilitation, or in an approved chemical dependency domiciliary facility, if the placement is based on illness or incapacity and is according to a plan developed or approved by the county agency through its director or designated representative;

~~(4)~~ (3) a person who resides in a shelter facility described in subdivision 3;

~~(5)~~ (4) a person not described in clause (1) or ~~(3)~~ (2) who is diagnosed by a licensed physician, psychological practitioner, or other qualified professional, as developmentally disabled or mentally ill, and that condition prevents the person from obtaining or retaining employment;

~~(6) a person who has an application pending for, or is appealing termination of benefits from, the Social Security disability program or the program of supplemental security income for the aged, blind, and disabled, provided the person has a professionally certified permanent or temporary illness, injury, or incapacity which is expected to continue for more than 30 days and which prevents the person from obtaining or retaining employment;~~

~~(7) a person who is unable to obtain or retain employment because advanced age significantly affects the person's ability to seek or engage in substantial work;~~

~~(8)~~ (5) a person who has been assessed by a vocational specialist and, in consultation with the county agency, has been determined to be unemployable for purposes of this clause; a person is considered employable if there exist positions of employment in the local labor market, regardless of the current availability of openings for those positions, that the person is capable of performing. The person's eligibility under this category must be reassessed at least annually. The county agency must provide notice to the person not later than 30 days before annual eligibility under this item ends, informing the person of the date annual eligibility will end and the need for vocational assessment if the person wishes to continue eligibility under this clause. For purposes of establishing eligibility under this clause, it is the applicant's or recipient's duty to obtain any needed vocational assessment;

~~(9)~~ (6) a person who is determined by the county agency, according to permanent rules adopted by the commissioner, to ~~be learning disabled~~ have a condition that qualifies under Minnesota's special education rules as a specific learning disability, provided that if a rehabilitation plan for the person is developed or approved by the county agency, and the person is following the plan;

~~(10)~~ (7) a child under the age of 18 who is not living with a parent, stepparent, or legal custodian, and only if: the child is legally emancipated or living with an adult with the consent of an agency acting as a legal custodian; the child is at least 16 years of age and the general assistance grant is approved by the director of the county agency or a designated representative as a component of a social services case plan for the child; or the child is living with an adult with the consent of the child's legal custodian and the county agency. For purposes of this clause, "legally

emancipated" means a person under the age of 18 years who: (i) has been married; (ii) is on active duty in the uniformed services of the United States; (iii) has been emancipated by a court of competent jurisdiction; or (iv) is otherwise considered emancipated under Minnesota law, and for whom county social services has not determined that a social services case plan is necessary, for reasons other than the child has failed or refuses to cooperate with the county agency in developing the plan;

~~(11)~~ (8) a person who is eligible for displaced homemaker services, programs, or assistance under section 116L.96, but only if that person is enrolled as a full-time student;

~~(12) a person who lives more than four hours round trip traveling time from any potential suitable employment;~~

~~(13)~~ (9) a person who is involved with protective or court-ordered services that prevent the applicant or recipient from working at least four hours per day; or

~~(14) a person over age 18 whose primary language is not English and who is attending high school at least half time; or~~

~~(15)~~ (10) a person whose alcohol and drug addiction is a material factor that contributes to the person's disability; applicants who assert this clause as a basis for eligibility must be assessed by the county agency to determine if they are amenable to treatment; if the applicant is determined to be not amenable to treatment, but is otherwise eligible for benefits, then general assistance must be paid in vendor form, for the individual's shelter costs up to the limit of the grant amount, with the residual, if any, paid according to section 256D.09, subdivision 2a; if the applicant is determined to be amenable to treatment, then in order to receive benefits, the applicant must be in a treatment program or on a waiting list and the benefits must be paid in vendor form, for the individual's shelter costs, up to the limit of the grant amount, with the residual, if any, paid according to section 256D.09, subdivision 2a.

(b) As a condition of eligibility under paragraph (a), clauses (1), ~~(3)~~ (2), ~~(5)~~ (4), ~~(8)~~ (5), and ~~(9)~~ (6), the recipient must complete an interim assistance agreement and must apply for other maintenance benefits as specified in section 256D.06, subdivision 5, and must comply with efforts to determine the recipient's eligibility for those other maintenance benefits.

(c) The burden of providing documentation for a county agency to use to verify eligibility for general assistance or for exemption from the food stamp employment and training program is upon the applicant or recipient. The county agency shall use documents already in its possession to verify eligibility, and shall help the applicant or recipient obtain other existing verification necessary to determine eligibility which the applicant or recipient does not have and is unable to obtain.

**EFFECTIVE DATE.** This section is effective May 1, 2012.

Sec. 13. Minnesota Statutes 2010, section 256D.06, subdivision 2, is amended to read:

Subd. 2. **Emergency need.** (a) Notwithstanding the provisions of subdivision 1, a grant of emergency general assistance shall, to the extent funds are available, be made to an eligible single adult, married couple, or family for an emergency need, ~~as defined in rules promulgated by the commissioner,~~ where the recipient requests temporary assistance not exceeding 30 days if an emergency situation appears to exist ~~and the individual or family is ineligible for MFIP or DWP or is not a participant of MFIP or DWP~~ under written criteria adopted by the county agency. If an applicant or recipient relates facts to the county agency which may be sufficient to constitute an emergency situation, the county agency shall, to the extent funds are available, advise the person of the procedure for applying for assistance according to this subdivision.

(b) The applicant must be ineligible for assistance under chapter 256J, must have annual net income no greater than 200 percent of the federal poverty guidelines for the previous calendar year, and may receive an emergency general assistance grant is available to a recipient not more than once in any 12-month period.

(c) Funding for an emergency general assistance program is limited to the appropriation. Each fiscal year, the commissioner shall allocate to counties the money appropriated for emergency general assistance grants based on each county agency's average share of state's emergency general expenditures for the immediate past three fiscal years as determined by the commissioner, and may reallocate any unspent amounts to other counties. No county shall be allocated less than \$1,000 for a fiscal year.

(d) Any emergency general assistance expenditures by a county above the amount of the commissioner's allocation to the county must be made from county funds.

**EFFECTIVE DATE.** This section is effective November 1, 2011.

Sec. 14. Minnesota Statutes 2010, section 256D.44, subdivision 5, is amended to read:

Subd. 5. **Special needs.** In addition to the state standards of assistance established in subdivisions 1 to 4, payments are allowed for the following special needs of recipients of Minnesota supplemental aid who are not residents of a nursing home, a regional treatment center, or a group residential housing facility.

~~(a) The county agency shall pay a monthly allowance for medically prescribed diets if the cost of those additional dietary needs cannot be met through some other maintenance benefit. The need for special diets or dietary items must be prescribed by a licensed physician. Costs for special diets shall be determined as percentages of the allotment for a one person household under the thrifty food plan as defined by the United States Department of Agriculture. The types of diets and the percentages of the thrifty food plan that are covered are as follows:~~

- ~~(1) high protein diet, at least 80 grams daily, 25 percent of thrifty food plan;~~
- ~~(2) controlled protein diet, 40 to 60 grams and requires special products, 100 percent of thrifty food plan;~~
- ~~(3) controlled protein diet, less than 40 grams and requires special products, 125 percent of thrifty food plan;~~
- ~~(4) low cholesterol diet, 25 percent of thrifty food plan;~~
- ~~(5) high residue diet, 20 percent of thrifty food plan;~~
- ~~(6) pregnancy and lactation diet, 35 percent of thrifty food plan;~~
- ~~(7) gluten free diet, 25 percent of thrifty food plan;~~
- ~~(8) lactose free diet, 25 percent of thrifty food plan;~~
- ~~(9) antidumping diet, 15 percent of thrifty food plan;~~
- ~~(10) hypoglycemic diet, 15 percent of thrifty food plan; or~~
- ~~(11) ketogenic diet, 25 percent of thrifty food plan.~~

~~(b) Payment for nonrecurring special needs must be allowed for necessary home repairs or necessary repairs or replacement of household furniture and appliances using the payment standard of the AFDC program in effect on July 16, 1996, for these expenses, as long as other funding sources are not available.~~

~~(c) A fee for guardian or conservator service is allowed at a reasonable rate negotiated by the county or approved by the court. This rate shall not exceed five percent of the assistance unit's gross monthly income up to a maximum of \$100 per month. If the guardian or conservator is a member of the county agency staff, no fee is allowed.~~

~~(d) The county agency shall continue to pay a monthly allowance of \$68 for restaurant meals for a person who was receiving a restaurant meal allowance on June 1, 1990, and who eats two or more meals in a restaurant daily. The allowance must continue until the person has not received Minnesota supplemental aid for one full calendar month or until the person's living arrangement changes and the person no longer meets the criteria for the restaurant meal allowance, whichever occurs first.~~

~~(e) A fee of ten percent of the recipient's gross income or \$25, whichever is less, is allowed for representative payee services provided by an agency that meets the requirements under SSI regulations to charge a fee for representative payee services. This special need is available to all recipients of Minnesota supplemental aid regardless of their living arrangement.~~

~~(f) (a) (1) Notwithstanding the language in this subdivision, An amount equal to the maximum allotment authorized by the federal Food Stamp Program for a single individual which is in effect on the first day of July of each year will be added to the standards of assistance established in subdivisions 1 to 4 for adults under the age of 65 who qualify as shelter needy and are: (i) relocating from an institution, or an adult mental health residential treatment program under section 256B.0622; (ii) eligible for the self-directed supports option as defined under section 256B.0657, subdivision 2; or (iii) home and community-based waiver recipients living in their own home or rented or leased apartment which is not owned, operated, or controlled by a provider of service not related by blood or marriage, unless allowed under paragraph ~~(e)~~ (b).~~

(2) Notwithstanding subdivision 3, paragraph (c), an individual eligible for the shelter needy benefit under this paragraph is considered a household of one. An eligible individual who receives this benefit prior to age 65 may continue to receive the benefit after the age of 65.

(3) "Shelter needy" means that the assistance unit incurs monthly shelter costs that exceed 40 percent of the assistance unit's gross income before the application of this special needs standard. "Gross income" for the purposes of this section is the applicant's or recipient's income as defined in section 256D.35, subdivision 10, or the standard specified in subdivision 3, paragraph (a) or (b), whichever is greater. A recipient of a federal or state housing subsidy, that limits shelter costs to a percentage of gross income, shall not be considered shelter needy for purposes of this paragraph.

~~(g) Notwithstanding this subdivision, (b) To access housing and services as provided in paragraph ~~(f)~~ (a), the recipient may choose housing that may be owned, operated, or controlled by the recipient's service provider. In a multifamily building of four or more units, the maximum number of apartments that may be used by recipients of this program shall be 50 percent of the units in a building. This paragraph expires on June 30, 2012.~~

**EFFECTIVE DATE.** This section is effective August 1, 2011.

Sec. 15. Minnesota Statutes 2010, section 256D.46, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** ~~A county agency must grant emergency Minnesota supplemental aid, to the extent funds are available, if the recipient is without adequate resources to resolve an emergency that, if unresolved, will threaten the health or safety of the recipient. For the purposes of this section, the term "recipient" includes persons~~



~~for whom a group residential housing benefit is being paid under sections 256I.01 to 256I.06. Applicants for or recipients of SSI or Minnesota supplemental aid who have emergency need may apply for emergency general assistance under section 256D.06, subdivision 2.~~

**EFFECTIVE DATE.** This section is effective November 1, 2011.

Sec. 16. Minnesota Statutes 2010, section 256D.47, is amended to read:

**256D.47 PAYMENT METHODS.**

Minnesota supplemental aid payments must be issued to the recipient, a protective payee, or a conservator or guardian of the recipient's estate in the form of county warrants immediately redeemable in cash, electronic benefits transfer, or by direct deposit into the recipient's account in a financial institution. Minnesota supplemental aid payments must be issued regularly on the first day of the month. The supplemental aid warrants must be mailed only to the address at which the recipient resides, unless another address has been approved in advance by the county agency. Vendor payments must not be issued by the county agency except for nonrecurring emergency need payments; at the request of the recipient; ~~for special needs, other than special diets;~~ or when the agency determines the need for protective payments exist.

**EFFECTIVE DATE.** This section is effective August 1, 2011.

Sec. 17. Minnesota Statutes 2010, section 256E.35, subdivision 5, is amended to read:

Subd. 5. **Household eligibility; participation.** (a) To be eligible for ~~state or TANF~~ matching funds in the family assets for independence initiative, a household must meet the eligibility requirements of the federal Assets for Independence Act, Public Law 105-285, in Title IV, section 408 of that act.

(b) Each participating household must sign a family asset agreement that includes the amount of scheduled deposits into its savings account, the proposed use, and the proposed savings goal. A participating household must agree to complete an economic literacy training program.

Participating households may only deposit money that is derived from household earned income or from state and federal income tax credits.

Sec. 18. Minnesota Statutes 2010, section 256E.35, subdivision 6, is amended to read:

Subd. 6. **Withdrawal; matching; permissible uses.** (a) To receive a match, a participating household must transfer funds withdrawn from a family asset account to its matching fund custodial account held by the fiscal agent, according to the family asset agreement. The fiscal agent must determine if the match request is for a permissible use consistent with the household's family asset agreement.

The fiscal agent must ensure the household's custodial account contains the applicable matching funds to match the balance in the household's account, including interest, on at least a quarterly basis and at the time of an approved withdrawal. ~~Matches must be provided as follows:~~

~~(1) from state grant and TANF funds a matching contribution of \$1.50 for every \$1 of funds withdrawn from the family asset account equal to the lesser of \$720 per year or a \$3,000 lifetime limit; and~~

~~(2) from nonstate funds, a matching contribution of no less than \$1.50 for every \$1 of funds withdrawn from the family asset account equal to the lesser of \$720 per year or a \$3,000 lifetime limit.~~

(b) Upon receipt of transferred custodial account funds, the fiscal agent must make a direct payment to the vendor of the goods or services for the permissible use.

Sec. 19. Minnesota Statutes 2010, section 256I.03, is amended by adding a subdivision to read:

Subd. 8. **Supplementary services.** "Supplementary services" means services provided to residents of group residential housing providers in addition to room and board including, but not limited to, oversight and up to 24-hour supervision, medication reminders, assistance with transportation, arranging for meetings and appointments, and arranging for medical and social services.

Sec. 20. Minnesota Statutes 2010, section 256I.04, subdivision 1, is amended to read:

Subdivision 1. **Individual eligibility requirements.** An individual is eligible for and entitled to a group residential housing payment to be made on the individual's behalf if the county agency has approved the individual's residence in a group residential housing setting and the individual meets the requirements in ~~paragraph (a) or (b)~~ this section.

(a) The individual is aged, blind, or is over 18 years of age and disabled as determined under the criteria used by the title II program of the Social Security Act, and meets the resource restrictions and standards of the supplemental security income program, and the individual's countable income after deducting the (1) exclusions and disregards of the SSI program, (2) the medical assistance personal needs allowance under section 256B.35, and (3) an amount equal to the income actually made available to a community spouse by an elderly waiver recipient under the provisions of sections 256B.0575, paragraph (a), clause (4), and 256B.058, subdivision 2, is less than the monthly rate specified in the county agency's agreement with the provider of group residential housing in which the individual resides.

~~(b) The individual meets a category of eligibility under section 256D.05, subdivision 1, paragraph (a), and the individual's resources are less than the standards specified by section 256D.08, and the individual's countable income as determined under sections 256D.01 to 256D.21, less the medical assistance personal needs allowance under section 256B.35 is less than the monthly rate specified in the county agency's agreement with the provider of group residential housing in which the individual resides.~~

(b) Each individual with income and resources less than the standard of assistance established by the commissioner and who is a resident of the state shall be eligible for and entitled to group residential housing if the assistance unit is:

(1) a person who is suffering from a professionally certified permanent or temporary illness, injury, or incapacity which is expected to continue for more than 90 days and which prevents the person from obtaining or retaining employment;

(2) a person who has been placed in, and is residing in, a licensed or certified facility for purposes of physical or mental health or rehabilitation, or in an approved chemical dependency domiciliary facility, if the placement is based on illness or incapacity and is according to a plan developed or approved by the county agency through its director or designated representative;

(3) a person not described in clause (1) or (2) who is diagnosed by a licensed physician, psychological practitioner, or other qualified professional, as developmentally disabled or mentally ill, and that condition prevents the person from obtaining or retaining employment;

(4) a person who has been assessed by a vocational specialist and, in consultation with the county agency, has been determined to be unemployable for purposes of this clause; a person is considered employable if there exist positions of employment in the local labor market, regardless of the current availability of openings for those

positions, that the person is capable of performing. The person's eligibility under this category must be reassessed at least annually. The county agency must provide notice to the person not later than 30 days before annual eligibility under this item ends, informing the person of the date annual eligibility will end and the need for vocational assessment if the person wishes to continue eligibility under this clause. For purposes of establishing eligibility under this clause, it is the applicant's or recipient's duty to obtain any needed vocational assessment;

(5) a person who is determined by the county agency, according to permanent rules adopted by the commissioner, to have a condition that qualifies under Minnesota's special education rules as a specific learning disability, provided that a rehabilitation plan for the person is developed or approved by the county agency, and the person is following the plan; or

(6) a person whose alcohol and drug addiction is a material factor that contributes to the person's disability.

(c) As a condition of eligibility under paragraph (b), the recipient must complete an interim assistance agreement and must apply for other maintenance benefits as specified in section 256N.35, and must comply with efforts to determine the recipient's eligibility for those other maintenance benefits.

(d) As a condition of eligibility under this section, the recipient must complete at least 20 hours per month of volunteer or paid work. The county of residence shall determine what may be included as volunteer work. Recipients must provide monthly proof of volunteer work on the forms established by the county. A person who is unable to obtain or retain 20 hours per month of volunteer or paid work due to a professionally certified illness, injury, disability, or incapacity must not be made ineligible for group residential housing under this section.

(e) The burden of providing documentation for a county agency to use to verify eligibility under this section is upon the applicant or recipient. The county agency shall use documents already in its possession to verify eligibility, and shall help the applicant or recipient obtain other existing verification necessary to determine eligibility which the applicant or recipient does not have and is unable to obtain.

**EFFECTIVE DATE.** This section is effective October 1, 2012.

Sec. 21. Minnesota Statutes 2010, section 256I.04, subdivision 2b, is amended to read:

Subd. 2b. **Group residential housing agreements.** (a) Agreements between county agencies and providers of group residential housing must be in writing and must specify the name and address under which the establishment subject to the agreement does business and under which the establishment, or service provider, if different from the group residential housing establishment, is licensed by the Department of Health or the Department of Human Services; the specific license or registration from the Department of Health or the Department of Human Services held by the provider and the number of beds subject to that license; the address of the location or locations at which group residential housing is provided under this agreement; the per diem and monthly rates that are to be paid from group residential housing funds for each eligible resident at each location; the number of beds at each location which are subject to the group residential housing agreement; whether the license holder is a not-for-profit corporation under section 501(c)(3) of the Internal Revenue Code; and a statement that the agreement is subject to the provisions of sections 256I.01 to 256I.06 and subject to any changes to those sections. Group residential housing agreements may be terminated with or without cause by either the county or the provider with two calendar months prior notice.

(b) Counties must not enter into agreements with providers of group residential housing that are licensed as board and lodging with special services and that do not include a residency requirement of at least 20 hours per month of volunteer or paid work. A person who is unable to obtain or retain 20 hours per month of volunteer or paid work due to a professionally certified illness, injury, disability, or incapacity must not be made ineligible for

group residential housing under this section. This paragraph does not apply to group residential housing providers who serve people aged 21 or younger if the residents are required to attend school or improve independent living skills.

**EFFECTIVE DATE.** This section is effective May 1, 2012.

Sec. 22. Minnesota Statutes 2010, section 256I.05, subdivision 1a, is amended to read:

Subd. 1a. **Supplementary service rates.** (a) Subject to the provisions of section 256I.04, subdivision 3, the county agency may negotiate a payment not to exceed \$426.37 for other services necessary to provide room and board provided by the group residence if the residence is licensed by or registered by the Department of Health, or licensed by the Department of Human Services to provide services in addition to room and board, and if the provider of services is not also concurrently receiving funding for services for a recipient under a home and community-based waiver under title XIX of the Social Security Act; or funding from the medical assistance program under section 256B.0659, for personal care services for residents in the setting; or residing in a setting which receives funding under Minnesota Rules, parts 9535.2000 to 9535.3000. If funding is available for other necessary services through a home and community-based waiver, or personal care services under section 256B.0659, then the GRH rate is limited to the rate set in subdivision 1. Unless otherwise provided in law, in no case may the supplementary service rate exceed \$426.37. The registration and licensure requirement does not apply to establishments which are exempt from state licensure because they are located on Indian reservations and for which the tribe has prescribed health and safety requirements. Service payments under this section may be prohibited under rules to prevent the supplanting of federal funds with state funds. The commissioner shall pursue the feasibility of obtaining the approval of the Secretary of Health and Human Services to provide home and community-based waiver services under title XIX of the Social Security Act for residents who are not eligible for an existing home and community-based waiver due to a primary diagnosis of mental illness or chemical dependency and shall apply for a waiver if it is determined to be cost-effective.

(b) The commissioner is authorized to make cost-neutral transfers from the GRH fund for beds under this section to other funding programs administered by the department after consultation with the county or counties in which the affected beds are located. The commissioner may also make cost-neutral transfers from the GRH fund to county human service agencies for beds permanently removed from the GRH census under a plan submitted by the county agency and approved by the commissioner. The commissioner shall report the amount of any transfers under this provision annually to the legislature.

(c) The provisions of paragraph (b) do not apply to a facility that has its reimbursement rate established under section 256B.431, subdivision 4, paragraph (c).

(d) Counties must not negotiate supplementary service rates with providers of group residential housing that are licensed as board and lodging with special services and that do not encourage a policy of sobriety on their premises.

**EFFECTIVE DATE.** This section is effective May 1, 2012.

Sec. 23. Minnesota Statutes 2010, section 256J.12, subdivision 1a, is amended to read:

Subd. 1a. ~~30-day~~ **60-day residency requirement.** An assistance unit is considered to have established residency in this state only when a child or caregiver has resided in this state for at least ~~30~~ 60 consecutive days with the intention of making the person's home here and not for any temporary purpose. The birth of a child in Minnesota to a member of the assistance unit does not automatically establish the residency in this state under this subdivision of the other members of the assistance unit. Time spent in a shelter for battered women shall count toward satisfying the ~~30-day~~ 60-day residency requirement.

Sec. 24. Minnesota Statutes 2010, section 256J.12, subdivision 2, is amended to read:

Subd. 2. **Exceptions.** (a) ~~A county shall waive the 30-day residency requirement where unusual hardship would result from denial of assistance.~~

~~(b) For purposes of this section, unusual hardship means an assistance unit:~~

~~(1) is without alternative shelter; or~~

~~(2) is without available resources for food.~~

~~(c) For purposes of this subdivision, the following definitions apply (1) "metropolitan statistical area" is as defined by the U.S. Census Bureau; (2) "alternative shelter" includes any shelter that is located within the metropolitan statistical area containing the county and for which the family is eligible, provided the assistance unit does not have to travel more than 20 miles to reach the shelter and has access to transportation to the shelter. Clause (2) does not apply to counties in the Minneapolis-St. Paul metropolitan statistical area.~~

~~(d)~~ Applicants are considered to meet the residency requirement under subdivision 1a if they once resided in Minnesota and:

(1) joined the United States armed services, returned to Minnesota within 30 days of leaving the armed services, and intend to remain in Minnesota; or

(2) left to attend school in another state, paid nonresident tuition or Minnesota tuition rates under a reciprocity agreement, and returned to Minnesota within 30 days of graduation with the intent to remain in Minnesota.

~~(e)~~ (b) The ~~30-day~~ 60-day residence requirement is met when:

(1) a minor child or a minor caregiver moves from another state to the residence of a relative caregiver; and

(2) the relative caregiver has resided in Minnesota for at least ~~30~~ 60 consecutive days and:

(i) the minor caregiver applies for and receives MFIP; or

(ii) the relative caregiver applies for assistance for the minor child but does not choose to be a member of the MFIP assistance unit.

Sec. 25. Minnesota Statutes 2010, section 256J.20, subdivision 3, is amended to read:

Subd. 3. **Other property limitations.** To be eligible for MFIP, the equity value of all nonexcluded real and personal property of the assistance unit must not exceed \$2,000 for applicants and \$5,000 for ongoing participants. The value of assets in clauses (1) to (19) must be excluded when determining the equity value of real and personal property:

(1) a licensed vehicle up to a loan value of less than or equal to ~~\$15,000~~ \$10,000. If the assistance unit owns more than one licensed vehicle, the county agency shall determine the loan value of all additional vehicles and exclude the combined loan value of less than or equal to \$7,500. The county agency shall apply any excess loan value as if it were equity value to the asset limit described in this section, excluding: (i) the value of one vehicle per physically disabled person when the vehicle is needed to transport the disabled unit member; this exclusion does not apply to mentally disabled people; (ii) the value of special equipment for a disabled member of the assistance unit; and (iii) any vehicle used for long-distance travel, other than daily commuting, for the employment of a unit member.

To establish the loan value of vehicles, a county agency must use the N.A.D.A. Official Used Car Guide, Midwest Edition, for newer model cars. When a vehicle is not listed in the guidebook, or when the applicant or participant disputes the loan value listed in the guidebook as unreasonable given the condition of the particular vehicle, the county agency may require the applicant or participant document the loan value by securing a written statement from a motor vehicle dealer licensed under section 168.27, stating the amount that the dealer would pay to purchase the vehicle. The county agency shall reimburse the applicant or participant for the cost of a written statement that documents a lower loan value;

(2) the value of life insurance policies for members of the assistance unit;

(3) one burial plot per member of an assistance unit;

(4) the value of personal property needed to produce earned income, including tools, implements, farm animals, inventory, business loans, business checking and savings accounts used at least annually and used exclusively for the operation of a self-employment business, and any motor vehicles if at least 50 percent of the vehicle's use is to produce income and if the vehicles are essential for the self-employment business;

(5) the value of personal property not otherwise specified which is commonly used by household members in day-to-day living such as clothing, necessary household furniture, equipment, and other basic maintenance items essential for daily living;

(6) the value of real and personal property owned by a recipient of Supplemental Security Income or Minnesota supplemental aid;

(7) the value of corrective payments, but only for the month in which the payment is received and for the following month;

(8) a mobile home or other vehicle used by an applicant or participant as the applicant's or participant's home;

(9) money in a separate escrow account that is needed to pay real estate taxes or insurance and that is used for this purpose;

(10) money held in escrow to cover employee FICA, employee tax withholding, sales tax withholding, employee worker compensation, business insurance, property rental, property taxes, and other costs that are paid at least annually, but less often than monthly;

(11) monthly assistance payments for the current month's or short-term emergency needs under section 256J.626, subdivision 2;

(12) the value of school loans, grants, or scholarships for the period they are intended to cover;

(13) payments listed in section 256J.21, subdivision 2, clause (9), which are held in escrow for a period not to exceed three months to replace or repair personal or real property;

(14) income received in a budget month through the end of the payment month;

(15) savings from earned income of a minor child or a minor parent that are set aside in a separate account designated specifically for future education or employment costs;

(16) the federal earned income credit, Minnesota working family credit, state and federal income tax refunds, state homeowners and renters credits under chapter 290A, property tax rebates and other federal or state tax rebates in the month received and the following month;

(17) payments excluded under federal law as long as those payments are held in a separate account from any nonexcluded funds;

(18) the assets of children ineligible to receive MFIP benefits because foster care or adoption assistance payments are made on their behalf; and

(19) the assets of persons whose income is excluded under section 256J.21, subdivision 2, clause (43).

**EFFECTIVE DATE.** This section is effective October 1, 2011.

Sec. 26. Minnesota Statutes 2010, section 256J.37, is amended by adding a subdivision to read:

**Subd. 3c. Treatment of Supplemental Security Income.** The county shall reduce the cash portion of the MFIP grant by \$50 per adult SSI recipient who resides in the household, and who would otherwise be included in the MFIP assistance unit under section 256J.24, subdivision 2, but is excluded solely due to the SSI recipient status under section 256J.24, subdivision 3, paragraph (a), clause (1). If the SSI recipient receives less than \$50 of SSI, only the amount received shall be used in calculating the MFIP cash assistance payment. This provision does not apply to relative caregivers who could elect to be included in the MFIP assistance unit under section 256J.24, subdivision 4, unless the caregiver's children or stepchildren are included in the MFIP assistance unit.

**EFFECTIVE DATE.** This section is effective May 1, 2012.

Sec. 27. Minnesota Statutes 2010, section 256J.49, subdivision 13, is amended to read:

**Subd. 13. Work activity.** (a) "Work activity" means any activity in a participant's approved employment plan that leads to employment. For purposes of the MFIP program, this includes activities that meet the definition of work activity under the participation requirements of TANF. Work activity includes:

(1) unsubsidized employment, including work study and paid apprenticeships or internships;

(2) subsidized private sector or public sector employment, including grant diversion as specified in section 256J.69, on-the-job training as specified in section 256J.66, paid work experience, and supported work when a wage subsidy is provided;

(3) unpaid work experience, including community service, volunteer work, the community work experience program as specified in section 256J.67, unpaid apprenticeships or internships, and supported work when a wage subsidy is not provided. Unpaid work experience is only an option if the participant has been unable to obtain or maintain paid employment in the competitive labor market, and no paid work experience programs are available to the participant. Prior to placing a participant in unpaid work, the county must inform the participant that the participant will be notified if a paid work experience or supported work position becomes available. Unless a participant consents in writing to participate in unpaid work experience, the participant's employment plan may only include unpaid work experience if including the unpaid work experience in the plan will meet the following criteria:

(i) the unpaid work experience will provide the participant specific skills or experience that cannot be obtained through other work activity options where the participant resides or is willing to reside; and

(ii) the skills or experience gained through the unpaid work experience will result in higher wages for the participant than the participant could earn without the unpaid work experience;

(4) job search including job readiness assistance, job clubs, job placement, job-related counseling, and job retention services;

(5) job readiness education, including English as a second language (ESL) or functional work literacy classes as limited by the provisions of section 256J.531, subdivision 2, general educational development (GED) course work, high school completion, and adult basic education as limited by the provisions of section 256J.531, subdivision 1;

(6) job skills training directly related to employment, including education and training that can reasonably be expected to lead to employment, as limited by the provisions of section 256J.53;

(7) providing child care services to a participant who is working in a community service program;

(8) activities included in the employment plan that is developed under section 256J.521, subdivision 3; and

(9) preemployment activities including chemical and mental health assessments, treatment, and services; learning disabilities services; child protective services; family stabilization services; or other programs designed to enhance employability.

(b) "Work activity" does not include activities done for political purposes as defined in section 211B.01, subdivision 6.

Sec. 28. Minnesota Statutes 2010, section 256J.53, subdivision 2, is amended to read:

Subd. 2. **Approval of postsecondary education or training.** (a) In order for a postsecondary education or training program to be an approved activity in an employment plan, the ~~plan must include additional work activities if the education and training activities do not meet the minimum hours required to meet the federal work participation rate under Code of Federal Regulations, title 45, sections 261.31 and 261.35~~ participant must be working in unsubsidized employment at least 10 hours per week.

(b) Participants seeking approval of a postsecondary education or training plan must provide documentation that:

(1) the employment goal can only be met with the additional education or training;

(2) there are suitable employment opportunities that require the specific education or training in the area in which the participant resides or is willing to reside;

(3) the education or training will result in significantly higher wages for the participant than the participant could earn without the education or training;

(4) the participant can meet the requirements for admission into the program; and

(5) there is a reasonable expectation that the participant will complete the training program based on such factors as the participant's MFIP assessment, previous education, training, and work history; current motivation; and changes in previous circumstances.

(c) The hourly unsubsidized employment requirement does not apply for intensive education or training programs lasting 12 weeks or less when full-time attendance is required.



Sec. 29. **[256N.10] ADULT ASSISTANCE GRANT PROGRAM.**

The adult assistance grant program is a capped allocation to counties that can be spent in a flexible manner, to the extent funds are available, for adult assistance.

**EFFECTIVE DATE.** This section is effective October 1, 2012.

Sec. 30. **[256N.20] DEFINITIONS.**

Subdivision 1. **Scope.** For the purposes of sections 256N.01 to 256N.80, the terms defined in this section have the meanings given them.

Subd. 2. **Adult assistance.** "Adult assistance" means a capped allocation provided or arranged for by county boards for ongoing emergency needs, special diets, or special needs as determined by the county.

Subd. 3. **Commissioner.** "Commissioner" means the commissioner of human services.

Subd. 4. **County board.** "County board" means the board of county commissioners in each county.

Subd. 5. **Eligible participant.** "Eligible participant" means low-income adults who meet the residency requirements under section 256N.22, and who were previously eligible for programs under subdivision 6 are eligible for adult assistance. The commissioner may develop more specific eligibility criteria.

Subd. 6. **Former programs.** "Former programs" means funding for:

(1) general assistance;

(2) emergency general assistance;

(3) emergency supplemental aid; and

(4) Minnesota supplemental aid special needs and special diets.

**EFFECTIVE DATE.** This section is effective October 1, 2012.

Sec. 31. **[256N.22] RESIDENCY.**

(a) For purposes of eligibility for adult assistance, a person must be a resident of this state.

(b) A "resident" is a person living in the state for at least 60 days with the intention of making the person's home here and not for any temporary purpose. Time spent in a shelter for battered women shall count toward satisfying the 60-day residency requirement. All applicants for these programs are required to demonstrate the requisite intent and may do so in any of the following ways:

(1) by showing that the applicant maintains a residence at a verified address, other than a place of public accommodation. An applicant may verify a residence address by presenting a valid state driver's license, a state identification card, a voter registration card, or a rent receipt; or

(2) by verifying residence according to Minnesota Rules, part 9500.1219, subpart 3, item C.

(c) The county shall not deny an application solely because the applicant does not meet at least one of the criteria in this subdivision, but shall continue to process the application and leave the application pending until the residency requirement is met or until eligibility or ineligibility is established.

(d) If any provision of this subdivision is enjoined from implementation or found unconstitutional by any court of competent jurisdiction, the remaining provisions shall remain valid and shall be given full effect.

**EFFECTIVE DATE.** This section is effective October 1, 2012.

Sec. 32. **[256N.25] PROGRAM EVALUATION.**

Subdivision 1. **County evaluation.** Each county shall submit to the commissioner data from the past calendar year on the outcomes and performance indicators, and information as to how grant funds are being spent on the target population. The commissioner shall prescribe standard methods to be used by the counties in providing the data. The data shall be submitted no later than March 1 of each year, beginning with March 1, 2013. The commissioner shall define outcomes and performance indicators.

Subd. 2. **Statewide evaluation.** Six months after the end of the first full calendar year and biennially thereafter, the commissioner shall prepare a report on the counties' progress in improving the outcomes of adults related to safety and well-being. This report shall be disseminated electronically throughout the state.

**EFFECTIVE DATE.** This section is effective October 1, 2012.

Sec. 33. **[256N.30] FUNDING.**

Subdivision 1. **Assistance.** (a) Counties may use the capped allocation for adult assistance for individuals under section 256N.20, subdivision 2.

(b) The county agency shall, within available appropriations, provide a personal needs allowance to individuals eligible for group residential housing under section 256I.04, subdivision 1, paragraph (b), and to other individuals who reside in licensed residential facilities other than group residential housing. The county may determine the amount of the personal needs allowance based on the individual's net income and need.

(c) In determining the amount of assistance, the county shall disregard the first \$150 of earned income per month. In addition, the county shall disregard additional earned income up to a maximum of \$500 per month for individuals residing in facilities or group residential housing for whom the county agency has approved a discharge plan that includes work. The additional amount disregarded must be placed in a separate savings account by the eligible individual, to be used upon discharge from the residential facility into the community, up to a maximum of \$2,000.

(d) The county shall give priority to eligible individuals who are enrolled in a 12-month residential chemical dependency treatment program.

Subd. 2. **Allocation.** Funding for the adult assistance grant program is limited to the appropriation. The commissioner shall allocate to counties the money appropriated for the program based on each county agency's average share of the state's former programs under section 256N.20, subdivision 6. The commissioner may reallocate any unspent amounts to other counties. No county shall be allocated less than \$1,000 for the fiscal year. Any adult assistance aid expenditures by a county above the amount of the commissioner's allocation to the county must be made from county funds.

**EFFECTIVE DATE.** This section is effective October 1, 2012.

Sec. 34. **[256N.35] APPLICANT REQUIREMENTS.**

(a) Any applicant, otherwise eligible for adult assistance and possibly eligible for federal maintenance benefits from any other source shall: (1) make application for those benefits within 30 days of the adult assistance application; and (2) execute an interim assistance authorization on a form as directed by the commissioner.

(b) The commissioner shall review a denial of an application for other federal maintenance benefits and may require a recipient of adult assistance to file an appeal of the denial if appropriate.

(c) If found eligible for maintenance benefits, and maintenance benefits were received during the period in which adult assistance was also being received, the recipient shall be required to reimburse the state for the interim assistance paid. Reimbursement shall not exceed the amount of adult assistance paid during the time period to which the other maintenance benefits apply.

(d) The commissioner may contract with the county agencies, qualified agencies, organizations, or persons to provide advocacy and support services to process claims for federal disability benefits for applicants or recipients of services or benefits supervised by the commissioner using money retained under this section.

(e) The commissioner may provide methods by which county agencies shall identify, refer, and assist recipients who may be eligible for benefits under federal programs for the disabled.

(f) The total amount of interim assistance recoveries retained under this section for advocacy, support, and claim processing services shall not exceed 35 percent of the interim assistance recoveries in the prior fiscal year.

**EFFECTIVE DATE.** This section is effective October 1, 2012.

Sec. 35. Minnesota Statutes 2010, section 260C.157, subdivision 3, is amended to read:

Subd. 3. **Juvenile treatment screening team.** (a) The responsible social services agency shall establish a juvenile treatment screening team to conduct screenings and prepare case plans under ~~this subdivision~~ section 245.487, subdivision 3, and chapters 260C and 260D. Screenings shall be conducted within 15 days of a request for a screening. The team, which may be the team constituted under section 245.4885 or 256B.092 or Minnesota Rules, parts 9530.6600 to 9530.6655, shall consist of social workers, juvenile justice professionals, and persons with expertise in the treatment of juveniles who are emotionally disabled, chemically dependent, or have a developmental disability. ~~The team shall involve parents or guardians in the screening process as appropriate, and the child's parent, guardian, or permanent legal custodian under section 260C.201, subdivision 11.~~ The team may be the same team as defined in section 260B.157, subdivision 3.

(b) The social services agency shall determine whether a child brought to its attention for the purposes described in this section is an Indian child, as defined in section 260C.007, subdivision 21, and shall determine the identity of the Indian child's tribe, as defined in section 260.755, subdivision 9. When a child to be evaluated is an Indian child, the team provided in paragraph (a) shall include a designated representative of the Indian child's tribe, unless the child's tribal authority declines to appoint a representative. The Indian child's tribe may delegate its authority to represent the child to any other federally recognized Indian tribe, as defined in section 260.755, subdivision 12.

(c) If the court, prior to, or as part of, a final disposition, proposes to place a child:

(1) for the primary purpose of treatment for an emotional disturbance, a developmental disability, or chemical dependency in a residential treatment facility out of state or in one which is within the state and licensed by the commissioner of human services under chapter 245A; or

(2) in any out-of-home setting potentially exceeding 30 days in duration, including a postdispositional placement in a facility licensed by the commissioner of corrections or human services, the court shall ascertain whether the child is an Indian child and shall notify the county welfare agency and, if the child is an Indian child, shall notify the Indian child's tribe. The county's juvenile treatment screening team must either: (i) screen and evaluate the child and file its recommendations with the court within 14 days of receipt of the notice; or (ii) elect not to screen a given case and notify the court of that decision within three working days.

(d) ~~If the screening team has elected to screen and evaluate the child,~~ The child may not be placed for the primary purpose of treatment for an emotional disturbance, a developmental disability, or chemical dependency, in a residential treatment facility out of state nor in a residential treatment facility within the state that is licensed under chapter 245A, unless one of the following conditions applies:

(1) a treatment professional certifies that an emergency requires the placement of the child in a facility within the state;

(2) the screening team has evaluated the child and recommended that a residential placement is necessary to meet the child's treatment needs and the safety needs of the community, that it is a cost-effective means of meeting the treatment needs, and that it will be of therapeutic value to the child; or

(3) the court, having reviewed a screening team recommendation against placement, determines to the contrary that a residential placement is necessary. The court shall state the reasons for its determination in writing, on the record, and shall respond specifically to the findings and recommendation of the screening team in explaining why the recommendation was rejected. The attorney representing the child and the prosecuting attorney shall be afforded an opportunity to be heard on the matter.

(e) When the county's juvenile treatment screening team has elected to screen and evaluate a child determined to be an Indian child, the team shall provide notice to the tribe or tribes that accept jurisdiction for the Indian child or that recognize the child as a member of the tribe or as a person eligible for membership in the tribe, and permit the tribe's representative to participate in the screening team.

(f) When the Indian child's tribe or tribal health care services provider or Indian Health Services provider proposes to place a child for the primary purpose of treatment for an emotional disturbance, a developmental disability, or co-occurring emotional disturbance and chemical dependency, the Indian child's tribe or the tribe delegated by the child's tribe shall submit necessary documentation to the county juvenile treatment screening team, which must invite the Indian child's tribe to designate a representative to the screening team.

Sec. 36. Minnesota Statutes 2010, section 260D.01, is amended to read:

**260D.01 CHILD IN VOLUNTARY FOSTER CARE FOR TREATMENT.**

(a) Sections 260D.01 to 260D.10, may be cited as the "child in voluntary foster care for treatment" provisions of the Juvenile Court Act.

(b) The juvenile court has original and exclusive jurisdiction over a child in voluntary foster care for treatment upon the filing of a report or petition required under this chapter. All obligations of the agency to a child and family in foster care contained in chapter 260C not inconsistent with this chapter are also obligations of the agency with regard to a child in foster care for treatment under this chapter.

(c) This chapter shall be construed consistently with the mission of the children's mental health service system as set out in section 245.487, subdivision 3, and the duties of an agency under section 256B.092, 260C.157, and Minnesota Rules, parts 9525.0004 to 9525.0016, to meet the needs of a child with a developmental disability or related condition. This chapter:

(1) establishes voluntary foster care through a voluntary foster care agreement as the means for an agency and a parent to provide needed treatment when the child must be in foster care to receive necessary treatment for an emotional disturbance or developmental disability or related condition;

(2) establishes court review requirements for a child in voluntary foster care for treatment due to emotional disturbance or developmental disability or a related condition;

(3) establishes the ongoing responsibility of the parent as legal custodian to visit the child, to plan together with the agency for the child's treatment needs, to be available and accessible to the agency to make treatment decisions, and to obtain necessary medical, dental, and other care for the child; and

(4) applies to voluntary foster care when the child's parent and the agency agree that the child's treatment needs require foster care either:

(i) due to a level of care determination by the agency's screening team informed by the diagnostic and functional assessment under section 245.4885; or

(ii) due to a determination regarding the level of services needed by the responsible social services' screening team under section 256B.092, and Minnesota Rules, parts 9525.0004 to 9525.0016.

(d) This chapter does not apply when there is a current determination under section 626.556 that the child requires child protective services or when the child is in foster care for any reason other than treatment for the child's emotional disturbance or developmental disability or related condition. When there is a determination under section 626.556 that the child requires child protective services based on an assessment that there are safety and risk issues for the child that have not been mitigated through the parent's engagement in services or otherwise, or when the child is in foster care for any reason other than the child's emotional disturbance or developmental disability or related condition, the provisions of chapter 260C apply.

(e) The paramount consideration in all proceedings concerning a child in voluntary foster care for treatment is the safety, health, and the best interests of the child. The purpose of this chapter is:

(1) to ensure a child with a disability is provided the services necessary to treat or ameliorate the symptoms of the child's disability;

(2) to preserve and strengthen the child's family ties whenever possible and in the child's best interests, approving the child's placement away from the child's parents only when the child's need for care or treatment requires it and the child cannot be maintained in the home of the parent; and

(3) to ensure the child's parent retains legal custody of the child and associated decision-making authority unless the child's parent willfully fails or is unable to make decisions that meet the child's safety, health, and best interests. The court may not find that the parent willfully fails or is unable to make decisions that meet the child's needs solely because the parent disagrees with the agency's choice of foster care facility, unless the agency files a petition under chapter 260C, and establishes by clear and convincing evidence that the child is in need of protection or services.

(f) The legal parent-child relationship shall be supported under this chapter by maintaining the parent's legal authority and responsibility for ongoing planning for the child and by the agency's assisting the parent, where necessary, to exercise the parent's ongoing right and obligation to visit or to have reasonable contact with the child. Ongoing planning means:

(1) actively participating in the planning and provision of educational services, medical, and dental care for the child;

(2) actively planning and participating with the agency and the foster care facility for the child's treatment needs; and

(3) planning to meet the child's need for safety, stability, and permanency, and the child's need to stay connected to the child's family and community.

(g) The provisions of section 260.012 to ensure placement prevention, family reunification, and all active and reasonable effort requirements of that section apply. This chapter shall be construed consistently with the requirements of the Indian Child Welfare Act of 1978, United States Code, title 25, section 1901, et al., and the provisions of the Minnesota Indian Family Preservation Act, sections 260.751 to 260.835.

Sec. 37. Minnesota Statutes 2010, section 393.07, subdivision 10a, is amended to read:

Subd. 10a. **Expedited issuance of food stamps.** The commissioner of human services shall continually monitor the expedited issuance of food stamp benefits to ensure that each county complies with federal regulations and that households eligible for expedited issuance of food stamps are identified, processed, and certified within the time frames prescribed in federal regulations.

County food stamp offices shall screen ~~and issue food stamps to~~ applicants on the day of application. Applicants who meet the federal criteria for expedited issuance and have an immediate need for food assistance shall receive ~~either:~~ within five working days

~~(1) a manual Authorization to Participate (ATP) card; or~~

~~(2) the immediate issuance of food stamp coupons~~ benefits.

The local food stamp agency shall conspicuously post in each food stamp office a notice of the availability of and the procedure for applying for expedited issuance and verbally advise each applicant of the availability of the expedited process.

Sec. 38. Minnesota Statutes 2010, section 518A.51, is amended to read:

**518A.51 FEES FOR IV-D SERVICES.**

(a) When a recipient of IV-D services is no longer receiving assistance under the state's title IV-A, IV-E foster care, medical assistance, or MinnesotaCare programs, the public authority responsible for child support enforcement must notify the recipient, within five working days of the notification of ineligibility, that IV-D services will be continued unless the public authority is notified to the contrary by the recipient. The notice must include the implications of continuing to receive IV-D services, including the available services and fees, cost recovery fees, and distribution policies relating to fees.

(b) An application fee of \$25 shall be paid by the person who applies for child support and maintenance collection services, except persons who are receiving public assistance as defined in section 256.741 and the diversionary work program under section 256J.95, persons who transfer from public assistance to nonpublic assistance status, and minor parents and parents enrolled in a public secondary school, area learning center, or alternative learning program approved by the commissioner of education.

(c) In the case of an individual who has never received assistance under a state program funded under Title IV-A of the Social Security Act and for whom the public authority has collected at least \$500 of support, the public authority must impose an annual federal collections fee of \$25 for each case in which services are furnished. This fee must be retained by the public authority from support collected on behalf of the individual, but not from the first \$500 collected.

(d) When the public authority provides full IV-D services to an obligee who has applied for those services, upon written notice to the obligee, the public authority must charge a cost recovery fee of one percent of the amount collected. This fee must be deducted from the amount of the child support and maintenance collected and not assigned under section 256.741 before disbursement to the obligee. This fee does not apply to an obligee who:

(1) is currently receiving assistance under the state's title IV-A, IV-E foster care, medical assistance, or MinnesotaCare programs; or

(2) has received assistance under the state's title IV-A or IV-E foster care programs, until the person has not received this assistance for 24 consecutive months.

(e) When the public authority provides full IV-D services to an obligor who has applied for such services, upon written notice to the obligor, the public authority must charge a cost recovery fee of one percent of the monthly court-ordered child support and maintenance obligation. The fee may be collected through income withholding, as well as by any other enforcement remedy available to the public authority responsible for child support enforcement.

(f) Fees assessed by state and federal tax agencies for collection of overdue support owed to or on behalf of a person not receiving public assistance must be imposed on the person for whom these services are provided. The public authority upon written notice to the obligee shall assess a fee of \$25 to the person not receiving public assistance for each successful federal tax interception. The fee must be withheld prior to the release of the funds received from each interception and deposited in the general fund.

(g) Federal collections fees collected under paragraph (c) and cost recovery fees collected under paragraphs (d) and (e), retained by the commissioner of human services, shall be considered child support program income according to Code of Federal Regulations, title 45, section 304.50, and shall be deposited in the special revenue fund account established under paragraph (i). The commissioner of human services must elect to recover costs based on either actual or standardized costs.

(h) The limitations of this section on the assessment of fees shall not apply to the extent inconsistent with the requirements of federal law for receiving funds for the programs under Title IV-A and Title IV-D of the Social Security Act, United States Code, title 42, sections 601 to 613 and United States Code, title 42, sections 651 to 662.

(i) The commissioner of human services is authorized to establish a special revenue fund account to receive the federal collections fees collected under paragraph (c) and cost recovery fees collected under paragraphs (d) and (e). A portion of the nonfederal share of these fees may be retained for expenditures necessary to administer the fees and must be transferred to the child support system special revenue account. ~~The remaining nonfederal share of the federal collections fees and cost recovery fees must be retained by the commissioner and dedicated to the child support general fund county performance based grant account authorized under sections 256.979 and 256.9791. The commissioner shall distribute the remaining nonfederal share of these fees to the counties quarterly using the methodology specified in section 256.979, subdivision 11. The funds received by the counties must be reinvested in the child support enforcement program, and the counties shall not reduce the funding of their child support programs by the amount of funding distributed.~~

**Sec. 39. REQUIREMENT FOR LIQUOR STORES, TOBACCO STORES, GAMBLING ESTABLISHMENTS, AND TATTOO PARLORS.**

Liquor stores, tobacco stores, gambling establishments, and tattoo parlors must negotiate with their third-party processors to block EBT card cash transactions at their places of business and withdrawals of cash at automatic teller machines located in their places of business.

Sec. 40. **MINNESOTA EBT BUSINESS TASK FORCE.**

Subdivision 1. **Members.** The Minnesota EBT Business Task Force includes seven members, appointed as follows:

- (1) two members of the Minnesota house of representatives appointed by the speaker of the house;
- (2) two members of the Minnesota senate appointed by the senate majority leader;
- (3) the commissioner of human services, or designee;
- (4) an appointee of the Minnesota Grocers Association; and
- (5) a credit card processor, appointed by the commissioner of human services.

Subd. 2. **Duties.** The Minnesota EBT Business Task Force shall create a workable strategy to eliminate the purchase of tobacco and alcoholic beverages by recipients of the general assistance program and Minnesota supplemental aid program under Minnesota Statutes, chapter 256D, and programs under Minnesota Statutes, chapter 256J, using EBT cards. The task force will consider cost to the state, feasibility of execution at retail, and ease of use and privacy for EBT cardholders.

Subd. 3. **Report.** The task force will report back to the legislative committees with jurisdiction over health and human services policy and finance by April 1, 2012, with recommendations related to the task force duties under subdivision 2.

Subd. 4. **Expiration.** The task force expires on June 30, 2012.

Sec. 41. **STREAMLINING CHILDREN AND COMMUNITY SERVICES ACT REPORTING REQUIREMENTS.**

The commissioner of human services and county human services representatives, in consultation with other interested parties, shall develop a streamlined alternative to current reporting requirements related to the Children and Community Services Act service plan. The commissioner shall submit recommendations and draft legislation to the chairs and ranking minority members of the committees having jurisdiction over human services no later than November 15, 2012.

Sec. 42. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall make conforming amendments and correct statutory cross-references as necessitated by the creation of Minnesota Statutes, chapter 256N, and related repealers in this article.

Sec. 43. **REPEALER.**

- (a) Minnesota Statutes 2010, section 256.9862, subdivision 2, is repealed effective February 1, 2012.
- (b) Minnesota Statutes 2010, sections 256.979, subdivisions 5, 6, 7, and 10; 256.9791; 256D.01, subdivisions 1, 1a, 1b, 1e, and 2; 256D.03, subdivisions 1, 2, and 2a; 256D.05, subdivisions 1, 2, 4, 5, 6, 7, and 8; 256D.0513; 256D.06, subdivisions 1, 1b, 2, 5, 7, and 8; 256D.09, subdivisions 1, 2, 2a, 2b, 5, and 6; 256D.10; 256D.13; 256D.15; 256D.16; 256D.35, subdivision 8b; and 256D.46, are repealed effective October 1, 2012.
- (c) Minnesota Rules, part 3400.0130, subpart 8, is repealed effective September 3, 2012.
- (d) Minnesota Rules, part 9500.1261, subparts 3, items D and E, 4, and 5, are repealed effective November 1, 2011.



ARTICLE 2  
DEPARTMENT OF HEALTH

Section 1. Minnesota Statutes 2010, section 62D.08, subdivision 7, is amended to read:

Subd. 7. **Consistent administrative expenses and investment income reporting.** (a) Every health maintenance organization must directly allocate administrative expenses to specific lines of business or products when such information is available. The definition of administrative expenses must be consistent with that of the National Association of Insurance Commissioners (NAIC) as provided in the most current NAIC blank. Remaining expenses that cannot be directly allocated must be allocated based on other methods, as recommended by the Advisory Group on Administrative Expenses. Health maintenance organizations must submit this information, including administrative expenses for dental services, using the reporting template provided by the commissioner of health.

(b) Every health maintenance organization must allocate investment income based on cumulative net income over time by business line or product and must submit this information, including investment income for dental services, using the reporting template provided by the commissioner of health.

Sec. 2. Minnesota Statutes 2010, section 62J.04, subdivision 3, is amended to read:

Subd. 3. **Cost containment duties.** The commissioner shall:

(1) establish statewide and regional cost containment goals for total health care spending under this section and collect data as described in sections 62J.38 ~~to 62J.41~~ and 62J.40 to monitor statewide achievement of the cost containment goals;

(2) divide the state into no fewer than four regions, with one of those regions being the Minneapolis/St. Paul metropolitan statistical area but excluding Chisago, Isanti, Wright, and Sherburne Counties, for purposes of fostering the development of regional health planning and coordination of health care delivery among regional health care systems and working to achieve the cost containment goals;

(3) monitor the quality of health care throughout the state and take action as necessary to ensure an appropriate level of quality;

(4) issue recommendations regarding uniform billing forms, uniform electronic billing procedures and data interchanges, patient identification cards, and other uniform claims and administrative procedures for health care providers and private and public sector payers. In developing the recommendations, the commissioner shall review the work of the work group on electronic data interchange (WEDI) and the American National Standards Institute (ANSI) at the national level, and the work being done at the state and local level. The commissioner may adopt rules requiring the use of the Uniform Bill 82/92 form, the National Council of Prescription Drug Providers (NCPDP) 3.2 electronic version, the Centers for Medicare and Medicaid Services 1500 form, or other standardized forms or procedures;

(5) undertake health planning responsibilities;

(6) authorize, fund, or promote research and experimentation on new technologies and health care procedures;

(7) within the limits of appropriations for these purposes, administer or contract for statewide consumer education and wellness programs that will improve the health of Minnesotans and increase individual responsibility relating to personal health and the delivery of health care services, undertake prevention programs including initiatives to improve birth outcomes, expand childhood immunization efforts, and provide start-up grants for worksite wellness programs;

(8) undertake other activities to monitor and oversee the delivery of health care services in Minnesota with the goal of improving affordability, quality, and accessibility of health care for all Minnesotans; and

(9) make the cost containment goal data available to the public in a consumer-oriented manner.

**EFFECTIVE DATE.** This section is effective July 1, 2011.

Sec. 3. Minnesota Statutes 2010, section 62J.17, subdivision 4a, is amended to read:

Subd. 4a. **Expenditure reporting.** Each hospital, outpatient surgical center, diagnostic imaging center, and physician clinic shall report annually to the commissioner on all major spending commitments, in the form and manner specified by the commissioner. The report shall include the following information:

(a) a description of major spending commitments made during the previous year, including the total dollar amount of major spending commitments and purpose of the expenditures;

(b) the cost of land acquisition, construction of new facilities, and renovation of existing facilities;

(c) the cost of purchased or leased medical equipment, by type of equipment;

(d) expenditures by type for specialty care and new specialized services;

(e) information on the amount and types of added capacity for diagnostic imaging services, outpatient surgical services, and new specialized services; and

(f) information on investments in electronic medical records systems.

For hospitals and outpatient surgical centers, this information shall be included in reports to the commissioner that are required under section 144.698. For diagnostic imaging centers, this information shall be included in reports to the commissioner that are required under section 144.565. ~~For physician clinics, this information shall be included in reports to the commissioner that are required under section 62J.41.~~ For all other health care providers that are subject to this reporting requirement, reports must be submitted to the commissioner by March 1 each year for the preceding calendar year.

**EFFECTIVE DATE.** This section is effective July 1, 2011.

Sec. 4. Minnesota Statutes 2010, section 62J.495, is amended by adding a subdivision to read:

**Subd. 7. Exemption.** Any clinical practice with a total annual net revenue of less than \$500,000, and that has not received a state or federal grant for implementation of electronic health records, is exempt from the requirements of subdivision 1. This subdivision expires December 31, 2020.

Sec. 5. Minnesota Statutes 2010, section 62J.692, is amended to read:

#### **62J.692 MEDICAL EDUCATION.**

Subdivision 1. **Definitions.** For purposes of this section, the following definitions apply:

(a) "Accredited clinical training" means the clinical training provided by a medical education program that is accredited through an organization recognized by the Department of Education, the Centers for Medicare and Medicaid Services, or another national body who reviews the accrediting organizations for multiple disciplines and whose standards for recognizing accrediting organizations are reviewed and approved by the commissioner of health in consultation with the Medical Education and Research Advisory Committee.

(b) "Commissioner" means the commissioner of health.

(c) "Clinical medical education program" means the accredited clinical training of physicians (medical students and residents), doctor of pharmacy practitioners, doctors of chiropractic, dentists, advanced practice nurses (clinical nurse specialists, certified registered nurse anesthetists, nurse practitioners, and certified nurse midwives), and physician assistants.

(d) "Sponsoring institution" means a hospital, school, or consortium located in Minnesota that sponsors and maintains primary organizational and financial responsibility for a clinical medical education program in Minnesota and which is accountable to the accrediting body.

(e) "Teaching institution" means a hospital, medical center, clinic, or other organization that conducts a clinical medical education program in Minnesota.

(f) "Trainee" means a student or resident involved in a clinical medical education program.

(g) "Eligible trainee FTE's" means the number of trainees, as measured by full-time equivalent counts, that are at training sites located in Minnesota with currently active medical assistance enrollment status and a National Provider Identification (NPI) number where training occurs in either an inpatient or ambulatory patient care setting and where the training is funded, in part, by patient care revenues. Training that occurs in nursing facility settings is not eligible for funding under this section.

Subd. 3. **Application process.** (a) A clinical medical education program conducted in Minnesota by a teaching institution to train physicians, doctor of pharmacy practitioners, dentists, chiropractors, or physician assistants is eligible for funds under subdivision 4 or 11, as appropriate, if the program:

(1) is funded, in part, by patient care revenues;

(2) occurs in patient care settings that face increased financial pressure as a result of competition with nonteaching patient care entities; and

(3) emphasizes primary care or specialties that are in undersupply in Minnesota.

~~A clinical medical education program that trains pediatricians is requested to include in its program curriculum training in case management and medication management for children suffering from mental illness to be eligible for funds under subdivision 4.~~

(b) A clinical medical education program for advanced practice nursing is eligible for funds under subdivision 4 or 11, as appropriate, if the program meets the eligibility requirements in paragraph (a), clauses (1) to (3), and is sponsored by the University of Minnesota Academic Health Center, the Mayo Foundation, or institutions that are part of the Minnesota State Colleges and Universities system or members of the Minnesota Private College Council.

(c) Applications must be submitted to the commissioner by a sponsoring institution on behalf of an eligible clinical medical education program and must be received by October 31 of each year for distribution in the following year. An application for funds must contain the following information:

(1) the official name and address of the sponsoring institution and the official name and site address of the clinical medical education programs on whose behalf the sponsoring institution is applying;

(2) the name, title, and business address of those persons responsible for administering the funds;

(3) for each clinical medical education program for which funds are being sought; the type and specialty orientation of trainees in the program; the name, site address, and medical assistance provider number and national provider identification number of each training site used in the program; the federal tax identification number of each training site used in the program, where available; the total number of trainees at each training site; and the total number of eligible trainee FTEs at each site; and

(4) other supporting information the commissioner deems necessary to determine program eligibility based on the criteria in paragraphs (a) and (b) and to ensure the equitable distribution of funds.

(d) An application must include the information specified in clauses (1) to (3) for each clinical medical education program on an annual basis for three consecutive years. After that time, an application must include the information specified in clauses (1) to (3) when requested, at the discretion of the commissioner:

(1) audited clinical training costs per trainee for each clinical medical education program when available or estimates of clinical training costs based on audited financial data;

(2) a description of current sources of funding for clinical medical education costs, including a description and dollar amount of all state and federal financial support, including Medicare direct and indirect payments; and

(3) other revenue received for the purposes of clinical training.

(e) An applicant that does not provide information requested by the commissioner shall not be eligible for funds for the current funding cycle.

Subd. 4. **Distribution of funds.** (a) Following the distribution described under paragraph (b), the commissioner shall annually distribute the available medical education funds to all qualifying applicants based on a distribution formula that reflects a summation of two factors:

(1) a public program volume factor, which is determined by the total volume of public program revenue received by each training site as a percentage of all public program revenue received by all training sites in the fund pool; and

(2) a supplemental public program volume factor, which is determined by providing a supplemental payment of 20 percent of each training site's grant to training sites whose public program revenue accounted for at least 0.98 percent of the total public program revenue received by all eligible training sites. Grants to training sites whose public program revenue accounted for less than 0.98 percent of the total public program revenue received by all eligible training sites shall be reduced by an amount equal to the total value of the supplemental payment.

Public program revenue for the distribution formula includes revenue from medical assistance, prepaid medical assistance, general assistance medical care, and prepaid general assistance medical care. Training sites that receive no public program revenue are ineligible for funds available under this subdivision. For purposes of determining training-site level grants to be distributed under paragraph (a), total statewide average costs per trainee for medical residents is based on audited clinical training costs per trainee in primary care clinical medical education programs for medical residents. Total statewide average costs per trainee for dental residents is based on audited clinical training costs per trainee in clinical medical education programs for dental students. Total statewide average costs per trainee for pharmacy residents is based on audited clinical training costs per trainee in clinical medical education programs for pharmacy students. Training sites whose training site level grant is less than \$1,000, based on the formula described in this paragraph, are ineligible for funds available under this subdivision.

(b) ~~\$5,350,000~~ \$2,680,000 of the available medical education funds shall be distributed as follows:

(1) ~~\$1,475,000~~ \$740,000 to the University of Minnesota Medical Center-Fairview;

(2) ~~\$2,075,000~~ \$970,000 to the University of Minnesota School of Dentistry; and

(3) ~~\$1,800,000~~ \$970,000 to the Academic Health Center. \$150,000 of the funds distributed to the Academic Health Center under this paragraph shall be used for a program to assist internationally trained physicians who are legal residents and who commit to serving underserved Minnesota communities in a health professional shortage area to successfully compete for family medicine residency programs at the University of Minnesota.

(c) Funds distributed shall not be used to displace current funding appropriations from federal or state sources.

(d) Funds shall be distributed to the sponsoring institutions indicating the amount to be distributed to each of the sponsor's clinical medical education programs based on the criteria in this subdivision and in accordance with the commissioner's approval letter. Each clinical medical education program must distribute funds allocated under paragraph (a) to the training sites as specified in the commissioner's approval letter. Sponsoring institutions, which are accredited through an organization recognized by the Department of Education or the Centers for Medicare and Medicaid Services, may contract directly with training sites to provide clinical training. To ensure the quality of clinical training, those accredited sponsoring institutions must:

(1) develop contracts specifying the terms, expectations, and outcomes of the clinical training conducted at sites; and

(2) take necessary action if the contract requirements are not met. Action may include the withholding of payments under this section or the removal of students from the site.

(e) Any funds not distributed in accordance with the commissioner's approval letter must be returned to the medical education and research fund within 30 days of receiving notice from the commissioner. The commissioner shall distribute returned funds to the appropriate training sites in accordance with the commissioner's approval letter.

(f) A maximum of \$150,000 of the funds dedicated to the commissioner under section 297F.10, subdivision 1, clause (2), may be used by the commissioner for administrative expenses associated with implementing this section.

Subd. 5. **Report.** (a) Sponsoring institutions receiving funds under this section must sign and submit a medical education grant verification report (GVR) to verify that the correct grant amount was forwarded to each eligible training site. If the sponsoring institution fails to submit the GVR by the stated deadline, or to request and meet the deadline for an extension, the sponsoring institution is required to return the full amount of funds received to the commissioner within 30 days of receiving notice from the commissioner. The commissioner shall distribute returned funds to the appropriate training sites in accordance with the commissioner's approval letter.

(b) The reports must provide verification of the distribution of the funds and must include:

(1) the total number of eligible trainee FTEs in each clinical medical education program;

(2) the name of each funded program and, for each program, the dollar amount distributed to each training site;

(3) documentation of any discrepancies between the initial grant distribution notice included in the commissioner's approval letter and the actual distribution;

(4) a statement by the sponsoring institution stating that the completed grant verification report is valid and accurate; and

(5) other information the commissioner, with advice from the advisory committee, deems appropriate to evaluate the effectiveness of the use of funds for medical education.

(c) By February 15 of each year, the commissioner, with advice from the advisory committee, shall provide an annual summary report to the legislature on the implementation of this section.

Subd. 6. **Other available funds.** The commissioner is authorized to distribute, in accordance with subdivision 4 or 11, as appropriate, funds made available through:

- (1) voluntary contributions by employers or other entities;
- (2) allocations for the commissioner of human services to support medical education and research; and
- (3) other sources as identified and deemed appropriate by the legislature for inclusion in the fund.

Subd. 7. **Transfers from the commissioner of human services.** Of the amount transferred according to section 256B.69, subdivision 5c, paragraph (a), clauses (1) to (4), \$21,714,000 shall be distributed as follows:

(1) \$2,157,000 shall be distributed by the commissioner to the University of Minnesota Board of Regents for the purposes described in sections 137.38 to 137.40;

(2) \$1,035,360 shall be distributed by the commissioner to the Hennepin County Medical Center for clinical medical education;

(3) \$17,400,000 shall be distributed by the commissioner to the University of Minnesota Board of Regents for purposes of medical education;

(4) \$1,121,640 shall be distributed by the commissioner to clinical medical education dental innovation grants in accordance with subdivision 7a; and

(5) the remainder of the amount transferred according to section 256B.69, subdivision 5c, clauses (1) to (4), shall be distributed by the commissioner annually to clinical medical education programs that meet the qualifications of subdivision 3 based on the formula in subdivision 4, paragraph (a), or 11, as appropriate.

Subd. 7a. **Clinical medical education innovations grants.** (a) The commissioner shall award grants to teaching institutions and clinical training sites for projects that increase dental access for underserved populations and promote innovative clinical training of dental professionals. In awarding the grants, the commissioner, in consultation with the commissioner of human services, shall consider the following:

- (1) potential to successfully increase access to an underserved population;
- (2) the long-term viability of the project to improve access beyond the period of initial funding;
- (3) evidence of collaboration between the applicant and local communities;
- (4) the efficiency in the use of the funding; and
- (5) the priority level of the project in relation to state clinical education, access, and workforce goals.

(b) The commissioner shall periodically evaluate the priorities in awarding the innovations grants in order to ensure that the priorities meet the changing workforce needs of the state.

Subd. 8. **Federal financial participation.** The commissioner of human services shall seek to maximize federal financial participation in payments for medical education and research costs.

The commissioner shall use physician clinic rates where possible to maximize federal financial participation. Any additional funds that become available must be distributed under subdivision 4, paragraph (a), or 11, as appropriate.

Subd. 9. **Review of eligible providers.** The commissioner and the Medical Education and Research Costs Advisory Committee may review provider groups included in the definition of a clinical medical education program to assure that the distribution of the funds continue to be consistent with the purpose of this section. The results of any such reviews must be reported to the Legislative Commission on Health Care Access.

Subd. 11. **Distribution of funds.** (a) Upon receiving federal approval, the commissioner shall annually distribute the available medical education funds to all qualifying applicants based on the distribution formula provided in this subdivision, which supersedes the formula described in subdivision 4, paragraph (a).

(1) Following the distribution of funds described under subdivision 4, paragraph (b), the commissioner shall annually distribute the available medical education funds to all qualifying applicants based on a distribution formula that reflects a summation of two factors:

(i) a public program volume factor, which is determined by the total volume of public program revenue received by each training site as a percentage of all public program revenue received by all training sites in the fund pool; and

(ii) a supplemental public program volume factor, which is determined by providing a supplemental payment of 20 percent of each training site's grant to training sites whose public program revenue accounted for at least 0.98 percent of the total public program revenue received by all eligible training sites. Grants to training sites whose public program revenue accounted for less than 0.98 percent of the total public program revenue received by all eligible training sites shall be reduced by an amount equal to the total value of the supplemental payment.

Public program revenue for the distribution formula includes revenue from medical assistance, prepaid medical assistance, general assistance medical care, and prepaid general assistance medical care. Training sites that receive no public program revenue are ineligible for funds available under this subdivision. For purposes of determining training site level grants to be distributed under paragraph (a), total statewide average costs per trainee for medical residents is based on audited clinical training costs per trainee in primary care clinical medical education programs for medical residents. Total statewide average costs per trainee for dental residents is based on audited clinical training costs per trainee in clinical medical education programs for dental students. Total statewide average costs per trainee for pharmacy residents is based on audited clinical training costs per trainee in clinical medical education programs for pharmacy students.

(2) Ten percent of available medical education funds shall be used to create a primary care bonus pool. Grants to eligible training sites under this clause shall be determined by dividing the total number of eligible FTE trainees from primary care medicine, advanced practice nursing, or physician assistant programs at all eligible training sites by the amount of funds available in the primary care bonus pool to determine a grant per primary care FTE; each eligible training site shall receive a grant equal to the grant per primary care FTE multiplied by the number of eligible primary care FTE's at the training site.

(3) After determining the grant amount for each training site under clause (1), items (i) and (ii), and clause (2), the commissioner shall calculate a grant per eligible trainee for each training site. Any training site whose grant per eligible trainee is greater than the 95th percentile grant per eligible trainee shall have the grant amount reduced to the 95th percentile grant per eligible trainee. Grants in excess of this amount for any training site shall be redistributed based on the criteria in clause (4).

Any training site with fewer than 0.1 FTE eligible trainees from all programs or a calculated grant less than \$1,000 based on the formula described in clauses (1) and (2) shall be eliminated from the distribution; the calculated grants for these training sites shall be redistributed based on the criteria in clause (4).

(4) The commissioner shall award from available funds appropriated for this purpose and equally divided between the following programs:

(i) the community mental health center grants program under section 145.9272; and

(ii) the community health centers development grants program under section 145.987.

If federal approval for this funding mechanism is not received for either of the grant programs described in this paragraph, available funds will be provided to the remaining grant program described in this paragraph. If none of the grant programs described in this paragraph receive federal approval, available funds will be distributed to eligible training sites based on the formula in clauses (1) to (3).

(b) Funds distributed shall not be used to displace current funding appropriations from federal or state sources.

(c) Funds shall be distributed to the sponsoring institutions indicating the amount to be distributed to each of the sponsor's clinical medical education programs based on the criteria in this subdivision and according to the commissioner's approval letter. Each clinical medical education program must distribute funds allocated under paragraph (a) to the training sites as specified in the commissioner's approval letter. Sponsoring institutions, which are accredited through an organization recognized by the Department of Education or the Centers for Medicare and Medicaid Services, may contract directly with training sites to provide clinical training. To ensure the quality of clinical training, those accredited sponsoring institutions must:

(1) develop contracts specifying the terms, expectations, and outcomes of the clinical training conducted at sites; and

(2) take necessary action if the contract requirements are not met. Action may include the withholding of payments under this section or the removal of students from the site.

(d) Any funds not distributed according to the commissioner's approval letter must be returned to the medical education and research fund within 30 days of receiving notice from the commissioner. The commissioner shall distribute returned funds to the appropriate training sites according to the commissioner's approval letter.

(e) A maximum of \$150,000 of the funds dedicated to the commissioner under section 297F.10, subdivision 1, clause (2), may be used by the commissioner for administrative expenses associated with implementing this section.

Sec. 6. **[62U.15] ALZHEIMER'S DISEASE; PREVALENCE AND SCREENING MEASURES.**

Subdivision 1. **Data from providers.** (a) By July 1, 2012, the commissioner shall review currently available quality measures and make recommendations for future measurement aimed at improving assessment and care related to Alzheimer's disease and other dementia diagnoses, including improved rates and results of cognitive screening, rates of Alzheimer's and other dementia diagnoses, and prescribed care and treatment plans.

(b) The commissioner may contract with a private entity to complete the requirements in this subdivision. If the commissioner contracts with a private entity already under contract through section 62U.02, then the commissioner may use a sole source contract and is exempt from competitive procurement processes.



Subd. 2. **Learning collaborative.** By July 1, 2012, the commissioner shall develop a health care home learning collaborative curriculum that includes screening and education on best practices regarding identification and management of Alzheimer's and other dementia patients under section 256B.0751, subdivision 5, for providers, clinics, care coordinators, clinic administrators, patient partners and families, and community resources including public health.

Subd. 3. **Comparison data.** The commissioner, with the commissioner of human services, the Minnesota Board on Aging, and other appropriate state offices, shall jointly review existing and forthcoming literature in order to estimate differences in the outcomes and costs of current practices for caring for those with Alzheimer's disease and other dementias, compared to the outcomes and costs resulting from:

- (1) earlier identification of Alzheimer's and other dementias;
- (2) improved support of family caregivers; and
- (3) improved collaboration between medical care management and community-based supports.

Subd. 4. **Reporting.** By January 15, 2013, the commissioner must report to the legislature on progress toward establishment and collection of quality measures required under this section.

Sec. 7. Minnesota Statutes 2010, section 144.1501, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For purposes of this section, the following definitions apply.

(b) "Dentist" means an individual who is licensed to practice dentistry.

(c) "Designated rural area" means:

~~(1) an area in Minnesota outside the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington, excluding the cities of Duluth, Mankato, Moorhead, Rochester, and St. Cloud; or~~

~~(2) a municipal corporation, as defined under section 471.634, that is physically located, in whole or in part, in an area defined as a designated rural area under clause (1); an area defined as a small rural area or isolated rural area according to the four category classifications of the Rural Urban Commuting Area system developed for the United States Health Resources and Services Administration.~~

(d) "Emergency circumstances" means those conditions that make it impossible for the participant to fulfill the service commitment, including death, total and permanent disability, or temporary disability lasting more than two years.

(e) "Medical resident" means an individual participating in a medical residency in family practice, internal medicine, obstetrics and gynecology, pediatrics, or psychiatry.

(f) "Midlevel practitioner" means a nurse practitioner, nurse-midwife, nurse anesthetist, advanced clinical nurse specialist, or physician assistant.

(g) "Nurse" means an individual who has completed training and received all licensing or certification necessary to perform duties as a licensed practical nurse or registered nurse.

(h) "Nurse-midwife" means a registered nurse who has graduated from a program of study designed to prepare registered nurses for advanced practice as nurse-midwives.

(i) "Nurse practitioner" means a registered nurse who has graduated from a program of study designed to prepare registered nurses for advanced practice as nurse practitioners.

(j) "Pharmacist" means an individual with a valid license issued under chapter 151.

(k) "Physician" means an individual who is licensed to practice medicine in the areas of family practice, internal medicine, obstetrics and gynecology, pediatrics, or psychiatry.

(l) "Physician assistant" means a person licensed under chapter 147A.

(m) "Qualified educational loan" means a government, commercial, or foundation loan for actual costs paid for tuition, reasonable education expenses, and reasonable living expenses related to the graduate or undergraduate education of a health care professional.

(n) "Underserved urban community" means a Minnesota urban area or population included in the list of designated primary medical care health professional shortage areas (HPSAs), medically underserved areas (MUAs), or medically underserved populations (MUPs) maintained and updated by the United States Department of Health and Human Services.

Sec. 8. Minnesota Statutes 2010, section 144.396, subdivision 5, is amended to read:

Subd. 5. **Statewide tobacco prevention grants.** (a) To the extent funds are appropriated for the purposes of this subdivision, the commissioner of health shall, within available appropriations, award competitive grants to eligible applicants for projects and initiatives directed at the prevention of tobacco use. The project areas for grants include:

(1) statewide public education and information campaigns which include implementation at the local level; and

(2) coordinated special projects, including training and technical assistance, a resource clearinghouse, and contracts with ethnic and minority communities.

(b) Eligible applicants may include, but are not limited to, nonprofit organizations, colleges and universities, professional health associations, community health boards, and other health care organizations. Applicants must submit proposals to the commissioner. The proposals must specify the strategies to be implemented to target tobacco use among youth, and must take into account the need for a coordinated statewide tobacco prevention effort.

(c) The commissioner must give priority to applicants who demonstrate that the proposed project:

(1) is research based or based on proven effective strategies;

(2) is designed to coordinate with other activities and education messages related to other health initiatives;

(3) utilizes and enhances existing prevention activities and resources; or

(4) involves innovative approaches preventing tobacco use among youth.

Sec. 9. Minnesota Statutes 2010, section 144.396, subdivision 6, is amended to read:

Subd. 6. **Local tobacco prevention grants.** (a) The commissioner shall award grants, within available appropriations, to eligible applicants for local and regional projects and initiatives directed at tobacco prevention in coordination with other health areas aimed at reducing high-risk behaviors in youth that lead to adverse health-related problems. The project areas for grants include:

- (1) school-based tobacco prevention programs aimed at youth and parents;
  - (2) local public awareness and education projects aimed at tobacco prevention in coordination with locally assessed community public health needs pursuant to chapter 145A; or
  - (3) local initiatives aimed at reducing high-risk behavior in youth associated with tobacco use and the health consequences of these behaviors.
- (b) Eligible applicants may include, but are not limited to, community health boards, school districts, community clinics, Indian tribes, nonprofit organizations, and other health care organizations. Applicants must submit proposals to the commissioner. The proposals must specify the strategies to be implemented to target tobacco use among youth, and must be targeted to achieve the outcomes established in subdivision 2.
- (c) The commissioner must give priority to applicants who demonstrate that the proposed project or initiative is:
- (1) supported by the community in which the applicant serves;
  - (2) is based on research or on proven effective strategies;
  - (3) is designed to coordinate with other community activities related to other health initiatives;
  - (4) incorporates an understanding of the role of community in influencing behavioral changes among youth regarding tobacco use and other high-risk health-related behaviors; or
  - (5) addresses disparities among populations of color related to tobacco use and other high-risk health-related behaviors.
- (d) The commissioner shall divide the state into specific geographic regions and allocate a percentage of the money available for distribution to projects or initiatives aimed at that geographic region. If the commissioner does not receive a sufficient number of grant proposals from applicants that serve a particular region or the proposals submitted do not meet the criteria developed by the commissioner, the commissioner shall provide technical assistance and expertise to ensure the development of adequate proposals aimed at addressing the public health needs of that region. In awarding the grants, the commissioner shall consider locally assessed community public health needs pursuant to chapter 145A.

Sec. 10. Minnesota Statutes 2010, section 144.98, subdivision 2a, is amended to read:

Subd. 2a. **Standards.** Notwithstanding the exemptions in subdivisions 8 and 9, the commissioner shall accredit laboratories according to the most current environmental laboratory accreditation standards under subdivision 1 and as accepted by the accreditation bodies recognized by the National Environmental Laboratory Accreditation Program (NELAP) of the NELAC Institute.

Sec. 11. Minnesota Statutes 2010, section 144.98, subdivision 7, is amended to read:

Subd. 7. **Initial accreditation and annual accreditation renewal.** (a) The commissioner shall issue or renew accreditation after receipt of the completed application and documentation required in this section, provided the laboratory maintains compliance with the standards specified in subdivision 2a, notwithstanding any exemptions under subdivisions 8 and 9, and attests to the compliance on the application form.

(b) The commissioner shall prorate the fees in subdivision 3 for laboratories applying for accreditation after December 31. The fees are prorated on a quarterly basis beginning with the quarter in which the commissioner receives the completed application from the laboratory.

(c) Applications for renewal of accreditation must be received by November 1 and no earlier than October 1 of each year. The commissioner shall send annual renewal notices to laboratories 90 days before expiration. Failure to receive a renewal notice does not exempt laboratories from meeting the annual November 1 renewal date.

(d) The commissioner shall issue all accreditations for the calendar year for which the application is made, and the accreditation shall expire on December 31 of that year.

(e) The accreditation of any laboratory that fails to submit a renewal application and fees to the commissioner expires automatically on December 31 without notice or further proceeding. Any person who operates a laboratory as accredited after expiration of accreditation or without having submitted an application and paid the fees is in violation of the provisions of this section and is subject to enforcement action under sections 144.989 to 144.993, the Health Enforcement Consolidation Act. A laboratory with expired accreditation may reapply under subdivision 6.

Sec. 12. Minnesota Statutes 2010, section 144.98, is amended by adding a subdivision to read:

**Subd. 8. Exemption from national standards for quality control and personnel requirements.** Effective January 1, 2012, a laboratory that analyzes samples for compliance with a permit issued under section 115.03, subdivision 5, may request exemption from the personnel requirements and specific quality control provisions for microbiology and chemistry stated in the national standards as incorporated by reference in subdivision 2a. The commissioner shall grant the exemption if the laboratory:

(1) complies with the methodology and quality control requirements, where available, in the most recent, approved edition of the Standard Methods for the Examination of Water and Wastewater as published by the Water Environment Federation; and

(2) supplies the name of the person meeting the requirements in section 115.73, or the personnel requirements in the national standard pursuant to subdivision 2a.

A laboratory applying for this exemption shall not apply for simultaneous accreditation under the national standard.

Sec. 13. Minnesota Statutes 2010, section 144.98, is amended by adding a subdivision to read:

**Subd. 9. Exemption from national standards for proficiency testing frequency.** (a) Effective January 1, 2012, a laboratory applying for or requesting accreditation under the exemption in subdivision 8 must obtain an acceptable proficiency test result for each of the laboratory's accredited or requested fields of testing. The laboratory must analyze proficiency samples selected from one of two annual proficiency testing studies scheduled by the commissioner.

(b) If a laboratory fails to successfully complete the first scheduled proficiency study, the laboratory shall:

(1) obtain and analyze a supplemental test sample within 15 days of receiving the test report for the initial failed attempt; and

(2) participate in the second annual study as scheduled by the commissioner.

(c) If a laboratory does not submit results or fails two consecutive proficiency samples, the commissioner will revoke the laboratory's accreditation for the affected fields of testing.

(d) The commissioner may require a laboratory to analyze additional proficiency testing samples beyond what is required in this subdivision if information available to the commissioner indicates that the laboratory's analysis for the field of testing does not meet the requirements for accreditation.

(e) The commissioner may collect from laboratories accredited under the exemption in subdivision 8 any additional costs required to administer this subdivision and subdivision 8.

Sec. 14. Minnesota Statutes 2010, section 144A.102, is amended to read:

**144A.102 WAIVER FROM FEDERAL RULES AND REGULATIONS; PENALTIES.**

(a) By January 2000, the commissioner of health shall work with providers to examine state and federal rules and regulations governing the provision of care in licensed nursing facilities and apply for federal waivers and identify necessary changes in state law to:

(1) allow the use of civil money penalties imposed upon nursing facilities to abate any deficiencies identified in a nursing facility's plan of correction; and

(2) stop the accrual of any fine imposed by the Health Department when a follow-up inspection survey is not conducted by the department within the regulatory deadline.

(b) By January 2012, the commissioner of health shall work with providers and the ombudsman for long-term care to examine state and federal rules and regulations governing the provision of care in licensed nursing facilities and apply for federal waivers and identify necessary changes in state law to:

(1) eliminate the requirement for written plans of correction from nursing homes for federal deficiencies issued at a scope and severity that is not widespread, harmful, or in immediate jeopardy; and

(2) issue the federal survey form electronically to nursing homes.

The commissioner shall issue a report to the legislative chairs of the committees with jurisdiction over health and human services by January 31, 2012, on the status of implementation of this paragraph.

Sec. 15. Minnesota Statutes 2010, section 144A.61, is amended by adding a subdivision to read:

Subd. 9. **Electronic transmission.** The commissioner of health must accept electronic transmission of applications and supporting documentation for interstate endorsement for the nursing assistant registry.

Sec. 16. Minnesota Statutes 2010, section 144E.123, is amended to read:

**144E.123 PREHOSPITAL CARE DATA.**

Subdivision 1. **Collection and maintenance.** A licensee shall collect and provide prehospital care data to the board in a manner prescribed by the board. At a minimum, the data must include items identified by the board that are part of the National Uniform Emergency Medical Services Data Set. A licensee shall maintain prehospital care data for every response.

Subd. 2. **Copy to receiving hospital.** If a patient is transported to a hospital, a copy of the ambulance report delineating prehospital medical care given shall be provided to the receiving hospital.

Subd. 3. **Review.** Prehospital care data may be reviewed by the board or its designees. The data shall be classified as private data on individuals under chapter 13, the Minnesota Government Data Practices Act.

~~Subd. 4. **Penalty.** Failure to report all information required by the board under this section shall constitute grounds for license revocation.~~

Subd. 5. **Working group.** By October 1, 2011, the board must convene a working group composed of six members, three of which must be appointed by the board and three of which must be appointed by the Minnesota Ambulance Association, to redesign the board's policies related to collection of data from licenses. The issues to be considered include, but are not limited to, the following: user-friendly reporting requirements; data sets; improved accuracy of reported information; appropriate use of information gathered through the reporting system; and methods for minimizing the financial impact of data reporting on licenses, particularly for rural volunteer services. The working group must report its findings and recommendations to the board no later than July 1, 2012.

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

Sec. 17. **[145.4221] HUMAN CLONING PROHIBITED.**

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

(b) "Human cloning" means human asexual reproduction accomplished by introducing nuclear material from one or more human somatic cells into a fertilized or unfertilized oocyte whose nuclear material has been removed or inactivated so as to produce a living organism at any stage of development that is genetically virtually identical to an existing or previously existing human organism.

(c) "Somatic cell" means a diploid cell, having a complete set of chromosomes, obtained or derived from a living or deceased human body at any stage of development.

Subd. 2. **Prohibition on cloning.** No person or entity, whether public or private, may:

(1) perform or attempt to perform human cloning;

(2) participate in an attempt to perform human cloning;

(3) ship, import, or receive for any purpose an embryo produced by human cloning or any product derived from such an embryo; or

(4) ship or receive, in whole or in part, any oocyte, embryo, fetus, or human somatic cell, for the purpose of human cloning.

Subd. 3. **Scientific research.** Nothing in this section shall restrict areas of scientific research not specifically prohibited by this section, including research in the use of nuclear transfer or other cloning techniques to produce molecules, DNA, cells other than human embryos, tissues, organs, plants, or animals other than humans. In addition, nothing in this section shall restrict, inhibit, or make unlawful the scientific field of stem cell research, unless explicitly prohibited.

Subd. 4. **Penalties.** Any person or entity that knowingly or recklessly violates subdivision 2 is guilty of a misdemeanor.

Subd. 5. **Severability.** If any provision, section, subdivision, sentence, clause, phrase, or word in this section or the application thereof to any person or circumstance is found to be unconstitutional, the same is hereby declared to be severable and the remainder of this section shall remain effective notwithstanding such unconstitutional provision. The legislature declares that it would have passed this section and each provision, subdivision, sentence, clause, phrase, or word thereof, regardless of the fact that any provision, section, subdivision, sentence, clause, phrase, or word is declared unconstitutional.

**EFFECTIVE DATE.** This section is effective August 1, 2011, and applies to crimes committed on or after that date.

Sec. 18. Minnesota Statutes 2010, section 145.925, subdivision 1, is amended to read:

Subdivision 1. **Eligible organizations; purpose.** The commissioner of health may, within available appropriations, make special grants to cities, counties, groups of cities or counties, or nonprofit corporations to provide pre-pregnancy family planning services.

Sec. 19. Minnesota Statutes 2010, section 145.925, subdivision 2, is amended to read:

Subd. 2. **Prohibition.** The commissioner shall not make special grants pursuant to this section to any ~~nonprofit corporation which performs abortions~~ eligible organization that performs abortions or provides referrals for abortion services. No state funds shall be used under contract from a grantee to any ~~nonprofit corporation which performs abortions.~~ This provision shall not apply to hospitals licensed pursuant to sections 144.50 to 144.56, or health maintenance organizations certified pursuant to chapter 62D eligible organization that performs abortions or provides referrals for abortion services.

Sec. 20. **[145.9271] WHITE EARTH BAND URBAN CLINIC.**

Subdivision 1. **Establish urban clinic.** The White Earth Band of Ojibwe Indians shall establish and operate one or more health care clinics in the Minneapolis area or greater Minnesota to serve members of the White Earth Tribe and may use funds received under this section for application to qualify as a federally qualified health center.

Subd. 2. **Grant agreements.** Before receiving the funds under this section, the White Earth Band of Ojibwe Indians is requested to submit to the commissioner of health a work plan and budget that describes its annual plan for the funds. The commissioner will incorporate the work plan and budget into a grant agreement between the commissioner and the White Earth Band of Ojibwe Indians. Before each successive disbursement, the White Earth Band of Ojibwe Indians is requested to submit a narrative progress report and an expenditure report to the commissioner.

Sec. 21. **[145.9272] COMMUNITY MENTAL HEALTH CENTER GRANTS.**

Subdivision 1. **Definitions.** For purposes of this section, "community mental health center" means an entity that is eligible for payment under section 256B.0625, subdivision 5.

Subd. 2. **Allocation of subsidies.** The commissioner of health shall distribute, from money appropriated for this purpose, grants to community mental health centers operating in the state on July 1 of the year 2011 and each subsequent year for community mental health center services to low-income consumers and patients with mental illness. The amount of each grant shall be in proportion to each community mental health center's revenues received from state health care programs in the most recent calendar year for which data is available.

**EFFECTIVE DATE.** This section is effective July 1, 2011, or upon federal approval of the funding mechanism set out in Minnesota Statutes, section 62J.692, subdivision 11, whichever is later.

Sec. 22. Minnesota Statutes 2010, section 145.928, subdivision 7, is amended to read:

Subd. 7. **Community grant program; immunization rates and infant mortality rates.** (a) The commissioner shall, within available appropriations, award grants to eligible applicants for local or regional projects and initiatives directed at reducing health disparities in one or both of the following priority areas:

- (1) decreasing racial and ethnic disparities in infant mortality rates; or
- (2) increasing adult and child immunization rates in nonwhite racial and ethnic populations.

(b) The commissioner may award up to 20 percent of the funds available as planning grants. Planning grants must be used to address such areas as community assessment, coordination activities, and development of community supported strategies.

(c) Eligible applicants may include, but are not limited to, faith-based organizations, social service organizations, community nonprofit organizations, community health boards, tribal governments, and community clinics. Applicants must submit proposals to the commissioner. A proposal must specify the strategies to be implemented to address one or both of the priority areas listed in paragraph (a) and must be targeted to achieve the outcomes established according to subdivision 3.

(d) The commissioner shall give priority to applicants who demonstrate that their proposed project or initiative:

- (1) is supported by the community the applicant will serve;
- (2) is research-based or based on promising strategies;
- (3) is designed to complement other related community activities;
- (4) utilizes strategies that positively impact both priority areas;
- (5) reflects racially and ethnically appropriate approaches; and
- (6) will be implemented through or with community-based organizations that reflect the race or ethnicity of the population to be reached.

Sec. 23. Minnesota Statutes 2010, section 145.928, subdivision 8, is amended to read:

Subd. 8. **Community grant program; other health disparities.** (a) The commissioner shall, within available appropriations, award grants to eligible applicants for local or regional projects and initiatives directed at reducing health disparities in one or more of the following priority areas:

- (1) decreasing racial and ethnic disparities in morbidity and mortality rates from breast and cervical cancer;
- (2) decreasing racial and ethnic disparities in morbidity and mortality rates from HIV/AIDS and sexually transmitted infections;
- (3) decreasing racial and ethnic disparities in morbidity and mortality rates from cardiovascular disease;
- (4) decreasing racial and ethnic disparities in morbidity and mortality rates from diabetes; or
- (5) decreasing racial and ethnic disparities in morbidity and mortality rates from accidental injuries or violence.



(b) The commissioner may award up to 20 percent of the funds available as planning grants. Planning grants must be used to address such areas as community assessment, determining community priority areas, coordination activities, and development of community supported strategies.

(c) Eligible applicants may include, but are not limited to, faith-based organizations, social service organizations, community nonprofit organizations, community health boards, and community clinics. Applicants shall submit proposals to the commissioner. A proposal must specify the strategies to be implemented to address one or more of the priority areas listed in paragraph (a) and must be targeted to achieve the outcomes established according to subdivision 3.

(d) The commissioner shall give priority to applicants who demonstrate that their proposed project or initiative:

(1) is supported by the community the applicant will serve;

(2) is research-based or based on promising strategies;

(3) is designed to complement other related community activities;

(4) utilizes strategies that positively impact more than one priority area;

(5) reflects racially and ethnically appropriate approaches; and

(6) will be implemented through or with community-based organizations that reflect the race or ethnicity of the population to be reached.

Sec. 24. **[145.987] COMMUNITY HEALTH CENTERS DEVELOPMENT GRANTS.**

(a) The commissioner of health shall award grants from money appropriated for this purpose to expand community health centers, as defined in section 145.9269, subdivision 1, in the state through the establishment of new community health centers or sites in areas defined as small rural areas or isolated rural areas according to the four category classification of the Rural Urban Commuting Area system developed for the United States Health Resources and Services Administration or serving underserved patient populations.

(b) Grant funds may be used to pay for:

(1) costs for an organization to develop and submit a proposal to the federal government for the designation of a new community health center or site; and

(2) costs of planning, designing, remodeling, constructing, or purchasing equipment for a new center or site.

Funds may not be used for operating costs.

(c) The commissioner shall award grants on a competitive basis.

**EFFECTIVE DATE.** This section is effective July 1, 2011, or upon federal approval of the funding mechanism set out in Minnesota Statutes, section 62J.692, subdivision 11, whichever is later.

Sec. 25. Minnesota Statutes 2010, section 145A.17, subdivision 3, is amended to read:

Subd. 3. **Requirements for programs; process.** (a) Community health boards and tribal governments that receive funding under this section must submit a plan to the commissioner describing a multidisciplinary approach to targeted home visiting for families. The plan must be submitted on forms provided by the commissioner. At a minimum, the plan must include the following:

- (1) a description of outreach strategies to families prenatally or at birth;
- (2) provisions for the seamless delivery of health, safety, and early learning services;
- (3) methods to promote continuity of services when families move within the state;
- (4) a description of the community demographics;
- (5) a plan for meeting outcome measures; and
- (6) a proposed work plan that includes:
  - (i) coordination to ensure nonduplication of services for children and families;
  - (ii) a description of the strategies to ensure that children and families at greatest risk receive appropriate services; and
  - (iii) collaboration with multidisciplinary partners including public health, ECFE, Head Start, community health workers, social workers, community home visiting programs, school districts, and other relevant partners. Letters of intent from multidisciplinary partners must be submitted with the plan.
- (b) Each program that receives funds must accomplish the following program requirements:
  - (1) use a community-based strategy to provide preventive and early intervention home visiting services;
  - (2) offer a home visit by a trained home visitor. If a home visit is accepted, the first home visit must occur prenatally or as soon after birth as possible and must include a public health nursing assessment by a public health nurse;
  - (3) offer, at a minimum, information on infant care, child growth and development, positive parenting, preventing diseases, preventing exposure to environmental hazards, and support services available in the community;
  - (4) provide information on and referrals to health care services, if needed, including information on and assistance in applying for health care coverage for which the child or family may be eligible; and provide information on preventive services, developmental assessments, and the availability of public assistance programs as appropriate;
  - (5) provide youth development programs when appropriate;
  - (6) recruit home visitors who will represent, to the extent possible, the races, cultures, and languages spoken by families that may be served;
  - (7) train and supervise home visitors in accordance with the requirements established under subdivision 4;
  - (8) maximize resources and minimize duplication by coordinating or contracting with local social and human services organizations, education organizations, and other appropriate governmental entities and community-based organizations and agencies;
  - (9) utilize appropriate racial and ethnic approaches to providing home visiting services; and

(10) connect eligible families, as needed, to additional resources available in the community, including, but not limited to, early care and education programs, health or mental health services, family literacy programs, employment agencies, social services, and child care resources and referral agencies.

(c) When available, programs that receive funds under this section must offer or provide the family with a referral to center-based or group meetings that meet at least once per month for those families identified with additional needs. The meetings must focus on further enhancing the information, activities, and skill-building addressed during home visitation; offering opportunities for parents to meet with and support each other; and offering infants and toddlers a safe, nurturing, and stimulating environment for socialization and supervised play with qualified teachers.

(d) Funds available under this section shall not be used for medical services. The commissioner shall establish an administrative cost limit for recipients of funds. The outcome measures established under subdivision 6 must be specified to recipients of funds at the time the funds are distributed.

(e) Data collected on individuals served by the home visiting programs must remain confidential and must not be disclosed by providers of home visiting services without a specific informed written consent that identifies disclosures to be made. Upon request, agencies providing home visiting services must provide recipients with information on disclosures, including the names of entities and individuals receiving the information and the general purpose of the disclosure. Prospective and current recipients of home visiting services must be told and informed in writing that written consent for disclosure of data is not required for access to home visiting services.

(f) Upon initial contact with a family, programs that receive funding under this section must receive permission from the family to share with other family service providers information about services the family is receiving and unmet needs of the family in order to select a lead agency for the family and coordinate available resources. For purposes of this paragraph, the term "family service providers" includes local public health, social services, school districts, Head Start programs, health care providers, and other public agencies.

Sec. 26. Minnesota Statutes 2010, section 157.15, is amended by adding a subdivision to read:

Subd. 7a. **Limited food establishment.** "Limited food establishment" means a food and beverage service establishment that primarily provides beverages that consist of combining dry mixes and water or ice for immediate service to the consumer. Limited food establishments must use equipment and utensils that are nontoxic, durable, and retain their characteristic qualities under normal use conditions and may request a variance for plumbing requirements from the commissioner.

**EFFECTIVE DATE.** This section is effective July 1, 2011, and applies to applications for licensure submitted on or after that date.

Sec. 27. Minnesota Statutes 2010, section 157.20, is amended by adding a subdivision to read:

Subd. 5. **Variance requests.** (a) A person may request a variance from all parts of Minnesota Rules, chapter 4626, except as provided in paragraph (b) or Minnesota Rules, chapter 4626. At the time of application for plan review, the person, operator, or submitter must be notified of the right to request variances.

(b) No variance may be requested or approved for the following parts of Minnesota Rules, chapter 4626:

(1) Minnesota Rules, part 4626.0020, subpart 35;

(2) Minnesota Rules, parts 4626.0040 to 4626.0060;

(3) Minnesota Rules, parts 4626.0065 to 4626.0100;

(4) Minnesota Rules, parts 4626.0105 to 4626.0120;

(5) Minnesota Rules, part 4626.1565;

(6) Minnesota Rules, parts 4626.1590 and 4626.1595; and

(7) Minnesota Rules, parts 4626.1600 to 4626.1675.

Sec. 28. Minnesota Statutes 2010, section 297F.10, subdivision 1, is amended to read:

Subdivision 1. **Tax and use tax on cigarettes.** Revenue received from cigarette taxes, as well as related penalties, interest, license fees, and miscellaneous sources of revenue shall be deposited by the commissioner in the state treasury and credited as follows:

(1) \$22,220,000 for fiscal year 2006 and \$22,250,000 for fiscal year 2007 and each year thereafter must be credited to the Academic Health Center special revenue fund hereby created and is annually appropriated to the Board of Regents at the University of Minnesota for Academic Health Center funding at the University of Minnesota; and

~~(2) \$8,553,000 for fiscal year 2006 and \$8,550,000 for fiscal year years 2007 and each year thereafter through~~ fiscal year 2011 and \$6,244,000 each fiscal year thereafter must be credited to the medical education and research costs account hereby created in the special revenue fund and is annually appropriated to the commissioner of health for distribution under section 62J.692, subdivision 4 or 11, as appropriate; and

(3) the balance of the revenues derived from taxes, penalties, and interest (under this chapter) and from license fees and miscellaneous sources of revenue shall be credited to the general fund.

Sec. 29. **EVALUATION OF HEALTH AND HUMAN SERVICES REGULATORY RESPONSIBILITIES.**

(a) The commissioner of health, in consultation with the commissioner of human services, shall evaluate and recommend options for reorganizing health and human services regulatory responsibilities in both agencies to provide better efficiency and operational cost savings while maintaining the protection of the health, safety, and welfare of the public. Regulatory responsibilities that are to be evaluated are those found in Minnesota Statutes, chapters 62D, 62N, 62R, 62T, 144A, 144D, 144G, 146A, 146B, 149A, 153A, 245A, 245B, and 245C, and sections 62Q.19, 144.058, 144.0722, 144.50, 144.651, 148.511, 148.6401, 148.995, 256B.692, 626.556, and 626.557.

(b) The evaluation and recommendations shall be submitted in a report to the legislative committees with jurisdiction over health and human services no later than February 15, 2012, and shall include, at a minimum, the following:

(1) whether the regulatory responsibilities of each agency should be combined into a separate agency;

(2) whether the regulatory responsibilities of each agency should be merged into an existing agency;

(3) what cost savings would result by merging the activities regardless of where they are located;

(4) what additional costs would result if the activities were merged;

(5) whether there are additional regulatory responsibilities in both agencies that should be considered in any reorganization; and

(6) for each option recommended, projected cost and a timetable and identification of the necessary steps and requirements for a successful transition period.

Sec. 30. **STUDY OF FOR-PROFIT HEALTH MAINTENANCE ORGANIZATIONS.**

The commissioner of health shall contract with an entity with expertise in health economics and health care delivery and quality to study the efficiency, costs, service quality, and enrollee satisfaction of for-profit health maintenance organizations, relative to not-for-profit health maintenance organizations operating in Minnesota and other states. The study findings must address whether the state of Minnesota could: (1) reduce medical assistance and MinnesotaCare costs and costs of providing coverage to state employees; and (2) maintain or improve the quality of care provided to state health care program enrollees and state employees if for-profit health maintenance organizations were allowed to operate in the state. The commissioner shall require the entity under contract to report study findings to the commissioner and the legislature by January 15, 2012.

Sec. 31. **MINNESOTA TASK FORCE ON PREMATURETY.**

Subdivision 1. **Establishment.** The Minnesota Task Force on Prematurity is established to evaluate and make recommendations on methods for reducing prematurity and improving premature infant health care in the state.

Subd. 2. **Membership; meetings; staff.** (a) The task force shall be composed of at least the following members, who serve at the pleasure of their appointing authority:

(1) 15 representatives of the Minnesota Prematurity Coalition including, but not limited to, health care providers who treat pregnant women or neonates, organizations focused on preterm births, early childhood education and development professionals, and families affected by prematurity;

(2) one representative appointed by the commissioner of human services;

(3) two representatives appointed by the commissioner of health;

(4) one representative appointed by the commissioner of education;

(5) two members of the house of representatives, one appointed by the speaker of the house and one appointed by the minority leader; and

(6) two members of the senate, appointed according to the rules of the senate.

(b) Members of the task force serve without compensation or payment of expenses.

(c) The commissioner of health must convene the first meeting of the Minnesota Task Force on Prematurity by July 31, 2011. The task force must continue to meet at least quarterly. Staffing and technical assistance shall be provided by the Minnesota Perinatal Coalition.

Subd. 3. **Duties.** The task force must report the current state of prematurity in Minnesota and develop recommendations on strategies for reducing prematurity and improving premature infant health care in the state by considering the following:

(1) standards of care for premature infants born less than 37 weeks gestational age, including recommendations to improve hospital discharge and follow-up care procedures;

(2) coordination of information among appropriate professional and advocacy organizations on measures to improve health care for infants born prematurely;

(3) identification and centralization of available resources to improve access and awareness for caregivers of premature infants;

(4) development and dissemination of evidence-based practices through networking and educational opportunities;

(5) a review of relevant evidence-based research regarding the causes and effects of premature births in Minnesota;

(6) a review of relevant evidence-based research regarding premature infant health care, including methods for improving quality of and access to care for premature infants;

(7) a review of the potential improvements in health status related to the use of health care homes to provide and coordinate pregnancy-related services; and

(8) identification of gaps in public reporting measures and possible effects of these measures on prematurity rates.

Subd. 4. **Report; expiration.** (a) By November 30, 2011, the task force must submit a report on the current state of prematurity in Minnesota to the chairs of the legislative policy committees on health and human services.

(b) By January 15, 2013, the task force must report its final recommendations, including any draft legislation necessary for implementation, to the chairs of the legislative policy committees on health and human services.

(c) This task force expires on January 31, 2013, or upon submission of the final report required in paragraph (b), whichever is earlier.

#### Sec. 32. **NURSING HOME REGULATORY EFFICIENCY.**

The commissioner of health must work with long-term care providers, provider associations, and consumer advocates to clarify for the benefit of providers, survey teams, and investigators from the office of health facility complaints all of the situations that providers must report and are required to report to the department under federal certification regulations and to the common entry point under the Minnesota Vulnerable Adults Act. The commissioner must produce decision trees, flow sheets, or other reproducible materials to guide the parties and to reduce the number of unnecessary reports.

#### Sec. 33. **REPEALER.**

(a) Minnesota Statutes 2010, sections 62J.17, subdivisions 1, 3, 5a, 6a, and 8; 62J.321, subdivision 5a; 62J.381; 62J.41, subdivisions 1 and 2; 144.1464; 144.147; and 144.1499, are repealed.

(b) Minnesota Rules, parts 4651.0100, subparts 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15, 16, 16a, 18, 19, 20, 20a, 21, 22, and 23; 4651.0110, subparts 2, 2a, 3, 4, and 5; 4651.0120; 4651.0130; 4651.0140; and 4651.0150, are repealed effective July 1, 2011.

ARTICLE 3  
MISCELLANEOUS

Section 1. Minnesota Statutes 2010, section 245A.14, subdivision 4, is amended to read:

Subd. 4. **Special family day care homes.** Nonresidential child care programs serving 14 or fewer children that are conducted at a location other than the license holder's own residence shall be licensed under this section and the rules governing family day care or group family day care if:

(a) the license holder is the primary provider of care and the nonresidential child care program is conducted in a dwelling that is located on a residential lot;

(b) the license holder is an employer who may or may not be the primary provider of care, and the purpose for the child care program is to provide child care services to children of the license holder's employees;

(c) the license holder is a church or religious organization;

(d) the license holder is a community collaborative child care provider. For purposes of this subdivision, a community collaborative child care provider is a provider participating in a cooperative agreement with a community action agency as defined in section 256E.31; ~~or~~

(e) the license holder is a not-for-profit agency that provides child care in a dwelling located on a residential lot and the license holder maintains two or more contracts with community employers or other community organizations to provide child care services. The county licensing agency may grant a capacity variance to a license holder licensed under this paragraph to exceed the licensed capacity of 14 children by no more than five children during transition periods related to the work schedules of parents, if the license holder meets the following requirements:

(1) the program does not exceed a capacity of 14 children more than a cumulative total of four hours per day;

(2) the program meets a one to seven staff-to-child ratio during the variance period;

(3) all employees receive at least an extra four hours of training per year than required in the rules governing family child care each year;

(4) the facility has square footage required per child under Minnesota Rules, part 9502.0425;

(5) the program is in compliance with local zoning regulations;

(6) the program is in compliance with the applicable fire code as follows:

(i) if the program serves more than five children older than 2-1/2 years of age, but no more than five children 2-1/2 years of age or less, the applicable fire code is educational occupancy, as provided in Group E Occupancy under the Minnesota State Fire Code 2003, Section 202; or

(ii) if the program serves more than five children 2-1/2 years of age or less, the applicable fire code is Group I-4 Occupancies, as provided in the Minnesota State Fire Code 2003, Section 202; and

(7) any age and capacity limitations required by the fire code inspection and square footage determinations shall be printed on the license-; or

(f) the license holder is the primary provider of care and has located the licensed child care program in a commercial space, if the license holder meets the following requirements:

(1) the program is in compliance with local zoning regulations;

(2) the program is in compliance with the applicable fire code as follows:

(i) if the program serves more than five children older than 2-1/2 years of age, but no more than five children 2-1/2 years of age or less, the applicable fire code is educational occupancy, as provided in Group E Occupancy under the Minnesota State Fire Code 2003, Section 202; or

(ii) if the program serves more than five children 2-1/2 years of age or less, the applicable fire code is Group I-4 Occupancies, as provided under the Minnesota State Fire Code 2003, Section 202;

(3) any age and capacity limitations required by the fire code inspection and square footage determinations are printed on the license; and

(4) the license holder prominently displays the license issued by the commissioner which contains the statement "This special family child care provider is not licensed as a child care center."

Sec. 2. Minnesota Statutes 2010, section 245C.03, is amended by adding a subdivision to read:

Subd. 7. **Children's therapeutic services and supports providers.** The commissioner shall conduct background studies according to this chapter when initiated by a children's therapeutic services and supports provider under section 256B.0943.

Sec. 3. Minnesota Statutes 2010, section 245C.10, is amended by adding a subdivision to read:

Subd. 8. **Children's therapeutic services and supports providers.** The commissioner shall recover the cost of background studies required under section 245C.03, subdivision 7, for the purposes of children's therapeutic services and supports under section 256B.0943, through a fee of no more than \$20 per study charged to the license holder. The fees collected under this subdivision are appropriated to the commissioner for the purpose of conducting background studies.

Sec. 4. Minnesota Statutes 2010, section 256B.04, subdivision 14a, is amended to read:

Subd. 14a. **Level of need determination.** Nonemergency medical transportation level of need determinations must be performed by a physician, a registered nurse working under direct supervision of a physician, a physician's assistant, a nurse practitioner, a licensed practical nurse, or a discharge planner.

Nonemergency medical transportation level of need determinations must not be performed more than annually on any individual, unless the individual's circumstances have sufficiently changed so as to require a new level of need determination. No entity shall charge, and the commissioner shall pay, no more than \$25 for performing a level of need determination regarding any person receiving nonemergency medical transportation, including special transportation.

Special transportation services to eligible persons who need a stretcher-accessible vehicle from an inpatient or outpatient hospital are exempt from a level of need determination if the special transportation services have been ordered by the eligible person's physician, registered nurse working under direct supervision of a physician, physician's assistant, nurse practitioner, licensed practical nurse, or discharge planner pursuant to Medicare guidelines.



Individuals transported to or residing in licensed nursing facilities are exempt from a level of need determination and are eligible for special transportation services until the individual no longer resides in a licensed nursing facility. If a person authorized by this subdivision to perform a level of need determination determines that an individual requires stretcher transportation, the individual is presumed to maintain that level of need until otherwise determined by a person authorized to perform a level of need determination, or for six months, whichever is sooner.

Sec. 5. Minnesota Statutes 2010, section 256B.0625, subdivision 17, is amended to read:

Subd. 17. **Transportation costs.** (a) Medical assistance covers medical transportation costs incurred solely for obtaining emergency medical care or transportation costs incurred by eligible persons in obtaining emergency or nonemergency medical care when paid directly to an ambulance company, common carrier, or other recognized providers of transportation services. Medical transportation must be provided by:

- (1) an ambulance, as defined in section 144E.001, subdivision 2;
- (2) special transportation; or
- (3) common carrier including, but not limited to, bus, taxicab, other commercial carrier, or private automobile.

(b) Medical assistance covers special transportation, as defined in Minnesota Rules, part 9505.0315, subpart 1, item F, if the recipient has a physical or mental impairment that would prohibit the recipient from safely accessing and using a bus, taxi, other commercial transportation, or private automobile.

The commissioner may use an order by the recipient's attending physician to certify that the recipient requires special transportation services. Special transportation providers shall perform driver-assisted services for eligible individuals. Driver-assisted service includes passenger pickup at and return to the individual's residence or place of business, assistance with admittance of the individual to the medical facility, and assistance in passenger securement or in securing of wheelchairs or stretchers in the vehicle. Special transportation providers must obtain written documentation from the health care service provider who is serving the recipient being transported, identifying the time that the recipient arrived. Special transportation providers may not bill for separate base rates for the continuation of a trip beyond the original destination. Special transportation providers must take recipients to the nearest appropriate health care provider, using the most direct route as determined by a commercially available mileage software program approved by the commissioner. The minimum medical assistance reimbursement rates for special transportation services are:

(1) (i) \$17 for the base rate and \$1.35 per mile for special transportation services to eligible persons who need a wheelchair-accessible van;

(ii) \$11.50 for the base rate and \$1.30 per mile for special transportation services to eligible persons who do not need a wheelchair-accessible van; and

(iii) \$60 for the base rate and \$2.40 per mile, and an attendant rate of \$9 per trip, for special transportation services to eligible persons who need a stretcher-accessible vehicle;

(2) the base rates for special transportation services in areas defined under RUCA to be super rural shall be equal to the reimbursement rate established in clause (1) plus 11.3 percent; and

(3) for special transportation services in areas defined under RUCA to be rural or super rural areas:

(i) for a trip equal to 17 miles or less, mileage reimbursement shall be equal to 125 percent of the respective mileage rate in clause (1); and

(ii) for a trip between 18 and 50 miles, mileage reimbursement shall be equal to 112.5 percent of the respective mileage rate in clause (1).

(c) For purposes of reimbursement rates for special transportation services under paragraph (b), the zip code of the recipient's place of residence shall determine whether the urban, rural, or super rural reimbursement rate applies.

(d) For purposes of this subdivision, "rural urban commuting area" or "RUCA" means a census-tract based classification system under which a geographical area is determined to be urban, rural, or super rural.

Sec. 6. Minnesota Statutes 2010, section 256B.0943, is amended by adding a subdivision to read:

Subd. 5a. **Background studies.** The requirements for background studies under this section may be met by a children's therapeutic services and supports services agency through the commissioner's NETStudy system as provided under sections 245C.03, subdivision 7, and 245C.10, subdivision 8.

Sec. 7. Minnesota Statutes 2010, section 256B.14, is amended by adding a subdivision to read:

Subd. 3a. **Spousal contribution.** (a) For purposes of this subdivision, the following terms have the meanings given:

(1) "commissioner" means the commissioner of human services;

(2) "community spouse" means the spouse, who lives in the community, of an individual receiving long-term care services in a long-term care facility or home care services pursuant to the Medicaid waiver for elderly services under section 256B.0915 or the alternative care program under section 256B.0913. A community spouse does not include a spouse living in the community who receives a monthly income allowance under section 256B.058, subdivision 2, or who receives home and community-based services under section 256B.0915, 256B.092, or 256B.49, or the alternative care program under section 256B.0913;

(3) "cost of care" means the actual fee-for-service costs or capitated payments for the long-term care spouse;

(4) "department" means the Department of Human Services;

(5) "disabled child" means a blind or permanently and totally disabled son or daughter of any age based on the Social Security Administration disability standards;

(6) "income" means earned and unearned income, attributable to the community spouse, used to calculate the adjusted gross income on the prior year's income tax return. Evidence of income includes, but is not limited to, W-2 and 1099 forms; and

(7) "long-term care spouse" means the spouse who is receiving long-term care services in a long-term care facility or home and community based services pursuant to the Medicaid waiver for elderly services under section 256B.0915 or the alternative care program under section 256B.0913.

(b) The community spouse of a long-term care spouse who receives medical assistance or alternative care services has an obligation to contribute to the cost of care. The community spouse must pay a monthly fee on a sliding fee scale based on the community spouse's income. If a minor or disabled child resides with and receives care from the community spouse, then no fee shall be assessed.

(c) For a community spouse with an income equal to or greater than 250 percent of the federal poverty guidelines for a family of two and less than 545 percent of the federal poverty guidelines for a family of two, the spousal contribution shall be determined using a sliding fee scale established by the commissioner that begins at 7.5 percent of the community spouse's income and increases to 15 percent for those with an income of up to 545 percent of the federal poverty guidelines for a family of two.

(d) For a community spouse with an income equal to or greater than 545 percent of the federal poverty guidelines for a family of two and less than 750 percent of the federal poverty guidelines for a family of two, the spousal contribution shall be determined using a sliding fee scale established by the commissioner that begins at 15 percent of the community spouse's income and increases to 25 percent for those with an income of up to 750 percent of the federal poverty guidelines for a family of two.

(e) For a community spouse with an income equal to or greater than 750 percent of the federal poverty guidelines for a family of two and less than 975 percent of the federal poverty guidelines for a family of two, the spousal contribution shall be determined using a sliding fee scale established by the commissioner that begins at 25 percent of the community spouse's income and increases to 33 percent for those with an income of up to 975 percent of the federal poverty guidelines for a family of two.

(f) For a community spouse with an income equal to or greater than 975 percent of the federal poverty guidelines for a family of two, the spousal contribution shall be 33 percent of the community spouse's income.

(g) The spousal contribution shall be explained in writing at the time eligibility for medical assistance or alternative care is being determined. In addition to explaining the formula used to determine the fee, the county or tribal agency shall provide written information describing how to request a variance for undue hardship, how a contribution may be reviewed or redetermined, the right to appeal a contribution determination, and that the consequences for not complying with a request to provide information shall be an assessment against the community spouse for the full cost of care for the long-term care spouse.

(h) The contribution shall be assessed for each month the long-term care spouse has a community spouse and is eligible for medical assistance payment of long-term care services or alternative care.

(i) The spousal contribution shall be reviewed at least once every 12 months and when there is a loss or gain in income in excess of ten percent. Thirty days prior to a review or redetermination, written notice must be provided to the community spouse and must contain the amount the spouse is required to contribute, notice of the right to redetermination and appeal, and the telephone number of the division at the agency that is responsible for redetermination and review. If, after review, the contribution amount is to be adjusted, the county or tribal agency shall mail a written notice to the community spouse 30 days in advance of the effective date of the change in the amount of the contribution.

(1) The spouse shall notify the county or tribal agency within 30 days of a gain or loss in income in excess of ten percent and provide the agency supporting documentation to verify the need for redetermination of the fee.

(2) When a spouse requests a review or redetermination of the contribution amount, a request for information shall be sent to the spouse within ten calendar days after the county or tribal agency receives the request for review.

(3) No action shall be taken on a review or redetermination until the required information is received by the county or tribal agency.

(4) The review of the spousal contribution shall be completed within ten days after the county or tribal agency receives completed information that verifies a loss or gain in income in excess of ten percent.

(5) An increase in the contribution amount is effective in the month in which the increase in income occurs.

(6) A decrease in the contribution amount is effective in the month the spouse verifies the reduction in income, retroactive to no longer than six months.

(j) In no case shall the spousal contribution exceed the amount of medical assistance expended or the cost of alternative care services for the care of the long-term care spouse. Annually, upon redetermination, or at termination of eligibility, the total amount of medical assistance paid or costs of alternative care for the care of the long-term care spouse and the total amount of the spousal contribution shall be compared. If the total amount of the spousal contribution exceeds the total amount of medical assistance expended or cost of alternative care, then the agency shall reimburse the community spouse the excess amount if the long-term care spouse is no longer receiving services, or apply the excess amount to the spousal contribution due until the excess amount is exhausted.

(k) A community spouse may request a variance by submitting a written request and supporting documentation that payment of the calculated contribution would cause an undue hardship. An undue hardship is defined as the inability to pay the calculated contribution due to medical expenses incurred by the community spouse. Documentation must include proof of medical expenses incurred by the community spouse since the last annual redetermination of the contribution amount that are not reimbursable by any public or private source, and are a type, regardless of amount, that would be allowable as a federal tax deduction under the Internal Revenue Code.

(1) A spouse who requests a variance from a notice of an increase in the amount of spousal contribution shall continue to make monthly payments at the lower amount pending determination of the variance request. A spouse who requests a variance from the initial determination shall not be required to make a payment pending determination of the variance request. Payments made pending outcome of the variance request that result in overpayment must be returned to the spouse, if the long-term care spouse is no longer receiving services, or applied to the spousal contribution in the current year. If the variance is denied, the spouse shall pay the additional amount due from the effective date of the increase or the total amount due from the effective date of the original notice of determination of the spousal contribution.

(2) A spouse who is granted a variance shall sign a written agreement in which the spouse agrees to report to the county or tribal agency any changes in circumstances that gave rise to the undue hardship variance.

(3) When the county or tribal agency receives a request for a variance, written notice of a grant or denial of the variance shall be mailed to the spouse within 30 calendar days after the county or tribal agency receives the financial information required in this clause. The granting of a variance will necessitate a written agreement between the spouse and the county or tribal agency with regard to the specific terms of the variance. The variance will not become effective until the written agreement is signed by the spouse. If the county or tribal agency denies in whole or in part the request for a variance, the denial notice shall set forth in writing the reasons for the denial that address the specific hardship and right to appeal.

(4) If a variance is granted, the term of the variance shall not exceed 12 months unless otherwise determined by the county or tribal agency.

(5) Undue hardship does not include action taken by a spouse which divested or diverted income in order to avoid being assessed a spousal contribution.

(l) A spouse aggrieved by an action under this subdivision has the right to appeal under subdivision 4. If the spouse appeals on or before the effective date of an increase in the spousal fee, the spouse shall continue to make payments to the county or tribal agency in the lower amount while the appeal is pending. A spouse appealing an initial determination of a spousal contribution shall not be required to make monthly payments pending an appeal decision. Payments made that result in an overpayment shall be reimbursed to the spouse if the long-term care spouse is no longer receiving services, or applied to the spousal contribution remaining in the current year. If the county or tribal agency's determination is affirmed, the community spouse shall pay within 90 calendar days of the order the total amount due from the effective date of the original notice of determination of the spousal contribution. The commissioner's order is binding on the spouse and the agency and shall be implemented subject to section 256.045, subdivision 7. No additional notice is required to enforce the commissioner's order.

(m) If the county or tribal agency finds that notice of the payment obligation was given to the community spouse and the spouse was determined to be able to pay, but that the spouse failed or refused to pay, a cause of action exists against the community spouse for that portion of medical assistance payment of long-term care services or alternative care services granted after notice was given to the community spouse. The action may be brought by the county or tribal agency in the county where assistance was granted for the assistance together with the costs of disbursements incurred due to the action. In addition to granting the county or tribal agency a money judgment, the court may, upon a motion or order to show cause, order continuing contributions by a community spouse found able to repay the county or tribal agency. The order shall be effective only for the period of time during which a contribution shall be assessed.

(n) Counties and tribes are entitled to one-half of the nonfederal share of contributions made under this section for long-term care spouses on medical assistance that are directly attributed to county or tribal efforts. Counties and tribes are entitled to 25 percent of the contributions made under this section for long-term care spouses on alternative care directly attributed to county or tribal efforts.

**EFFECTIVE DATE.** This section is effective July 1, 2012.

Sec. 8. Minnesota Statutes 2010, section 326B.175, is amended to read:

**326B.175 ELEVATORS, ENTRANCES SEALED.**

Except as provided in section 326B.188, it shall be the duty of the department and the licensing authority of any municipality which adopts any such ordinance whenever it finds any such elevator under its jurisdiction in use in violation of any provision of sections 326B.163 to 326B.178 to seal the entrances of such elevator and attach a notice forbidding the use of such elevator until the provisions thereof are complied with.

Sec. 9. **[326B.188] COMPLIANCE WITH ELEVATOR CODE CHANGES.**

(a) This section applies to code requirements for existing elevators and related devices under Minnesota Rules, chapter 1307, where the deadline set by law for meeting the code requirements is January 29, 2012, or later.

(b) If the department or municipality conducting elevator inspections within its jurisdiction notifies the owner of an existing elevator or related device of the code requirements before the effective date of this section, the owner may submit a compliance plan by December 30, 2011. If the department or municipality does not notify the owner of an existing elevator or related device of the code requirements before the effective date of this section, the department or municipality shall notify the owner of the code requirements and permit the owner to submit a compliance plan by December 30, 2011, or within 60 days after the date of notification, whichever is later.

(c) Any compliance plan submitted under this section must result in compliance with the code requirements by the later of January 29, 2012, or three years after submission of the compliance plan. Elevators and related devices that are not in compliance with the code requirements by the later of January 29, 2012, or three years after the submission of the compliance plan may be taken out of service as provided in section 326B.175.

Sec. 10. **NONEMERGENCY MEDICAL TRANSPORTATION SINGLE ADMINISTRATIVE STRUCTURE PROPOSAL.**

(a) The commissioner of human services shall develop a proposal to create a single administrative structure for providing nonemergency medical transportation services to fee-for-service medical assistance recipients. This proposal must consolidate access and special transportation into one administrative structure with the goal of standardizing eligibility determination processes, scheduling arrangements, billing procedures, data collection, and oversight mechanisms in order to enhance coordination, improve accountability, and lessen confusion.

(b) In developing the proposal, the commissioner shall:

(1) examine the current responsibilities performed by the counties and the Department of Human Services and consider the shift in costs if these responsibilities are changed;

(2) identify key performance measures to assess the cost effectiveness of nonemergency medical transportation statewide, including a process to collect, audit, and report data;

(3) develop a statewide complaint system for medical assistance recipients using special transportation;

(4) establish a standardized billing process;

(5) establish a process that provides public input from interested parties before special transportation eligibility policies are implemented or significantly changed;

(6) establish specific eligibility criteria that include the frequency of eligibility assessments and the length of time a recipient remains eligible for special transportation;

(7) develop a reimbursement method to compensate volunteers for no-load miles when transporting recipients to or from health-related appointments; and

(8) establish specific eligibility criteria to maximize the use of public transportation by recipients who are without a physical, mental, or other impairment that would prohibit safely accessing and using public transportation.

(c) In developing the proposal, the commissioner shall consult with the nonemergency medical transportation advisory council established under paragraph (d).

(d) The commissioner shall establish the nonemergency medical transportation advisory council to assist the commissioner in developing a single administrative structure for providing nonemergency medical transportation services. The council shall be comprised of:

(1) one representative each from the departments of human services and transportation;

(2) one representative each from the following organizations: the Minnesota State Council on Disability, the Minnesota Consortium for Citizens with Disabilities, ARC of Minnesota, the Association of Minnesota Counties, the Metropolitan Inter-County Association, the R-80 Medical Transportation Coalition, the Minnesota Paratransit Association, legal aid, the Minnesota Ambulance Association, the National Alliance on Mental Illness, Medical Transportation Management, and other transportation providers; and

(3) four members from the house of representatives, two from the majority party and two from the minority party, appointed by the speaker, and four members from the senate, two from the majority party and two from the minority party, appointed by the Subcommittee on Committees of the Committee on Rules and Administration.

The council is governed by Minnesota Statutes, section 15.509, except that members shall not receive per diems. The commissioner of human services shall fund all costs related to the council from existing resources.

(e) The commissioner shall submit the proposal and draft legislation necessary for implementation to the chairs and ranking minority members of the senate and house of representatives committees or divisions with jurisdiction over health care policy and finance by January 15, 2012.

ARTICLE 4  
HEALTH RELATED LICENSING

Section 1. Minnesota Statutes 2010, section 148.07, subdivision 1, is amended to read:

Subdivision 1. **Renewal fees.** All persons practicing chiropractic within this state, or licensed so to do, shall pay, on or before the date of expiration of their licenses, to the Board of Chiropractic Examiners a renewal fee set ~~by the board~~ in accordance with section 16A.1283, with a penalty ~~set by the board~~ for each month or portion thereof for which a license fee is in arrears and upon payment of the renewal and upon compliance with all the rules of the board, shall be entitled to renewal of their license.

Sec. 2. Minnesota Statutes 2010, section 148.108, is amended by adding a subdivision to read:

Subd. 4. **Animal chiropractic.** (a) Animal chiropractic registration fee is \$125.

(b) Animal chiropractic registration renewal fee is \$75.

(c) Animal chiropractic inactive renewal fee is \$25.

Sec. 3. Minnesota Statutes 2010, section 148.191, subdivision 2, is amended to read:

Subd. 2. **Powers.** (a) The board is authorized to adopt and, from time to time, revise rules not inconsistent with the law, as may be necessary to enable it to carry into effect the provisions of sections 148.171 to 148.285. The board shall prescribe by rule curricula and standards for schools and courses preparing persons for licensure under sections 148.171 to 148.285. It shall conduct or provide for surveys of such schools and courses at such times as it may deem necessary. It shall approve such schools and courses as meet the requirements of sections 148.171 to 148.285 and board rules. It shall examine, license, and renew the license of duly qualified applicants. It shall hold examinations at least once in each year at such time and place as it may determine. It shall by rule adopt, evaluate, and periodically revise, as necessary, requirements for licensure and for registration and renewal of registration as defined in section 148.231. It shall maintain a record of all persons licensed by the board to practice professional or practical nursing and all registered nurses who hold Minnesota licensure and registration and are certified as advanced practice registered nurses. It shall cause the prosecution of all persons violating sections 148.171 to 148.285 and have power to incur such necessary expense therefor. It shall register public health nurses who meet educational and other requirements established by the board by rule, including payment of a fee. ~~Prior to the adoption of rules, the board shall use the same procedures used by the Department of Health to certify public health nurses.~~ It shall have power to issue subpoenas, and to compel the attendance of witnesses and the production of all necessary documents and other evidentiary material. Any board member may administer oaths to witnesses, or take their affirmation. It shall keep a record of all its proceedings.

(b) The board shall have access to hospital, nursing home, and other medical records of a patient cared for by a nurse under review. If the board does not have a written consent from a patient permitting access to the patient's records, the nurse or facility shall delete any data in the record that identifies the patient before providing it to the board. The board shall have access to such other records as reasonably requested by the board to assist the board in its investigation. Nothing herein may be construed to allow access to any records protected by section 145.64. The board shall maintain any records obtained pursuant to this paragraph as investigative data under chapter 13.

(c) The board may accept and expend grants or gifts of money or in-kind services from a person, a public or private entity, or any other source for purposes consistent with the board's role and within the scope of its statutory authority.

(d) The board may accept registration fees for meetings and conferences conducted for the purposes of board activities that are within the scope of its authority.

Sec. 4. Minnesota Statutes 2010, section 148.212, subdivision 1, is amended to read:

Subdivision 1. **Issuance.** Upon receipt of the applicable licensure or reregistration fee and permit fee, and in accordance with rules of the board, the board may issue a nonrenewable temporary permit to practice professional or practical nursing to an applicant for licensure or reregistration who is not the subject of a pending investigation or disciplinary action, nor disqualified for any other reason, under the following circumstances:

~~(a) The applicant for licensure by examination under section 148.211, subdivision 1, has graduated from an approved nursing program within the 60 days preceding board receipt of an affidavit of graduation or transcript and has been authorized by the board to write the licensure examination for the first time in the United States. The permit holder must practice professional or practical nursing under the direct supervision of a registered nurse. The permit is valid from the date of issue until the date the board takes action on the application or for 60 days whichever occurs first.~~

~~(b) The applicant for licensure by endorsement under section 148.211, subdivision 2, is currently licensed to practice professional or practical nursing in another state, territory, or Canadian province. The permit is valid from submission of a proper request until the date of board action on the application or for 60 days, whichever comes first.~~

~~(c) (b) The applicant for licensure by endorsement under section 148.211, subdivision 2, or for reregistration under section 148.231, subdivision 5, is currently registered in a formal, structured refresher course or its equivalent for nurses that includes clinical practice.~~

~~(d) The applicant for licensure by examination under section 148.211, subdivision 1, who graduated from a nursing program in a country other than the United States or Canada has completed all requirements for licensure except registering for and taking the nurse licensure examination for the first time in the United States. The permit holder must practice professional nursing under the direct supervision of a registered nurse. The permit is valid from the date of issue until the date the board takes action on the application or for 60 days, whichever occurs first.~~

Sec. 5. Minnesota Statutes 2010, section 148.231, is amended to read:

#### **148.231 REGISTRATION; FAILURE TO REGISTER; REREGISTRATION; VERIFICATION.**

Subdivision 1. **Registration.** Every person licensed to practice professional or practical nursing must maintain with the board a current registration for practice as a registered nurse or licensed practical nurse which must be renewed at regular intervals established by the board by rule. No ~~certificate~~ of registration shall be issued by the board to a nurse until the nurse has submitted satisfactory evidence of compliance with the procedures and minimum requirements established by the board.

The fee for periodic registration for practice as a nurse shall be determined by the board by rule law. ~~A penalty fee shall be added for any application received after the required date as specified by the board by rule.~~ Upon receipt of the application and the required fees, the board shall verify the application and the evidence of completion of continuing education requirements in effect, and thereupon issue to the nurse a ~~certificate~~ of registration for the next renewal period.

Subd. 4. **Failure to register.** Any person licensed under the provisions of sections 148.171 to 148.285 who fails to register within the required period shall not be entitled to practice nursing in this state as a registered nurse or licensed practical nurse.



Subd. 5. **Reregistration.** A person whose registration has lapsed desiring to resume practice shall make application for reregistration, submit satisfactory evidence of compliance with the procedures and requirements established by the board, and pay the ~~registration~~ reregistration fee for the current period to the board. A penalty fee shall be required from a person who practiced nursing without current registration. Thereupon, ~~the~~ registration ~~certificate~~ shall be issued to the person who shall immediately be placed on the practicing list as a registered nurse or licensed practical nurse.

Subd. 6. **Verification.** A person licensed under the provisions of sections 148.171 to 148.285 who requests the board to verify a Minnesota license to another state, territory, or country or to an agency, facility, school, or institution shall pay a fee ~~to the board~~ for each verification.

Sec. 6. **[148.242] FEES.**

The fees specified in section 148.243 are nonrefundable and must be deposited in the state government special revenue fund.

Sec. 7. **[148.243] FEE AMOUNTS.**

Subdivision 1. **Licensure by examination.** The fee for licensure by examination is \$105.

Subd. 2. **Reexamination fee.** The reexamination fee is \$60.

Subd. 3. **Licensure by endorsement.** The fee for licensure by endorsement is \$105.

Subd. 4. **Registration renewal.** The fee for registration renewal is \$85.

Subd. 5. **Reregistration.** The fee for reregistration is \$105.

Subd. 6. **Replacement license.** The fee for a replacement license is \$20.

Subd. 7. **Public health nurse certification.** The fee for public health nurse certification is \$30.

Subd. 8. **Drug Enforcement Administration verification for Advanced Practice Registered Nurse (APRN).** The Drug Enforcement Administration verification for APRN is \$50.

Subd. 9. **Licensure verification other than through Nursys.** The fee for verification of licensure status other than through Nursys verification is \$20.

Subd. 10. **Verification of examination scores.** The fee for verification of examination scores is \$20.

Subd. 11. **Microfilmed licensure application materials.** The fee for a copy of microfilmed licensure application materials is \$20.

Subd. 12. **Nursing business registration; initial application.** The fee for the initial application for nursing business registration is \$100.

Subd. 13. **Nursing business registration; annual application.** The fee for the annual application for nursing business registration is \$25.

Subd. 14. **Practicing without current registration.** The fee for practicing without current registration is two times the amount of the current registration renewal fee for any part of the first calendar month, plus the current registration renewal fee for any part of any subsequent month up to 24 months.

Subd. 15. **Practicing without current APRN certification.** The fee for practicing without current APRN certification is \$200 for the first month or any part thereof, plus \$100 for each subsequent month or part thereof.

Subd. 16. **Dishonored check fee.** The service fee for a dishonored check is as provided in section 604.113.

Subd. 17. **Border state registry fee.** The initial application fee for border state registration is \$50. Any subsequent notice of employment change to remain or be reinstated on the registry is \$50.

Sec. 8. **[148.2855] NURSE LICENSURE COMPACT.**

The Nurse Licensure Compact is enacted into law and entered into with all other jurisdictions legally joining in it, in the form substantially as follows:

**ARTICLE 1**  
**DEFINITIONS**

As used in this compact:

(a) "Adverse action" means a home or remote state action.

(b) "Alternative program" means a voluntary, nondisciplinary monitoring program approved by a nurse licensing board.

(c) "Coordinated licensure information system" means an integrated process for collecting, storing, and sharing information on nurse licensure and enforcement activities related to nurse licensure laws, which is administered by a nonprofit organization composed of and controlled by state nurse licensing boards.

(d) "Current significant investigative information" means:

(1) investigative information that a licensing board, after a preliminary inquiry that includes notification and an opportunity for the nurse to respond if required by state law, has reason to believe is not groundless and, if proved true, would indicate more than a minor infraction; or

(2) investigative information that indicates that the nurse represents an immediate threat to public health and safety regardless of whether the nurse has been notified and had an opportunity to respond.

(e) "Home state" means the party state which is the nurse's primary state of residence.

(f) "Home state action" means any administrative, civil, equitable, or criminal action permitted by the home state's laws which are imposed on a nurse by the home state's licensing board or other authority including actions against an individual's license such as revocation, suspension, probation, or any other action which affects a nurse's authorization to practice.

(g) "Licensing board" means a party state's regulatory body responsible for issuing nurse licenses.

(h) "Multistate licensure privilege" means current, official authority from a remote state permitting the practice of nursing as either a registered nurse or a licensed practical/vocational nurse in the party state. All party states have the authority, according to existing state due process law, to take actions against the nurse's privilege such as revocation, suspension, probation, or any other action which affects a nurse's authorization to practice.

(i) "Nurse" means a registered nurse or licensed practical/vocational nurse as those terms are defined by each party state's practice laws.

(j) "Party state" means any state that has adopted this compact.

(k) "Remote state" means a party state other than the home state:

(1) where the patient is located at the time nursing care is provided; or

(2) in the case of the practice of nursing not involving a patient, in the party state where the recipient of nursing practice is located.

(l) "Remote state action" means:

(1) any administrative, civil, equitable, or criminal action permitted by a remote state's laws which are imposed on a nurse by the remote state's licensing board or other authority including actions against an individual's multistate licensure privilege to practice in the remote state; and

(2) cease and desist and other injunctive or equitable orders issued by remote states or the licensing boards of those states.

(m) "State" means a state, territory, or possession of the United States, the District of Columbia, or the Commonwealth of Puerto Rico.

(n) "State practice laws" means individual party state laws and regulations that govern the practice of nursing, define the scope of nursing practice, and create the methods and grounds for imposing discipline. State practice laws does not include the initial qualifications for licensure or requirements necessary to obtain and retain a license, except for qualifications or requirements of the home state.

## ARTICLE 2

### GENERAL PROVISIONS AND JURISDICTION

(a) A license to practice registered nursing issued by a home state to a resident in that state will be recognized by each party state as authorizing a multistate licensure privilege to practice as a registered nurse in the party state. A license to practice licensed practical/vocational nursing issued by a home state to a resident in that state will be recognized by each party state as authorizing a multistate licensure privilege to practice as a licensed practical/vocational nurse in the party state. In order to obtain or retain a license, an applicant must meet the home state's qualifications for licensure and license renewal as well as all other applicable state laws.

(b) Party states may, according to state due process laws, limit or revoke the multistate licensure privilege of any nurse to practice in their state and may take any other actions under their applicable state laws necessary to protect the health and safety of their citizens. If a party state takes such action, it shall promptly notify the administrator of the coordinated licensure information system. The administrator of the coordinated licensure information system shall promptly notify the home state of any such actions by remote states.

(c) Every nurse practicing in a party state must comply with the state practice laws of the state in which the patient is located at the time care is rendered. In addition, the practice of nursing is not limited to patient care, but shall include all nursing practice as defined by the state practice laws of the party state. The practice of nursing will subject a nurse to the jurisdiction of the nurse licensing board, the courts, and the laws in the party state.

(d) This compact does not affect additional requirements imposed by states for advanced practice registered nursing. However, a multistate licensure privilege to practice registered nursing granted by a party state shall be recognized by other party states as a license to practice registered nursing if one is required by state law as a precondition for qualifying for advanced practice registered nurse authorization.

(e) Individuals not residing in a party state shall continue to be able to apply for nurse licensure as provided for under the laws of each party state. However, the license granted to these individuals will not be recognized as granting the privilege to practice nursing in any other party state unless explicitly agreed to by that party state.

### ARTICLE 3 APPLICATIONS FOR LICENSURE IN A PARTY STATE

(a) Upon application for a license, the licensing board in a party state shall ascertain, through the coordinated licensure information system, whether the applicant has ever held or is the holder of a license issued by any other state, whether there are any restrictions on the multistate licensure privilege, and whether any other adverse action by a state has been taken against the license.

(b) A nurse in a party state shall hold licensure in only one party state at a time, issued by the home state.

(c) A nurse who intends to change primary state of residence may apply for licensure in the new home state in advance of the change. However, new licenses will not be issued by a party state until after a nurse provides evidence of change in primary state of residence satisfactory to the new home state's licensing board.

(d) When a nurse changes primary state of residence by:

(1) moving between two party states, and obtains a license from the new home state, the license from the former home state is no longer valid;

(2) moving from a nonparty state to a party state, and obtains a license from the new home state, the individual state license issued by the nonparty state is not affected and will remain in full force if so provided by the laws of the nonparty state; or

(3) moving from a party state to a nonparty state, the license issued by the prior home state converts to an individual state license, valid only in the former home state, without the multistate licensure privilege to practice in other party states.

### ARTICLE 4 ADVERSE ACTIONS

In addition to the general provisions described in article 2, the provisions in this article apply.

(a) The licensing board of a remote state shall promptly report to the administrator of the coordinated licensure information system any remote state actions including the factual and legal basis for the action, if known. The licensing board of a remote state shall also promptly report any significant current investigative information yet to result in a remote state action. The administrator of the coordinated licensure information system shall promptly notify the home state of any reports.

(b) The licensing board of a party state shall have the authority to complete any pending investigation for a nurse who changes primary state of residence during the course of the investigation. The board shall also have the authority to take appropriate action, and shall promptly report the conclusion of the investigation to the administrator of the coordinated licensure information system. The administrator of the coordinated licensure information system shall promptly notify the new home state of any action.

(c) A remote state may take adverse action affecting the multistate licensure privilege to practice within that party state. However, only the home state shall have the power to impose adverse action against the license issued by the home state.

(d) For purposes of imposing adverse actions, the licensing board of the home state shall give the same priority and effect to reported conduct received from a remote state as it would if the conduct had occurred within the home state. In so doing, it shall apply its own state laws to determine appropriate action.

(e) The home state may take adverse action based on the factual findings of the remote state, provided each state follows its own procedures for imposing the adverse action.

(f) Nothing in this compact shall override a party state's decision that participation in an alternative program may be used in lieu of licensure action and that participation shall remain nonpublic if required by the party state's laws.

Party states must require nurses who enter any alternative programs to agree not to practice in any other party state during the term of the alternative program without prior authorization from the other party state.

#### ARTICLE 5

#### ADDITIONAL AUTHORITIES INVESTED IN PARTY STATE NURSE LICENSING BOARDS

Notwithstanding any other laws, party state nurse licensing boards shall have the authority to:

(1) if otherwise permitted by state law, recover from the affected nurse the costs of investigation and disposition of cases resulting from any adverse action taken against that nurse;

(2) issue subpoenas for both hearings and investigations which require the attendance and testimony of witnesses, and the production of evidence. Subpoenas issued by a nurse licensing board in a party state for the attendance and testimony of witnesses, and the production of evidence from another party state, shall be enforced in the latter state by any court of competent jurisdiction according to the practice and procedure of that court applicable to subpoenas issued in proceedings pending before it. The issuing authority shall pay any witness fees, travel expenses, mileage, and other fees required by the service statutes of the state where the witnesses and evidence are located;

(3) issue cease and desist orders to limit or revoke a nurse's authority to practice in the nurse's state; and

(4) adopt uniform rules and regulations as provided for in article 7, paragraph (c).

#### ARTICLE 6

#### COORDINATED LICENSURE INFORMATION SYSTEM

(a) All party states shall participate in a cooperative effort to create a coordinated database of all licensed registered nurses and licensed practical/vocational nurses. This system shall include information on the licensure and disciplinary history of each nurse, as contributed by party states, to assist in the coordination of nurse licensure and enforcement efforts.

(b) Notwithstanding any other provision of law, all party states' licensing boards shall promptly report adverse actions, actions against multistate licensure privileges, any current significant investigative information yet to result in adverse action, denials of applications, and the reasons for the denials to the coordinated licensure information system.

(c) Current significant investigative information shall be transmitted through the coordinated licensure information system only to party state licensing boards.

(d) Notwithstanding any other provision of law, all party states' licensing boards contributing information to the coordinated licensure information system may designate information that may not be shared with nonparty states or disclosed to other entities or individuals without the express permission of the contributing state.

(e) Any personally identifiable information obtained by a party state's licensing board from the coordinated licensure information system may not be shared with nonparty states or disclosed to other entities or individuals except to the extent permitted by the laws of the party state contributing the information.

(f) Any information contributed to the coordinated licensure information system that is subsequently required to be expunged by the laws of the party state contributing that information shall also be expunged from the coordinated licensure information system.

(g) The compact administrators, acting jointly with each other and in consultation with the administrator of the coordinated licensure information system, shall formulate necessary and proper procedures for the identification, collection, and exchange of information under this compact.

#### ARTICLE 7

#### COMPACT ADMINISTRATION AND INTERCHANGE OF INFORMATION

(a) The head or designee of the nurse licensing board of each party state shall be the administrator of this compact for that state.

(b) The compact administrator of each party state shall furnish to the compact administrator of each other party state any information and documents including, but not limited to, a uniform data set of investigations, identifying information, licensure data, and disclosable alternative program participation information to facilitate the administration of this compact.

(c) Compact administrators shall have the authority to develop uniform rules to facilitate and coordinate implementation of this compact. These uniform rules shall be adopted by party states under the authority in article 5, clause (4).

#### ARTICLE 8

#### IMMUNITY

A party state or the officers, employees, or agents of a party state's nurse licensing board who acts in good faith according to the provisions of this compact shall not be liable for any act or omission while engaged in the performance of their duties under this compact. Good faith shall not include willful misconduct, gross negligence, or recklessness.

#### ARTICLE 9

#### ENACTMENT, WITHDRAWAL, AND AMENDMENT

(a) This compact shall become effective for each state when it has been enacted by that state. Any party state may withdraw from this compact by repealing the nurse licensure compact, but no withdrawal shall take effect until six months after the withdrawing state has given notice of the withdrawal to the executive heads of all other party states.

(b) No withdrawal shall affect the validity or applicability by the licensing boards of states remaining party to the compact of any report of adverse action occurring prior to the withdrawal.

(c) Nothing contained in this compact shall be construed to invalidate or prevent any nurse licensure agreement or other cooperative arrangement between a party state and a nonparty state that is made according to the other provisions of this compact.

(d) This compact may be amended by the party states. No amendment to this compact shall become effective and binding upon the party states until it is enacted into the laws of all party states.

#### ARTICLE 10 CONSTRUCTION AND SEVERABILITY

(a) This compact shall be liberally construed to effectuate the purposes of the compact. The provisions of this compact shall be severable and if any phrase, clause, sentence, or provision of this compact is declared to be contrary to the constitution of any party state or of the United States or the applicability thereof to any government, agency, person, or circumstance is held invalid, the validity of the remainder of this compact and the applicability of it to any government, agency, person, or circumstance shall not be affected by it. If this compact is held contrary to the constitution of any party state, the compact shall remain in full force and effect for the remaining party states and in full force and effect for the party state affected as to all severable matters.

(b) In the event party states find a need for settling disputes arising under this compact:

(1) the party states may submit the issues in dispute to an arbitration panel which shall be comprised of an individual appointed by the compact administrator in the home state, an individual appointed by the compact administrator in the remote states involved, and an individual mutually agreed upon by the compact administrators of the party states involved in the dispute; and

(2) the decision of a majority of the arbitrators shall be final and binding.

#### **Sec. 9. [148.2856] APPLICATION OF NURSE LICENSURE COMPACT TO EXISTING LAWS.**

(a) A nurse practicing professional or practical nursing in Minnesota under the authority of section 148.2855 shall have the same obligations, privileges, and rights as if the nurse was licensed in Minnesota. Notwithstanding any contrary provisions in section 148.2855, the Board of Nursing shall comply with and follow all laws and rules with respect to registered and licensed practical nurses practicing professional or practical nursing in Minnesota under the authority of section 148.2855, and all such individuals shall be governed and regulated as if they were licensed by the board.

(b) Section 148.2855 does not relieve employers of nurses from complying with statutorily imposed obligations.

(c) Section 148.2855 does not supersede existing state labor laws.

(d) For purposes of the Minnesota Government Data Practices Act, chapter 13, an individual not licensed as a nurse under sections 148.171 to 148.285 who practices professional or practical nursing in Minnesota under the authority of section 148.2855 is considered to be a licensee of the board.

(e) Uniform rules developed by the compact administrators shall not be subject to the provisions of sections 14.05 to 14.389, except for sections 14.07, 14.08, 14.101, 14.131, 14.18, 14.22, 14.23, 14.27, 14.28, 14.365, 14.366, 14.37, and 14.38.

(f) Proceedings brought against an individual's multistate privilege shall be adjudicated following the procedures listed in sections 14.50 to 14.62 and shall be subject to judicial review as provided for in sections 14.63 to 14.69.

(g) For purposes of sections 62M.09, subdivision 2; 121A.22, subdivision 4; 144.051; 144.052; 145A.02, subdivision 18; 148.975; 151.37; 152.12; 154.04; 256B.0917, subdivision 8; 595.02, subdivision 1, paragraph (g); 604.20, subdivision 5; and 631.40, subdivision 2; and chapters 319B and 364, holders of a multistate privilege who are licensed as registered or licensed practical nurses in the home state shall be considered to be licensees in Minnesota. If any of the statutes listed in this paragraph are limited to registered nurses or the practice of professional nursing, then only holders of a multistate privilege who are licensed as registered nurses in the home state shall be considered licensees.

(h) The reporting requirements of sections 144.4175, 148.263, 626.52, and 626.557 apply to individuals not licensed as registered or licensed practical nurses under sections 148.171 to 148.285 who practice professional or practical nursing in Minnesota under the authority of section 148.2855.

(i) The board may take action against an individual's multistate privilege based on the grounds listed in section 148.261, subdivision 1, and any other statute authorizing or requiring the board to take corrective or disciplinary action.

(j) The board may take all forms of disciplinary action provided for in section 148.262, subdivision 1, and corrective action provided for in section 214.103, subdivision 6, against an individual's multistate privilege.

(k) The immunity provisions of section 148.264, subdivision 1, apply to individuals who practice professional or practical nursing in Minnesota under the authority of section 148.2855.

(l) The cooperation requirements of section 148.265 apply to individuals who practice professional or practical nursing in Minnesota under the authority of section 148.2855.

(m) The provisions of section 148.283 shall not apply to individuals who practice professional or practical nursing in Minnesota under the authority of section 148.2855.

(n) Complaints against individuals who practice professional or practical nursing in Minnesota under the authority of section 148.2855 shall be handled as provided in sections 214.10 and 214.103.

(o) All provisions of section 148.2855 authorizing or requiring the board to provide data to party states are authorized by section 214.10, subdivision 8, paragraph (d).

(p) Except as provided in section 13.41, subdivision 6, the board shall not report to a remote state any active investigative data regarding a complaint investigation against a nurse licensed under sections 148.171 to 148.285, unless the board obtains reasonable assurances from the remote state that the data will be maintained with the same protections as provided in Minnesota law.

(q) The provisions of sections 214.17 to 214.25 apply to individuals who practice professional or practical nursing in Minnesota under the authority of section 148.2855 when the practice involves direct physical contact between the nurse and a patient.

(r) A nurse practicing professional or practical nursing in Minnesota under the authority of section 148.2855 must comply with any criminal background check required under Minnesota law.



Sec. 10. **[148.2857] WITHDRAWAL FROM COMPACT.**

The governor may withdraw the state from the compact in section 148.2855 if the Board of Nursing notifies the governor that a party state to the compact changed the party state's requirements for nurse licensure after July 1, 2009, and that the party state's requirements, as changed, are substantially lower than the requirements for nurse licensure in this state.

Sec. 11. **[148.2858] MISCELLANEOUS PROVISIONS.**

(a) For the purposes of section 148.2855, "head of the Nurse Licensing Board" means the executive director of the board.

(b) The Board of Nursing shall have the authority to recover from a nurse practicing professional or practical nursing in Minnesota under the authority of section 148.2855 the costs of investigation and disposition of cases resulting from any adverse action taken against the nurse.

(c) The board may implement a system of identifying individuals who practice professional or practical nursing in Minnesota under the authority of section 148.2855.

Sec. 12. **[148.2859] NURSE LICENSURE COMPACT ADVISORY COMMITTEE.**

Subdivision 1. **Establishment; membership.** A Nurse Licensure Compact Advisory Committee is established to advise the compact administrator in the implementation of section 148.2855. Members of the advisory committee shall be appointed by the board and shall be composed of representatives of Minnesota nursing organizations, Minnesota licensed nurses who practice in nursing facilities or hospitals, Minnesota licensed nurses who provide home care, Minnesota licensed advanced practice registered nurses, and public members as defined in section 214.02.

Subd. 2. **Duties.** The advisory committee shall advise the compact administrator in the implementation of section 148.2855.

Subd. 3. **Organization.** The advisory committee shall be organized and administered under section 15.059.

Sec. 13. Minnesota Statutes 2010, section 148B.17, is amended to read:

**148B.17 FEES.**

Subdivision 1. **Fees; Board of Marriage and Family Therapy.** ~~Each board shall by rule establish~~ The board's fees, including late fees, for licenses and renewals are established so that the total fees collected by the board will as closely as possible equal anticipated expenditures during the fiscal biennium, as provided in section 16A.1285. Fees must be credited to ~~accounts~~ the board's account in the state government special revenue fund.

Subd. 2. **Licensure and application fees.** Nonrefundable licensure and application fees charged by the board are as follows:

(1) application fee for national examination is \$220;

(2) application fee for Licensed Marriage and Family Therapist (LMFT) state examination is \$110;

(3) initial LMFT license fee is prorated, but cannot exceed \$125;

(4) annual renewal fee for LMFT license is \$125;

(5) late fee for initial Licensed Associate Marriage and Family Therapist LAMFT license renewal is \$50;

(6) application fee for LMFT licensure by reciprocity is \$340;

(7) fee for initial Licensed Associate Marriage and Family Therapist (LAMFT) license is \$75;

(8) annual renewal fee for LAMFT license is \$75;

(9) late fee for LAMFT renewal is \$50;

(10) fee for reinstatement of license is \$150; and

(11) fee for emeritus status is \$125.

Subd. 3. **Other fees.** Other fees charged by the board are as follows:

(1) sponsor application fee for approval of a continuing education course is \$60;

(2) fee for license verification by mail is \$10;

(3) duplicate license fee is \$25;

(4) duplicate renewal card fee is \$10;

(5) fee for licensee mailing list is \$60;

(6) fee for a rule book is \$10; and

(7) fees as authorized by section 148B.175, subdivision 6, clause (7).

Sec. 14. Minnesota Statutes 2010, section 148B.33, subdivision 2, is amended to read:

Subd. 2. **Fee.** Each applicant shall pay a nonrefundable application fee ~~set by the board~~ under section 148B.17.

Sec. 15. Minnesota Statutes 2010, section 148B.52, is amended to read:

**148B.52 DUTIES OF THE BOARD.**

(a) The Board of Behavioral Health and Therapy shall:

(1) establish by rule appropriate techniques, including examinations and other methods, for determining whether applicants and licensees are qualified under sections 148B.50 to 148B.593;

(2) establish by rule standards for professional conduct, including adoption of a Code of Professional Ethics and requirements for continuing education and supervision;

(3) issue licenses to individuals qualified under sections 148B.50 to 148B.593;

(4) establish by rule standards for initial education including coursework for licensure and content of professional education;

(5) establish, maintain, and publish annually a register of current licensees and approved supervisors;

(6) establish initial and renewal application and examination fees sufficient to cover operating expenses of the board and its agents in accordance with section 16A.1283;

(7) educate the public about the existence and content of the laws and rules for licensed professional counselors to enable consumers to file complaints against licensees who may have violated the rules; and

(8) periodically evaluate its rules in order to refine the standards for licensing professional counselors and to improve the methods used to enforce the board's standards.

(b) The board may appoint a professional discipline committee for each occupational licensure regulated by the board, and may appoint a board member as chair. The professional discipline committee shall consist of five members representative of the licensed occupation and shall provide recommendations to the board with regard to rule techniques, standards, procedures, and related issues specific to the licensed occupation.

Sec. 16. Minnesota Statutes 2010, section 150A.091, subdivision 2, is amended to read:

Subd. 2. **Application fees.** Each applicant shall submit with a license, advanced dental therapist certificate, or permit application a nonrefundable fee in the following amounts in order to administratively process an application:

(1) dentist, \$140;

(2) full faculty dentist, \$140;

~~(2)~~ (3) limited faculty dentist, \$140;

~~(3)~~ (4) resident dentist or dental provider, \$55;

(5) advanced dental therapist, \$100;

~~(4)~~ (6) dental therapist, \$100;

~~(5)~~ (7) dental hygienist, \$55;

~~(6)~~ (8) licensed dental assistant, \$55; and

~~(7)~~ (9) dental assistant with a permit as described in Minnesota Rules, part 3100.8500, subpart 3, \$15.

Sec. 17. Minnesota Statutes 2010, section 150A.091, subdivision 3, is amended to read:

Subd. 3. **Initial license or permit fees.** Along with the application fee, each of the following applicants shall submit a separate prorated initial license or permit fee. The prorated initial fee shall be established by the board based on the number of months of the applicant's initial term as described in Minnesota Rules, part 3100.1700, subpart 1a, not to exceed the following monthly fee amounts:

(1) dentist or full faculty dentist, \$14 times the number of months of the initial term;

(2) dental therapist, \$10 times the number of months of the initial term;

(3) dental hygienist, \$5 times the number of months of the initial term;

(4) licensed dental assistant, \$3 times the number of months of the initial term; and

(5) dental assistant with a permit as described in Minnesota Rules, part 3100.8500, subpart 3, \$1 times the number of months of the initial term.

Sec. 18. Minnesota Statutes 2010, section 150A.091, subdivision 4, is amended to read:

Subd. 4. **Annual license fees.** Each limited faculty or resident dentist shall submit with an annual license renewal application a fee established by the board not to exceed the following amounts:

(1) limited faculty dentist, \$168; and

(2) resident dentist or dental provider, \$59.

Sec. 19. Minnesota Statutes 2010, section 150A.091, subdivision 5, is amended to read:

Subd. 5. **Biennial license or permit fees.** Each of the following applicants shall submit with a biennial license or permit renewal application a fee as established by the board, not to exceed the following amounts:

(1) dentist or full faculty dentist, \$336;

(2) dental therapist, \$180;

(3) dental hygienist, \$118;

(4) licensed dental assistant, \$80; and

(5) dental assistant with a permit as described in Minnesota Rules, part 3100.8500, subpart 3, \$24.

Sec. 20. Minnesota Statutes 2010, section 150A.091, subdivision 8, is amended to read:

Subd. 8. **Duplicate license or certificate fee.** Each applicant shall submit, with a request for issuance of a duplicate of the original license, or of an annual or biennial renewal certificate for a license or permit, a fee in the following amounts:

(1) original dentist, full faculty dentist, dental therapist, dental hygiene, or dental assistant license, \$35; and

(2) annual or biennial renewal certificates, \$10.

Sec. 21. Minnesota Statutes 2010, section 150A.091, is amended by adding a subdivision to read:

Subd. 16. **Failure of professional development portfolio audit.** A licensee shall submit a fee as established by the board not to exceed the amount of \$250 after failing two consecutive professional development portfolio audits and, thereafter, for each failed professional development portfolio audit under Minnesota Rules, part 3100.5300.

Sec. 22. **[151.065] FEE AMOUNTS.**

**Subdivision 1. Application fees.** Application fees for licensure and registration are as follows:

- (1) pharmacist licensed by examination, \$130;
- (2) pharmacist licensed by reciprocity, \$225;
- (3) pharmacy intern, \$30;
- (4) pharmacy technician, \$30;
- (5) pharmacy, \$190;
- (6) drug wholesaler, legend drugs only, \$200;
- (7) drug wholesaler, legend and nonlegend drugs, \$200;
- (8) drug wholesaler, nonlegend drugs, veterinary legend drugs, or both, \$175;
- (9) drug wholesaler, medical gases, \$150;
- (10) drug wholesaler, also licensed as a pharmacy in Minnesota, \$125;
- (11) drug manufacturer, legend drugs only, \$200;
- (12) drug manufacturer, legend and nonlegend drugs, \$200;
- (13) drug manufacturer, nonlegend or veterinary legend drugs, \$175;
- (14) drug manufacturer, medical gases, \$150;
- (15) drug manufacturer, also licensed as a pharmacy in Minnesota, \$125;
- (16) medical gas distributor, \$75;
- (17) controlled substance researcher, \$50; and
- (18) pharmacy professional corporation, \$100.

**Subd. 2. Original license fee.** The pharmacist original licensure fee, \$130.

**Subd. 3. Annual renewal fees.** Annual licensure and registration renewal fees are as follows:

- (1) pharmacist, \$130;
- (2) pharmacy technician, \$30;
- (3) pharmacy, \$190;
- (4) drug wholesaler, legend drugs only, \$200;

- (5) drug wholesaler, legend and nonlegend drugs, \$200;
- (6) drug wholesaler, nonlegend drugs, veterinary legend drugs, or both, \$175;
- (7) drug wholesaler, medical gases, \$150;
- (8) drug wholesaler, also licensed as a pharmacy in Minnesota, \$125;
- (9) drug manufacturer, legend drugs only, \$200;
- (10) drug manufacturer, legend and nonlegend drugs, \$200;
- (11) drug manufacturer, nonlegend, veterinary legend drugs, or both, \$175;
- (12) drug manufacturer, medical gases, \$150;
- (13) drug manufacturer, also licensed as a pharmacy in Minnesota, \$125;
- (14) medical gas distributor, \$75;
- (15) controlled substance researcher, \$50; and
- (16) pharmacy professional corporation, \$45.

Subd. 4. **Miscellaneous fees.** Fees for issuance of affidavits and duplicate licenses and certificates are as follows:

- (1) intern affidavit, \$15;
- (2) duplicate small license, \$15; and
- (3) duplicate large certificate, \$25.

Subd. 5. **Late fees.** All annual renewal fees are subject to a 50 percent late fee if the renewal fee and application are not received by the board prior to the date specified by the board.

Subd. 6. **Reinstatement fees.** (a) A pharmacist who has allowed the pharmacist's license to lapse may reinstate the license with board approval and upon payment of any fees and late fees in arrears, up to a maximum of \$1,000.

(b) A pharmacy technician who has allowed the technician's registration to lapse may reinstate the registration with board approval and upon payment of any fees and late fees in arrears, up to a maximum of \$90.

(c) An owner of a pharmacy, a drug wholesaler, a drug manufacturer, or a medical gas distributor who has allowed the license of the establishment to lapse may reinstate the license with board approval and upon payment of any fees and late fees in arrears.

(d) A controlled substance researcher who has allowed the researcher's registration to lapse may reinstate the registration with board approval and upon payment of any fees and late fees in arrears.

(e) A pharmacist owner of a professional corporation who has allowed the corporation's registration to lapse may reinstate the registration with board approval and upon payment of any fees and late fees in arrears.

Sec. 23. Minnesota Statutes 2010, section 151.07, is amended to read:

**151.07 MEETINGS; EXAMINATION FEE.**

The board shall meet at times as may be necessary and as it may determine to examine applicants for licensure and to transact its other business, giving reasonable notice of all examinations by mail to known applicants therefor. The secretary shall record the names of all persons licensed by the board, together with the grounds upon which the right of each to licensure was claimed. The fee for examination shall be in ~~such the amount as the board may determine~~ specified in section 151.065, which fee may in the discretion of the board be returned to applicants not taking the examination.

Sec. 24. Minnesota Statutes 2010, section 151.101, is amended to read:

**151.101 INTERNSHIP.**

Upon payment of the fee specified in section 151.065, the board may ~~license~~ register as an intern any natural persons who have satisfied the board that they are of good moral character, not physically or mentally unfit, and who have successfully completed the educational requirements for intern ~~licensure~~ registration prescribed by the board. The board shall prescribe standards and requirements for interns, pharmacist-preceptors, and internship training but may not require more than one year of such training.

The board in its discretion may accept internship experience obtained in another state provided the internship requirements in such other state are in the opinion of the board equivalent to those herein provided.

Sec. 25. Minnesota Statutes 2010, section 151.102, is amended by adding a subdivision to read:

Subd. 3. **Registration fee.** The board shall not register an individual as a pharmacy technician unless all applicable fees specified in section 151.065 have been paid.

Sec. 26. Minnesota Statutes 2010, section 151.12, is amended to read:

**151.12 RECIPROcity; LICENSURE.**

The board may in its discretion grant licensure without examination to any pharmacist licensed by the Board of Pharmacy or a similar board of another state which accords similar recognition to licensees of this state; provided, the requirements for licensure in such other state are in the opinion of the board equivalent to those herein provided. The fee for licensure shall be in ~~such the amount as the board may determine by rule~~ specified in section 151.065.

Sec. 27. Minnesota Statutes 2010, section 151.13, subdivision 1, is amended to read:

Subdivision 1. **Renewal fee.** Every person licensed by the board ~~as a pharmacist~~ shall pay to the board ~~a the annual renewal fee to be fixed by it specified in section 151.065. The board may promulgate by rule a charge to be assessed for the delinquent payment of a fee. the late fee specified in section 151.065 if the renewal fee and application are not received by the board prior to the date specified by the board.~~ the late fee specified in section 151.065 if the renewal fee and application are not received by the board prior to the date specified by the board. It shall be unlawful for any person licensed as a pharmacist who refuses or fails to pay ~~such any applicable renewal or late fee~~ any applicable renewal or late fee to practice pharmacy in this state. Every certificate and license shall expire at the time therein prescribed.

Sec. 28. Minnesota Statutes 2010, section 151.19, is amended to read:

**151.19 REGISTRATION; FEES.**

Subdivision 1. **Pharmacy registration.** The board shall require and provide for the annual registration of every pharmacy now or hereafter doing business within this state. Upon the payment of ~~a any applicable fee to be set by the board~~ any applicable fee specified in section 151.065, the board shall issue a registration certificate in such form as it may prescribe

to such persons as may be qualified by law to conduct a pharmacy. Such certificate shall be displayed in a conspicuous place in the pharmacy for which it is issued and expire on the 30th day of June following the date of issue. It shall be unlawful for any person to conduct a pharmacy unless such certificate has been issued to the person by the board.

Subd. 2. **Nonresident pharmacies.** The board shall require and provide for an annual nonresident special pharmacy registration for all pharmacies located outside of this state that regularly dispense medications for Minnesota residents and mail, ship, or deliver prescription medications into this state. Nonresident special pharmacy registration shall be granted by the board upon payment of any applicable fee specified in section 151.065 and the disclosure and certification by a pharmacy:

(1) that it is licensed in the state in which the dispensing facility is located and from which the drugs are dispensed;

(2) the location, names, and titles of all principal corporate officers and all pharmacists who are dispensing drugs to residents of this state;

(3) that it complies with all lawful directions and requests for information from the Board of Pharmacy of all states in which it is licensed or registered, except that it shall respond directly to all communications from the board concerning emergency circumstances arising from the dispensing of drugs to residents of this state;

(4) that it maintains its records of drugs dispensed to residents of this state so that the records are readily retrievable from the records of other drugs dispensed;

(5) that it cooperates with the board in providing information to the Board of Pharmacy of the state in which it is licensed concerning matters related to the dispensing of drugs to residents of this state;

(6) that during its regular hours of operation, but not less than six days per week, for a minimum of 40 hours per week, a toll-free telephone service is provided to facilitate communication between patients in this state and a pharmacist at the pharmacy who has access to the patients' records; the toll-free number must be disclosed on the label affixed to each container of drugs dispensed to residents of this state; and

(7) that, upon request of a resident of a long-term care facility located within the state of Minnesota, the resident's authorized representative, or a contract pharmacy or licensed health care facility acting on behalf of the resident, the pharmacy will dispense medications prescribed for the resident in unit-dose packaging or, alternatively, comply with the provisions of section 151.415, subdivision 5.

Subd. 3. **Sale of federally restricted medical gases.** The board shall require and provide for the annual registration of every person or establishment not licensed as a pharmacy or a practitioner engaged in the retail sale or distribution of federally restricted medical gases. Upon the payment of a any applicable fee ~~to be set by the board specified in section 151.065~~, the board shall issue a registration certificate in such form as it may prescribe to those persons or places that may be qualified to sell or distribute federally restricted medical gases. The certificate shall be displayed in a conspicuous place in the business for which it is issued and expire on the date set by the board. It is unlawful for a person to sell or distribute federally restricted medical gases unless a certificate has been issued to that person by the board.

Sec. 29. Minnesota Statutes 2010, section 151.25, is amended to read:

**151.25 REGISTRATION OF MANUFACTURERS; FEE; PROHIBITIONS.**

The board shall require and provide for the annual registration of every person engaged in manufacturing drugs, medicines, chemicals, or poisons for medicinal purposes, now or hereafter doing business with accounts in this state. Upon a payment of a any applicable fee ~~as set by the board~~ specified in section 151.065, the board shall issue a



registration certificate in such form as it may prescribe to such manufacturer. Such registration certificate shall be displayed in a conspicuous place in such manufacturer's or wholesaler's place of business for which it is issued and expire on the date set by the board. It shall be unlawful for any person to manufacture drugs, medicines, chemicals, or poisons for medicinal purposes unless such a certificate has been issued to the person by the board. It shall be unlawful for any person engaged in the manufacture of drugs, medicines, chemicals, or poisons for medicinal purposes, or the person's agent, to sell legend drugs to other than a pharmacy, except as provided in this chapter.

Sec. 30. Minnesota Statutes 2010, section 151.47, subdivision 1, is amended to read:

Subdivision 1. **Requirements.** All wholesale drug distributors are subject to the requirements in paragraphs (a) to (f).

(a) No person or distribution outlet shall act as a wholesale drug distributor without first obtaining a license from the board and paying ~~the required~~ any applicable fee specified in section 151.065.

(b) No license shall be issued or renewed for a wholesale drug distributor to operate unless the applicant agrees to operate in a manner prescribed by federal and state law and according to the rules adopted by the board.

(c) The board may require a separate license for each facility directly or indirectly owned or operated by the same business entity within the state, or for a parent entity with divisions, subsidiaries, or affiliate companies within the state, when operations are conducted at more than one location and joint ownership and control exists among all the entities.

(d) As a condition for receiving and retaining a wholesale drug distributor license issued under sections 151.42 to 151.51, an applicant shall satisfy the board that it has and will continuously maintain:

(1) adequate storage conditions and facilities;

(2) minimum liability and other insurance as may be required under any applicable federal or state law;

(3) a viable security system that includes an after hours central alarm, or comparable entry detection capability; restricted access to the premises; comprehensive employment applicant screening; and safeguards against all forms of employee theft;

(4) a system of records describing all wholesale drug distributor activities set forth in section 151.44 for at least the most recent two-year period, which shall be reasonably accessible as defined by board regulations in any inspection authorized by the board;

(5) principals and persons, including officers, directors, primary shareholders, and key management executives, who must at all times demonstrate and maintain their capability of conducting business in conformity with sound financial practices as well as state and federal law;

(6) complete, updated information, to be provided to the board as a condition for obtaining and retaining a license, about each wholesale drug distributor to be licensed, including all pertinent corporate licensee information, if applicable, or other ownership, principal, key personnel, and facilities information found to be necessary by the board;

(7) written policies and procedures that assure reasonable wholesale drug distributor preparation for, protection against, and handling of any facility security or operation problems, including, but not limited to, those caused by natural disaster or government emergency, inventory inaccuracies or product shipping and receiving, outdated product or other unauthorized product control, appropriate disposition of returned goods, and product recalls;

- (8) sufficient inspection procedures for all incoming and outgoing product shipments; and
- (9) operations in compliance with all federal requirements applicable to wholesale drug distribution.
- (e) An agent or employee of any licensed wholesale drug distributor need not seek licensure under this section.

(f) A wholesale drug distributor shall file with the board an annual report, in a form and on the date prescribed by the board, identifying all payments, honoraria, reimbursement or other compensation authorized under section 151.461, clauses (3) to (5), paid to practitioners in Minnesota during the preceding calendar year. The report shall identify the nature and value of any payments totaling \$100 or more, to a particular practitioner during the year, and shall identify the practitioner. Reports filed under this provision are public data.

Sec. 31. Minnesota Statutes 2010, section 151.48, is amended to read:

**151.48 OUT-OF-STATE WHOLESALE DRUG DISTRIBUTOR LICENSING.**

(a) It is unlawful for an out-of-state wholesale drug distributor to conduct business in the state without first obtaining a license from the board and paying ~~the required~~ any applicable fee specified in section 151.065.

(b) Application for an out-of-state wholesale drug distributor license under this section shall be made on a form furnished by the board.

(c) No person acting as principal or agent for any out-of-state wholesale drug distributor may sell or distribute drugs in the state unless the distributor has obtained a license.

(d) The board may adopt regulations that permit out-of-state wholesale drug distributors to obtain a license on the basis of reciprocity to the extent that an out-of-state wholesale drug distributor:

(1) possesses a valid license granted by another state under legal standards comparable to those that must be met by a wholesale drug distributor of this state as prerequisites for obtaining a license under the laws of this state; and

(2) can show that the other state would extend reciprocal treatment under its own laws to a wholesale drug distributor of this state.

Sec. 32. Minnesota Statutes 2010, section 152.12, subdivision 3, is amended to read:

Subd. 3. **Research project use of controlled substances.** Any qualified person may use controlled substances in the course of a bona fide research project but cannot administer or dispense such drugs to human beings unless such drugs are prescribed, dispensed and administered by a person lawfully authorized to do so. Every person who engages in research involving the use of such substances shall apply annually for registration by the state Board of Pharmacy and shall pay any applicable fee specified in section 151.065, provided that such registration shall not be required if the person is covered by and has complied with federal laws covering such research projects.

Sec. 33. **[214.107] HEALTH-RELATED LICENSING BOARDS ADMINISTRATIVE SERVICES UNIT.**

Subdivision 1. Establishment. An administrative services unit is established for the health-related licensing boards in section 214.01, subdivision 2, to perform administrative, financial, and management functions common to all the boards in a manner that streamlines services, reduces expenditures, targets the use of state resources, and meets the mission of public protection.

Subd. 2. **Authority.** The administrative services unit shall act as an agent of the boards.

Subd. 3. **Funding.** (a) The administrative service unit shall apportion among the health-related licensing boards an amount to be allocated to each health-related licensing board. The amount apportioned to each board shall equal each board's share of the annual operating costs for the unit and shall be deposited into the state government special revenue fund.

(b) The administrative services unit may receive and expend reimbursements for services performed for other agencies.

Sec. 34. **EFFECTIVE DATE.**

Sections 8 to 12 are effective upon implementation of the coordinated licensure information system defined in Minnesota Statutes, section 148.2855, but no sooner than July 1, 2012.

## ARTICLE 5 HEALTH CARE

Section 1. **1.06] FREEDOM OF CHOICE IN HEALTH CARE ACT.**

Subdivision 1. Citation. This section shall be known as and may be cited as the "Freedom of Choice in Health Care Act."

Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the meaning given them.

(b) "Health care service" means any service, treatment, or provision of a product for the care of a physical or mental disease, illness, injury, defect, or condition, or to otherwise maintain or improve physical or mental health, subject to all laws and rules regulating health service providers and products within the state of Minnesota.

(c) "Mode of securing" means to purchase directly or on credit or by trade, or to contract for third-party payment by insurance or other legal means as authorized by the state of Minnesota, or to apply for or accept employer-sponsored or government-sponsored health care benefits under such conditions as may legally be required as a condition of such benefits, or any combination of the same.

(d) "Penalty" means any civil or criminal fine, tax, salary or wage withholding, surcharge, fee, or any other imposed consequence established by law or rule of a government or its subdivision or agency that is used to punish or discourage the exercise of rights protected under this section.

Subd. 3. **Statement of public policy.** (a) The power to require or regulate a person's choice in the mode of securing health care services, or to impose a penalty related to that choice, is not found in the Constitution of the United States of America, and is therefore a power reserved to the people pursuant to the Ninth Amendment, and to the several states pursuant to the Tenth Amendment. The state of Minnesota hereby exercises its sovereign power to declare the public policy of the state of Minnesota regarding the right of all persons residing in the state in choosing the mode of securing health care services.

(b) It is hereby declared that the public policy of the state of Minnesota, consistent with our constitutionally recognized and inalienable rights of liberty, is that every person within the state of Minnesota is and shall be free to choose or decline to choose any mode of securing health care services without penalty or threat of penalty.

(c) The policy stated under this section shall not be applied to impair any right of contract related to the provision of health care services to any person or group.

Subd. 4. **Enforcement.** (a) No public official, employee, or agent of the state of Minnesota or any of its political subdivisions shall act to impose, collect, enforce, or effectuate any penalty in the state of Minnesota that violates the public policy set forth in this section.

(b) The attorney general shall take any action as is provided in this section or section 8.31 in the defense or prosecution of rights protected under this section.

Sec. 2. Minnesota Statutes 2010, section 8.31, subdivision 1, is amended to read:

Subdivision 1. **Investigate offenses against provisions of certain designated sections; assist in enforcement.**  
(a) The attorney general shall investigate violations of the law of this state respecting unfair, discriminatory, and other unlawful practices in business, commerce, or trade, and specifically, but not exclusively, the Nonprofit Corporation Act (sections 317A.001 to 317A.909), the Act Against Unfair Discrimination and Competition (sections 325D.01 to 325D.07), the Unlawful Trade Practices Act (sections 325D.09 to 325D.16), the Antitrust Act (sections 325D.49 to 325D.66), section 325F.67 and other laws against false or fraudulent advertising, the antidiscrimination acts contained in section 325D.67, the act against monopolization of food products (section 325D.68), the act regulating telephone advertising services (section 325E.39), the Prevention of Consumer Fraud Act (sections 325F.68 to 325F.70), and chapter 53A regulating currency exchanges and assist in the enforcement of those laws as in this section provided.

(b) The attorney general shall seek injunctive and any other appropriate relief as expeditiously as possible to preserve the rights and property of the residents of Minnesota, and to defend as necessary the state of Minnesota, its officials, employees, and agents in the event that any law or regulation violating the public policy set forth in the Freedom of Choice in Health Care Act in this section is enacted by any government, subdivision, or agency thereof.

(c) The attorney general shall seek injunctive and any other appropriate relief as expeditiously as possible in the event that any law or regulation violating the public policy set forth in the Freedom of Choice in Health Care Act in this section is enacted without adequate federal funding to the state to ensure affordable health care coverage is available to the residents of Minnesota.

Sec. 3. Minnesota Statutes 2010, section 8.31, subdivision 3a, is amended to read:

Subd. 3a. **Private remedies.** In addition to the remedies otherwise provided by law, any person injured by a violation of any of the laws referred to in subdivision 1 or a violation of the public policy in section 1.06 may bring a civil action and recover damages, together with costs and disbursements, including costs of investigation and reasonable attorney's fees, and receive other equitable relief as determined by the court. The court may, as appropriate, enter a consent judgment or decree without the finding of illegality. In any action brought by the attorney general pursuant to this section, the court may award any of the remedies allowable under this subdivision. An action under this subdivision for any violation of section 1.06 is in the public interest.

Sec. 4. Minnesota Statutes 2010, section 62E.08, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** The association shall establish the following maximum premiums to be charged for membership in the comprehensive health insurance plan:

(a) the premium for the number one qualified plan shall range from a minimum of 101 percent to a maximum of 125 percent of the weighted average of rates charged by those insurers and health maintenance organizations with individuals enrolled in:

(1) \$1,000 annual deductible individual plans of insurance in force in Minnesota;

(2) individual health maintenance organization contracts of coverage with a \$1,000 annual deductible which are in force in Minnesota; and

(3) other plans of coverage similar to plans offered by the association based on generally accepted actuarial principles;

(b) the premium for the number two qualified plan shall range from a minimum of 101 percent to a maximum of 125 percent of the weighted average of rates charged by those insurers and health maintenance organizations with individuals enrolled in:

(1) \$500 annual deductible individual plans of insurance in force in Minnesota;

(2) individual health maintenance organization contracts of coverage with a \$500 annual deductible which are in force in Minnesota; and

(3) other plans of coverage similar to plans offered by the association based on generally accepted actuarial principles;

(c) the premiums for the plans with a \$2,000, \$5,000, or \$10,000 annual deductible shall range from a minimum of 101 percent to a maximum of 125 percent of the weighted average of rates charged by those insurers and health maintenance organizations with individuals enrolled in:

(1) \$2,000, \$5,000, or \$10,000 annual deductible individual plans, respectively, in force in Minnesota; and

(2) individual health maintenance organization contracts of coverage with a \$2,000, \$5,000, or \$10,000 annual deductible, respectively, which are in force in Minnesota; or

(3) other plans of coverage similar to plans offered by the association based on generally accepted actuarial principles;

(d) the premium for each type of Medicare supplement plan required to be offered by the association pursuant to section 62E.12 shall range from a minimum of 101 percent to a maximum of 125 percent of the weighted average of rates charged by those insurers and health maintenance organizations with individuals enrolled in:

(1) Medicare supplement plans in force in Minnesota;

(2) health maintenance organization Medicare supplement contracts of coverage which are in force in Minnesota; and

(3) other plans of coverage similar to plans offered by the association based on generally accepted actuarial principles; ~~and~~

(e) the charge for health maintenance organization coverage shall be based on generally accepted actuarial principles; ~~and~~

(f) the premium for a high-deductible, basic plan offered under section 62E.121 shall range from a minimum of 101 percent to a maximum of 125 percent of the weighted average of rates charged by those insurers and health maintenance organizations offering comparable plans outside of the Minnesota Comprehensive Health Association.

The list of insurers and health maintenance organizations whose rates are used to establish the premium for coverage offered by the association pursuant to paragraphs (a) to (d) ~~and~~ (f) shall be established by the commissioner on the basis of information which shall be provided to the association by all insurers and health maintenance organizations annually at the commissioner's request. This information shall include the number of

individuals covered by each type of plan or contract specified in paragraphs (a) to (d) and (f) that is sold, issued, and renewed by the insurers and health maintenance organizations, including those plans or contracts available only on a renewal basis. The information shall also include the rates charged for each type of plan or contract.

In establishing premiums pursuant to this section, the association shall utilize generally accepted actuarial principles, provided that the association shall not discriminate in charging premiums based upon sex. In order to compute a weighted average for each type of plan or contract specified under paragraphs (a) to (d) and (f), the association shall, using the information collected pursuant to this subdivision, list insurers and health maintenance organizations in rank order of the total number of individuals covered by each insurer or health maintenance organization. The association shall then compute a weighted average of the rates charged for coverage by all the insurers and health maintenance organizations by:

(1) multiplying the numbers of individuals covered by each insurer or health maintenance organization by the rates charged for coverage;

(2) separately summing both the number of individuals covered by all the insurers and health maintenance organizations and all the products computed under clause (1); and

(3) dividing the total of the products computed under clause (1) by the total number of individuals covered.

The association may elect to use a sample of information from the insurers and health maintenance organizations for purposes of computing a weighted average. In no case, however, may a sample used by the association to compute a weighted average include information from fewer than the two insurers or health maintenance organizations highest in rank order.

Sec. 5. **[62E.121] HIGH-DEDUCTIBLE, BASIC PLAN.**

Subdivision 1. Required offering. The Minnesota Comprehensive Health Association shall offer a high-deductible, basic plan that meets the requirements specified in this section. The high-deductible, basic plan is a one-person plan. Any dependents must be covered separately.

Subd. 2. Annual deductible; out-of-pocket maximum. (a) The plan shall provide the following in-network annual deductible options: \$3,000, \$6,000, \$9,000, and \$12,000. The in-network annual out-of-pocket maximum for each annual deductible option shall be \$1,000 greater than the amount of the annual deductible.

(b) The deductible is subject to an annual increase based on the change in the Consumer Price Index (CPI).

Subd. 3. Office visits for nonpreventive care. The following co-payments shall apply for each of the first three office visits per calendar year for nonpreventive care:

(1) \$30 per visit for the \$3,000 annual deductible option;

(2) \$40 per visit for the \$6,000 annual deductible option;

(3) \$50 per visit for the \$9,000 annual deductible option; and

(4) \$60 per visit for the \$12,000 annual deductible option.

For the fourth and subsequent visits during the calendar year, 80 percent coverage is provided under all deductible options, after the deductible is met.

Subd. 4. **Preventive care.** One hundred percent coverage is provided for preventive care, and no co-payment, coinsurance, or deductible requirements apply.

Subd. 5. **Prescription drugs.** A \$10 co-payment applies to preferred generic drugs. Preferred brand-name drugs require an enrollee payment of 100 percent of the health plan's discounted rate.

Subd. 6. **Convenience care center visits.** A \$20 co-payment applies for the first three convenience care center visits during a calendar year. For the fourth and subsequent visits during a calendar year, 80 percent coverage is provided after the deductible is met.

Subd. 7. **Urgent care center visits.** A \$100 co-payment applies for the first urgent care center visit during a calendar year. For the second and subsequent visits during a calendar year, 80 percent coverage is provided after the deductible is met.

Subd. 8. **Emergency room visits.** A \$200 co-payment applies for the first emergency room visit during a calendar year. For the second and subsequent visits during a calendar year, 80 percent coverage is provided after the deductible is met.

Subd. 9. **Lab and x-ray; hospital services; ambulance; surgery.** Lab and x-ray services, hospital services, ambulance services, and surgery are covered at 80 percent after the deductible is met.

Subd. 10. **Eyewear.** The health plan pays up to \$50 per calendar year for eyewear.

Subd. 11. **Maternity.** Maternity, labor and delivery, and postpartum care are not covered. One hundred percent coverage is provided for prenatal care and no deductible applies.

Subd. 12. **Other eligible health care services.** Other eligible health care services are covered at 80 percent after the deductible is met.

Subd. 13. **Option to remove mental health and substance abuse coverage.** Enrollees have the option of removing mental health and substance abuse coverage in exchange for a reduced premium.

Subd. 14. **Option to upgrade prescription drug coverage.** Enrollees have the option to upgrade prescription drug coverage to include coverage for preferred brand-name drugs with a \$50 co-payment and coverage for nonpreferred drugs with a \$100 co-payment in exchange for an increased premium.

Subd. 15. **Out-of-network services.** (a) The out-of-network annual deductible is double the in-network annual deductible.

(b) There is no out-of-pocket maximum for out-of-network services.

(c) Benefits for out-of-network services are covered at 60 percent after the deductible is met.

(d) The lifetime maximum benefit for out-of-network services is \$1,000,000.

Subd. 16. **Services not covered.** Services not covered include: custodial care or rest care; most dental services; cosmetic services; refractive eye surgery; infertility services; and services that are investigational, not medically necessary, or received while on military duty.

Sec. 6. Minnesota Statutes 2010, section 62E.14, is amended by adding a subdivision to read:

Subd. 4f. **Waiver of preexisting conditions for persons covered by healthy Minnesota contribution program.** A person may enroll in the comprehensive plan with a waiver of the preexisting condition limitation in subdivision 3 if the person is eligible for the healthy Minnesota contribution program, and has been denied coverage as described under section 256L.031, subdivision 6.

Sec. 7. Minnesota Statutes 2010, section 62J.04, subdivision 9, is amended to read:

Subd. 9. **Growth limits; federal programs.** The commissioners of health and human services shall establish a rate methodology for Medicare and Medicaid risk-based contracting with health plan companies that is consistent with statewide growth limits. ~~The methodology shall be presented for review by the Minnesota Health Care Commission and the Legislative Commission on Health Care Access prior to the submission of a waiver request to the Centers for Medicare and Medicaid Services and subsequent implementation of the methodology.~~

Sec. 8. Minnesota Statutes 2010, section 62J.692, subdivision 7, is amended to read:

Subd. 7. **Transfers from the commissioner of human services.** Of the amount transferred according to section 256B.69, subdivision 5c, paragraph (a), clauses (1) to (4), \$21,714,000 shall be distributed as follows:

(1) \$2,157,000 shall be distributed by the commissioner to the University of Minnesota Board of Regents for the purposes described in sections 137.38 to 137.40;

(2) \$1,035,360 shall be distributed by the commissioner to the Hennepin County Medical Center for clinical medical education;

(3) \$17,400,000 shall be distributed by the commissioner to the University of Minnesota Board of Regents for purposes of medical education;

(4) \$1,121,640 shall be distributed by the commissioner to clinical medical education dental innovation grants in accordance with subdivision 7a; and

(5) the remainder of the amount transferred according to section 256B.69, subdivision 5c, clauses (1) to (4), shall be distributed by the commissioner annually to clinical medical education programs that meet the qualifications of subdivision 3 based on the formula in subdivision 4, paragraph (a), or subdivision 11, as appropriate.

Sec. 9. Minnesota Statutes 2010, section 62J.692, subdivision 9, is amended to read:

Subd. 9. **Review of eligible providers.** The commissioner and the Medical Education and Research Costs Advisory Committee may review provider groups included in the definition of a clinical medical education program to assure that the distribution of the funds continue to be consistent with the purpose of this section. The results of any such reviews must be reported to the ~~Legislative Commission on Health Care Access chairs and ranking minority members of the legislative committees with jurisdiction over health care policy and finance.~~

Sec. 10. **[62J.824] BILLING FOR PROCEDURES TO CORRECT MEDICAL ERRORS PROHIBITED.**

A health care provider shall not bill a patient, and shall not be reimbursed, for any operation, treatment, or other care that is provided to reverse, correct, or otherwise minimize the affects of an adverse health care event, as described in section 144.7065, subdivisions 2 to 7, for which that health care provider is responsible.



Sec. 11. Minnesota Statutes 2010, section 62Q.32, is amended to read:

**62Q.32 LOCAL OMBUDSPERSON.**

County board or community health service agencies may establish an office of ombudsperson to provide a system of consumer advocacy for persons receiving health care services through a health plan company. The ombudsperson's functions may include, but are not limited to:

(a) mediation or advocacy on behalf of a person accessing the complaint and appeal procedures to ensure that necessary medical services are provided by the health plan company; and

(b) investigation of the quality of services provided to a person and determine the extent to which quality assurance mechanisms are needed or any other system change may be needed. ~~The commissioner of health shall make recommendations for funding these functions including the amount of funding needed and a plan for distribution. The commissioner shall submit these recommendations to the Legislative Commission on Health Care Access by January 15, 1996.~~

Sec. 12. Minnesota Statutes 2010, section 62U.04, subdivision 3, is amended to read:

Subd. 3. **Provider peer grouping.** (a) The commissioner shall develop a peer grouping system for providers based on a combined measure that incorporates both provider risk-adjusted cost of care and quality of care, and for specific conditions as determined by the commissioner. In developing this system, the commissioner shall consult and coordinate with health care providers, health plan companies, state agencies, and organizations that work to improve health care quality in Minnesota. For purposes of the final establishment of the peer grouping system, the commissioner shall not contract with any private entity, organization, or consortium of entities that has or will have a direct financial interest in the outcome of the system.

(b) By no later than October 15, 2010, the commissioner shall disseminate information to providers on their total cost of care, total resource use, total quality of care, and the total care results of the grouping developed under this subdivision in comparison to an appropriate peer group. Any analyses or reports that identify providers may only be published after the provider has been provided the opportunity by the commissioner to review the underlying data and submit comments. Providers may be given any data for which they are the subject of the data. The provider shall have 30 days to review the data for accuracy and initiate an appeal as specified in paragraph (d).

(c) By no later than January 1, 2011, the commissioner shall disseminate information to providers on their condition-specific cost of care, condition-specific resource use, condition-specific quality of care, and the condition-specific results of the grouping developed under this subdivision in comparison to an appropriate peer group. Any analyses or reports that identify providers may only be published after the provider has been provided the opportunity by the commissioner to review the underlying data and submit comments. Providers may be given any data for which they are the subject of the data. The provider shall have 30 days to review the data for accuracy and initiate an appeal as specified in paragraph (d).

(d) The commissioner shall establish an appeals process to resolve disputes from providers regarding the accuracy of the data used to develop analyses or reports. When a provider appeals the accuracy of the data used to calculate the peer grouping system results, the provider shall:

(1) clearly indicate the reason they believe the data used to calculate the peer group system results are not accurate;

(2) provide evidence and documentation to support the reason that data was not accurate; and

(3) cooperate with the commissioner, including allowing the commissioner access to data necessary and relevant to resolving the dispute.

If a provider does not meet the requirements of this paragraph, a provider's appeal shall be considered withdrawn. The commissioner shall not publish results for a specific provider under paragraph (e) or (f) while that provider has an unresolved appeal.

(e) Beginning January 1, 2011, the commissioner shall, no less than annually, publish information on providers' total cost, total resource use, total quality, and the results of the total care portion of the peer grouping process. The results that are published must be on a risk-adjusted basis.

(f) Beginning March 30, 2011, the commissioner shall no less than annually publish information on providers' condition-specific cost, condition-specific resource use, and condition-specific quality, and the results of the condition-specific portion of the peer grouping process. The results that are published must be on a risk-adjusted basis.

(g) Prior to disseminating data to providers under paragraph (b) or (c) or publishing information under paragraph (e) or (f), the commissioner shall ensure the scientific validity and reliability of the results according to the standards described in paragraph (h). If additional time is needed to establish the scientific validity and reliability of the results, the commissioner may delay the dissemination of data to providers under paragraph (b) or (c), or the publication of information under paragraph (e) or (f). If the delay is more than 60 days, the commissioner shall report in writing to the ~~Legislative Commission on Health Care Access~~ chairs and ranking minority members of the legislative committees with jurisdiction over health care policy and finance the following information:

(1) the reason for the delay;

(2) the actions being taken to resolve the delay and establish the scientific validity and reliability of the results; and

(3) the new dates by which the results shall be disseminated.

If there is a delay under this paragraph, the commissioner must disseminate the information to providers under paragraph (b) or (c) at least 90 days before publishing results under paragraph (e) or (f).

(h) The commissioner's assurance of valid and reliable clinic and hospital peer grouping performance results shall include, at a minimum, the following:

(1) use of the best available evidence, research, and methodologies; and

(2) establishment of an explicit minimum reliability threshold developed in collaboration with the subjects of the data and the users of the data, at a level not below nationally accepted standards where such standards exist.

In achieving these thresholds, the commissioner shall not aggregate clinics that are not part of the same system or practice group. The commissioner shall consult with and solicit feedback from representatives of physician clinics and hospitals during the peer grouping data analysis process to obtain input on the methodological options prior to final analysis and on the design, development, and testing of provider reports.

Sec. 13. Minnesota Statutes 2010, section 62U.04, subdivision 9, is amended to read:

Subd. 9. **Uses of information.** (a) ~~By no later than 12 months after the commissioner publishes the information in subdivision 3, paragraph (e): For product renewals or for new products that are offered, after 12 months have elapsed from publication by the commissioner of the information in subdivision 3, paragraph (e):~~

(1) the commissioner of management and budget shall use the information and methods developed under subdivision 3 to strengthen incentives for members of the state employee group insurance program to use high-quality, low-cost providers;

(2) all political subdivisions, as defined in section 13.02, subdivision 11, that offer health benefits to their employees must offer plans that differentiate providers on their cost and quality performance and create incentives for members to use better-performing providers;

(3) all health plan companies shall use the information and methods developed under subdivision 3 to develop products that encourage consumers to use high-quality, low-cost providers; and

(4) health plan companies that issue health plans in the individual market or the small employer market must offer at least one health plan that uses the information developed under subdivision 3 to establish financial incentives for consumers to choose higher-quality, lower-cost providers through enrollee cost-sharing or selective provider networks.

(b) By January 1, 2011, the commissioner of health shall report to the governor and the legislature on recommendations to encourage health plan companies to promote widespread adoption of products that encourage the use of high-quality, low-cost providers. The commissioner's recommendations may include tax incentives, public reporting of health plan performance, regulatory incentives or changes, and other strategies.

Sec. 14. Minnesota Statutes 2010, section 62U.06, subdivision 2, is amended to read:

Subd. 2. **Legislative oversight.** Beginning January 15, 2009, the commissioner of health shall submit to the ~~Legislative Commission on Health Care Access~~ chairs and ranking minority members of the legislative committees with jurisdiction over health care policy and finance periodic progress reports on the implementation of this chapter and sections 256B.0751 to 256B.0754.

Sec. 15. Minnesota Statutes 2010, section 256.01, subdivision 2b, is amended to read:

Subd. 2b. **Performance payments.** ~~The commissioner shall develop and implement a pay for performance system to provide performance payments to eligible medical groups and clinics that demonstrate optimum care in serving individuals with chronic diseases who are enrolled in health care programs administered by the commissioner under chapters 256B, 256D, and 256L.~~ The commissioner may receive any federal matching money that is made available through the medical assistance program for managed care oversight contracted through vendors, including consumer surveys, studies, and external quality reviews as required by the federal Balanced Budget Act of 1997, Code of Federal Regulations, title 42, part 438-managed care, subpart E-external quality review. Any federal money received for managed care oversight is appropriated to the commissioner for this purpose. The commissioner may expend the federal money received in either year of the biennium.

Sec. 16. Minnesota Statutes 2010, section 256.01, is amended by adding a subdivision to read:

Subd. 33. **Contingency contract fees.** (a) When the commissioner enters into a contingency-based contract for the purpose of recovering medical assistance or MinnesotaCare funds, the commissioner may retain that portion of the recovered funds equal to the amount of the contingency fee.

(b) Amounts attributed to new recoveries under this subdivision are appropriated to the commissioner to the extent they fulfill the payment terms of the contract with the vendor and shall be deposited into an account in a fund other than the general fund for purposes of fulfilling the terms of the vendor contract.

Sec. 17. Minnesota Statutes 2010, section 256.969, subdivision 2b, is amended to read:

Subd. 2b. **Operating payment rates.** In determining operating payment rates for admissions occurring on or after the rate year beginning January 1, 1991, and every two years after, or more frequently as determined by the commissioner, the commissioner shall obtain operating data from an updated base year and establish operating payment rates per admission for each hospital based on the cost-finding methods and allowable costs of the Medicare program in effect during the base year. Rates under the general assistance medical care, medical assistance, and MinnesotaCare programs shall not be rebased to more current data on January 1, 1997, January 1, 2005, for the first 24 months of the rebased period beginning January 1, 2009. For the first 24 months of the rebased period beginning January 1, 2011, rates shall not be rebased, except that a Minnesota long-term hospital shall be rebased effective January 1, 2011, based on its most recent Medicare cost report ending on or before September 1, 2008, with the provisions under subdivisions 9 and 23, based on the rates in effect on December 31, 2010. For subsequent rate setting periods in which the base years are updated, a Minnesota long-term hospital's base year shall remain within the same period as other hospitals. ~~Effective January 1, 2013, rates shall be rebased at full value~~ Rates must not be rebased to more current data for the first six months of the rebased period beginning January 1, 2013. The base year operating payment rate per admission is standardized by the case mix index and adjusted by the hospital cost index, relative values, and disproportionate population adjustment. The cost and charge data used to establish operating rates shall only reflect inpatient services covered by medical assistance and shall not include property cost information and costs recognized in outlier payments.

Sec. 18. Minnesota Statutes 2010, section 256B.04, subdivision 18, is amended to read:

Subd. 18. **Applications for medical assistance.** (a) The state agency may take applications for medical assistance and conduct eligibility determinations for MinnesotaCare enrollees.

(b) The commissioner of human services shall modify the Minnesota health care programs application form to add a question asking applicants whether they have ever served in the United States military.

**EFFECTIVE DATE.** This section is effective August 1, 2011.

Sec. 19. Minnesota Statutes 2010, section 256B.056, subdivision 3, is amended to read:

Subd. 3. **Asset limitations for individuals and families.** (a) To be eligible for medical assistance, a person must not individually own more than \$3,000 in assets, or if a member of a household with two family members, husband and wife, or parent and child, the household must not own more than \$6,000 in assets, plus \$200 for each additional legal dependent. In addition to these maximum amounts, an eligible individual or family may accrue interest on these amounts, but they must be reduced to the maximum at the time of an eligibility redetermination. The accumulation of the clothing and personal needs allowance according to section 256B.35 must also be reduced to the maximum at the time of the eligibility redetermination. The value of assets that are not considered in determining eligibility for medical assistance is the value of those assets excluded under the supplemental security income program for aged, blind, and disabled persons, with the following exceptions:

(1) household goods and personal effects are not considered;

(2) capital and operating assets of a trade or business that the local agency determines are necessary to the person's ability to earn an income are not considered;

(3) motor vehicles are excluded to the same extent excluded by the supplemental security income program;

(4) assets designated as burial expenses are excluded to the same extent excluded by the supplemental security income program. Burial expenses funded by annuity contracts or life insurance policies must irrevocably designate the individual's estate as contingent beneficiary to the extent proceeds are not used for payment of selected burial expenses; and

(5) effective upon federal approval, for a person who no longer qualifies as an employed person with a disability due to loss of earnings, assets allowed while eligible for medical assistance under section 256B.057, subdivision 9, are not considered for 12 months, beginning with the first month of ineligibility as an employed person with a disability, to the extent that the person's total assets remain within the allowed limits of section 256B.057, subdivision 9, paragraph (c).

~~(b) No asset limit shall apply to persons eligible under section 256B.055, subdivision 15.~~

**EFFECTIVE DATE.** This section is effective October 1, 2011.

Sec. 20. Minnesota Statutes 2010, section 256B.056, subdivision 4, is amended to read:

Subd. 4. **Income.** (a) To be eligible for medical assistance, a person eligible under section 256B.055, subdivisions 7, 7a, and 12, may have income up to 100 percent of the federal poverty guidelines. Effective January 1, 2000, and each successive January, recipients of supplemental security income may have an income up to the supplemental security income standard in effect on that date.

(b) To be eligible for medical assistance, families and children may have an income up to 133-1/3 percent of the AFDC income standard in effect under the July 16, 1996, AFDC state plan. Effective July 1, 2000, the base AFDC standard in effect on July 16, 1996, shall be increased by three percent.

(c) Effective July 1, 2002, to be eligible for medical assistance, families and children may have an income up to 100 percent of the federal poverty guidelines for the family size.

~~(d) To be eligible for medical assistance under section 256B.055, subdivision 15, a person may have an income up to 75 percent of federal poverty guidelines for the family size.~~

~~(e)~~ (d) In computing income to determine eligibility of persons under paragraphs (a) to ~~(d)~~ (c) who are not residents of long-term care facilities, the commissioner shall disregard increases in income as required by Public Law Numbers 94-566, section 503; 99-272; and 99-509. Veterans aid and attendance benefits and Veterans Administration unusual medical expense payments are considered income to the recipient.

**EFFECTIVE DATE.** This section is effective October 1, 2011.

Sec. 21. Minnesota Statutes 2010, section 256B.06, subdivision 4, is amended to read:

Subd. 4. **Citizenship requirements.** (a) Eligibility for medical assistance is limited to citizens of the United States, qualified noncitizens as defined in this subdivision, and other persons residing lawfully in the United States. Citizens or nationals of the United States must cooperate in obtaining satisfactory documentary evidence of citizenship or nationality according to the requirements of the federal Deficit Reduction Act of 2005, Public Law 109-171.

(b) "Qualified noncitizen" means a person who meets one of the following immigration criteria:

- (1) admitted for lawful permanent residence according to United States Code, title 8;
- (2) admitted to the United States as a refugee according to United States Code, title 8, section 1157;
- (3) granted asylum according to United States Code, title 8, section 1158;
- (4) granted withholding of deportation according to United States Code, title 8, section 1253(h);
- (5) paroled for a period of at least one year according to United States Code, title 8, section 1182(d)(5);
- (6) granted conditional entrant status according to United States Code, title 8, section 1153(a)(7);

(7) determined to be a battered noncitizen by the United States Attorney General according to the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, title V of the Omnibus Consolidated Appropriations Bill, Public Law 104-200;

(8) is a child of a noncitizen determined to be a battered noncitizen by the United States Attorney General according to the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, title V, of the Omnibus Consolidated Appropriations Bill, Public Law 104-200; or

(9) determined to be a Cuban or Haitian entrant as defined in section 501(e) of Public Law 96-422, the Refugee Education Assistance Act of 1980.

(c) All qualified noncitizens who were residing in the United States before August 22, 1996, who otherwise meet the eligibility requirements of this chapter, are eligible for medical assistance with federal financial participation.

~~(d) All qualified noncitizens who entered the United States on or after August 22, 1996, and who otherwise meet the eligibility requirements of this chapter, are eligible for medical assistance with federal financial participation through November 30, 1996.~~

Beginning December 1, 1996, qualified noncitizens who entered the United States on or after August 22, 1996, and who otherwise meet the eligibility requirements of this chapter are eligible for medical assistance with federal participation for five years if they meet one of the following criteria:

- (i) refugees admitted to the United States according to United States Code, title 8, section 1157;
- (ii) persons granted asylum according to United States Code, title 8, section 1158;
- (iii) persons granted withholding of deportation according to United States Code, title 8, section 1253(h);

(iv) veterans of the United States armed forces with an honorable discharge for a reason other than noncitizen status, their spouses and unmarried minor dependent children; or

(v) persons on active duty in the United States armed forces, other than for training, their spouses and unmarried minor dependent children.

~~Beginning December 1, 1996, qualified noncitizens who do not meet one of the criteria in items (i) to (v) are eligible for medical assistance without federal financial participation as described in paragraph (j).~~

~~Notwithstanding paragraph (j),~~ Beginning July 1, 2010, children and pregnant women who are noncitizens described in paragraph (b) or ~~(e)~~ who are lawfully in the United States as defined in Code of Federal Regulations, title 8, section 103.12, and who otherwise meet eligibility requirements of this chapter, are eligible for medical assistance with federal financial participation as provided by the federal Children's Health Insurance Program Reauthorization Act of 2009, Public Law 111-3.

~~(e) Noncitizens who are not qualified noncitizens as defined in paragraph (b), who are lawfully present in the United States, as defined in Code of Federal Regulations, title 8, section 103.12, and who otherwise meet the eligibility requirements of this chapter, are eligible for medical assistance under clauses (1) to (3). These individuals must cooperate with the United States Citizenship and Immigration Services to pursue any applicable immigration status, including citizenship, that would qualify them for medical assistance with federal financial participation.~~

~~(1) Persons who were medical assistance recipients on August 22, 1996, are eligible for medical assistance with federal financial participation through December 31, 1996.~~

~~(2) Beginning January 1, 1997, persons described in clause (1) are eligible for medical assistance without federal financial participation as described in paragraph (j).~~

~~(3) Beginning December 1, 1996, persons residing in the United States prior to August 22, 1996, who were not receiving medical assistance and persons who arrived on or after August 22, 1996, are eligible for medical assistance without federal financial participation as described in paragraph (j).~~

~~(e)~~ Nonimmigrants who otherwise meet the eligibility requirements of this chapter are eligible for the benefits as provided in paragraphs ~~(g) (f)~~ to ~~(h)~~. For purposes of this subdivision, a "nonimmigrant" is a person in one of the classes listed in United States Code, title 8, section 1101(a)(15).

~~(g) (f)~~ Payment shall also be made for care and services that are furnished to noncitizens, regardless of immigration status, who otherwise meet the eligibility requirements of this chapter, if such care and services are necessary for the treatment of an emergency medical condition, ~~except for organ transplants and related care and services and routine prenatal care.~~

~~(h) (g)~~ For purposes of this subdivision, the term "emergency medical condition" means a medical condition that meets the requirements of United States Code, title 42, section 1396b(v).

~~(h)(1)~~ Notwithstanding paragraph (g), services that are necessary for the treatment of an emergency medical condition are limited to the following:

~~(i)~~ services delivered in an emergency room or by an ambulance service licensed under chapter 144E that are directly related to the treatment of an emergency medical condition;

~~(ii)~~ services delivered in an inpatient hospital setting following admission from an emergency room or clinic for an acute emergency condition; and

~~(iii)~~ follow-up services that are directly related to the original service provided to treat the emergency medical condition and are covered by the global payment made to the provider.

~~(2)~~ Services for the treatment of emergency medical conditions do not include:

~~(i)~~ services delivered in an emergency room or inpatient setting to treat a nonemergency condition;

~~(ii)~~ organ transplants and related care;

~~(iii)~~ services for routine prenatal care;

~~(iv)~~ continuing care, including long-term care, nursing facility services, home health care, adult day care, day training, or supportive living services;

(v) elective surgery;

(vi) outpatient prescription drugs, unless the drugs are administered or dispensed as part of an emergency room visit;

(vii) preventative health care and family planning services;

(viii) dialysis;

(ix) chemotherapy or therapeutic radiation services;

(x) rehabilitation services;

(xi) physical, occupational, or speech therapy;

(xii) transportation services;

(xiii) case management;

(xiv) prosthetics, orthotics, durable medical equipment, or medical supplies;

(xv) dental services;

(xvi) hospice care;

(xvii) audiology services and hearing aids;

(xviii) podiatry services;

(xix) chiropractic services;

(xx) immunizations;

(xxi) vision services and eyeglasses;

(xxii) waiver services;

(xxiii) individualized education programs; or

(xxiv) chemical dependency treatment.

(i) Beginning July 1, 2009, pregnant noncitizens who are undocumented, nonimmigrants, or lawfully present as ~~designated in paragraph (e) and who~~ in the United States as defined in Code of Federal Regulations, title 8, section 103.12, are not covered by a group health plan or health insurance coverage according to Code of Federal Regulations, title 42, section 457.310, and who otherwise meet the eligibility requirements of this chapter, are eligible for medical assistance through the period of pregnancy, including labor and delivery, and 60 days postpartum, to the extent federal funds are available under title XXI of the Social Security Act, and the state children's health insurance program.

~~(j) Qualified noncitizens as described in paragraph (d), and all other noncitizens lawfully residing in the United States as described in paragraph (e), who are ineligible for medical assistance with federal financial participation and who otherwise meet the eligibility requirements of chapter 256B and of this paragraph, are eligible for medical~~



~~assistance without federal financial participation. Qualified noncitizens as described in paragraph (d) are only eligible for medical assistance without federal financial participation for five years from their date of entry into the United States.~~

~~(k)~~ (j) Beginning October 1, 2003, persons who are receiving care and rehabilitation services from a nonprofit center established to serve victims of torture and are otherwise ineligible for medical assistance under this chapter are eligible for medical assistance without federal financial participation. These individuals are eligible only for the period during which they are receiving services from the center. Individuals eligible under this paragraph shall not be required to participate in prepaid medical assistance.

Sec. 22. Minnesota Statutes 2010, section 256B.0625, is amended by adding a subdivision to read:

Subd. 3q. **Evidence-based childbirth program.** (a) The commissioner shall implement a program to reduce the number of elective inductions of labor prior to 39 weeks' gestation. In this subdivision, the term "elective induction of labor" means the use of artificial means to stimulate labor in a woman without the presence of a medical condition affecting the woman or the child that makes the onset of labor a medical necessity. The program must promote the implementation of policies within hospitals providing services to recipients of medical assistance or MinnesotaCare that prohibit the use of elective inductions prior to 39 weeks' gestation, and adherence to such policies by the attending providers.

(b) For all births covered by medical assistance or MinnesotaCare on or after January 1, 2012, a payment for professional services associated with the delivery of a child in a hospital must not be made unless the provider has submitted information about the nature of the labor and delivery including any induction of labor that was performed in conjunction with that specific birth. The information must be on a form prescribed by the commissioner.

(c) The requirements in paragraph (b) must not apply to deliveries performed at a hospital that has policies and processes in place that have been approved by the commissioner which prohibit elective inductions prior to 39 weeks' gestation. A process for review of hospital induction policies must be established by the commissioner and review of policies must occur at the discretion of the commissioner. The commissioner's decision to approve or rescind approval must include verification and review of items including, but not limited to:

(1) policies that prohibit use of elective inductions for gestation less than 39 weeks;

(2) policies that encourage providers to document and communicate with patients a final expected date of delivery by 20 weeks' gestation that includes data from ultrasound measurements as applicable;

(3) policies that encourage patient education regarding elective inductions, and requires documentation of the processes used to educate patients;

(4) ongoing quality improvement review as determined by the commissioner; and

(5) any data that has been collected by the commissioner.

(d) All hospitals must report annually to the commissioner induction information for all births that were covered by medical assistance or MinnesotaCare in a format and manner to be established by the commissioner.

(e) The commissioner at any time may choose not to implement or may discontinue any or all aspects of the program if the commissioner is able to determine that hospitals representing at least 90 percent of births covered by medical assistance or MinnesotaCare have approved policies in place.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 23. Minnesota Statutes 2010, section 256B.0625, subdivision 8, is amended to read:

Subd. 8. **Physical therapy.** (a) Medical assistance covers physical therapy and related services, ~~including specialized maintenance therapy.~~ Specialized maintenance therapy is covered for recipients age 20 and under.

(b) Authorization by the commissioner is required to provide medically necessary services to a recipient beyond any of the following onetime service thresholds, or a lower threshold where one has been established by the commissioner for a specified service: (1) 80 units of any approved CPT code other than modalities; (2) 20 modality sessions; and (3) three evaluations or reevaluations. Services provided by a physical therapy assistant shall be reimbursed at the same rate as services performed by a physical therapist when the services of the physical therapy assistant are provided under the direction of a physical therapist who is on the premises. Services provided by a physical therapy assistant that are provided under the direction of a physical therapist who is not on the premises shall be reimbursed at 65 percent of the physical therapist rate.

**EFFECTIVE DATE.** This section is effective July 1, 2011, for services provided on a fee-for-service basis, and January 1, 2012, for services provided by a managed care plan or county-based purchasing plan.

Sec. 24. Minnesota Statutes 2010, section 256B.0625, subdivision 8a, is amended to read:

Subd. 8a. **Occupational therapy.** (a) Medical assistance covers occupational therapy and related services, ~~including specialized maintenance therapy.~~ Specialized maintenance therapy is covered for recipients age 20 and under.

(b) Authorization by the commissioner is required to provide medically necessary services to a recipient beyond any of the following onetime service thresholds, or a lower threshold where one has been established by the commissioner for a specified service: (1) 120 units of any combination of approved CPT codes; and (2) two evaluations or reevaluations. Services provided by an occupational therapy assistant shall be reimbursed at the same rate as services performed by an occupational therapist when the services of the occupational therapy assistant are provided under the direction of the occupational therapist who is on the premises. Services provided by an occupational therapy assistant that are provided under the direction of an occupational therapist who is not on the premises shall be reimbursed at 65 percent of the occupational therapist rate.

**EFFECTIVE DATE.** This section is effective July 1, 2011, for services provided on a fee-for-service basis, and January 1, 2012, for services provided by a managed care plan or county-based purchasing plan.

Sec. 25. Minnesota Statutes 2010, section 256B.0625, subdivision 8b, is amended to read:

Subd. 8b. **Speech-language pathology and audiology services.** (a) Medical assistance covers speech-language pathology and related services, ~~including specialized maintenance therapy.~~ Specialized maintenance therapy is covered for recipients age 20 and under.

(b) Authorization by the commissioner is required to provide medically necessary speech-language pathology services to a recipient beyond any of the following onetime service thresholds, or a lower threshold where one has been established by the commissioner for a specified service: (1) 50 treatment sessions with any combination of approved CPT codes; and (2) one evaluation.

(c) Medical assistance covers audiology services and related services. Services provided by a person who has been issued a temporary registration under section 148.5161 shall be reimbursed at the same rate as services performed by a speech-language pathologist or audiologist as long as the requirements of section 148.5161, subdivision 3, are met.

**EFFECTIVE DATE.** This section is effective July 1, 2011, for services provided on a fee-for-service basis, and January 1, 2012, for services provided by a managed care plan or county-based purchasing plan.

Sec. 26. Minnesota Statutes 2010, section 256B.0625, subdivision 8c, is amended to read:

Subd. 8c. **Care management; rehabilitation services.** (a) Effective July 1, 1999, onetime thresholds shall replace annual thresholds for provision of rehabilitation services described in subdivisions 8, 8a, and 8b. The onetime thresholds will be the same in amount and description as the thresholds prescribed by the Department of Human Services health care programs provider manual for calendar year 1997, except they will not be renewed annually, and they will include sensory skills and cognitive training skills.

(b) A care management approach for authorization of rehabilitation services beyond the threshold described in subdivisions 8, 8a, and 8b shall be instituted in conjunction with the onetime thresholds. The care management approach shall require the provider and the department rehabilitation reviewer to work together directly through written communication, or telephone communication when appropriate, to establish a medically necessary care management plan. Authorization for rehabilitation services shall include approval for up to 12 months of services at a time without additional documentation from the provider during the extended period, when the rehabilitation services are medically necessary due to an ongoing health condition.

(c) The commissioner shall implement an expedited five-day turnaround time to review authorization requests for recipients who need emergency rehabilitation services and who have exhausted their onetime threshold limit for those services.

**EFFECTIVE DATE.** This section is effective July 1, 2011.

Sec. 27. Minnesota Statutes 2010, section 256B.0625, subdivision 8e, is amended to read:

Subd. 8e. **Chiropractic services.** Payment for chiropractic services is limited to one annual evaluation and ~~12~~ 24 visits per year unless prior authorization of a greater number of visits is obtained.

Sec. 28. Minnesota Statutes 2010, section 256B.0625, is amended by adding a subdivision to read:

Subd. 8f. **Acupuncture services.** Medical assistance covers acupuncture, as defined in section 147B.01, subdivision 3, only when provided by a licensed acupuncturist or by another Minnesota licensed practitioner for whom acupuncture is within the practitioner's scope of practice and who has specific acupuncture training or credentialing.

Sec. 29. Minnesota Statutes 2010, section 256B.0625, subdivision 13e, is amended to read:

Subd. 13e. **Payment rates.** (a) The basis for determining the amount of payment shall be the lower of the actual acquisition costs of the drugs ~~plus a fixed dispensing fee; or~~ or the maximum allowable cost ~~set by the federal government or~~ by the commissioner plus the fixed dispensing fee; or the usual and customary price charged to the public. The amount of payment basis must be reduced to reflect all discount amounts applied to the charge by any provider/insurer agreement or contract for submitted charges to medical assistance programs. The net submitted charge may not be greater than the patient liability for the service. The pharmacy dispensing fee shall be \$3.65, except that the dispensing fee for intravenous solutions which must be compounded by the pharmacist shall be \$8 per bag, \$14 per bag for cancer chemotherapy products, and \$30 per bag for total parenteral nutritional products dispensed in one liter quantities, or \$44 per bag for total parenteral nutritional products dispensed in quantities greater than one liter. Actual acquisition cost includes quantity and other special discounts except time and cash discounts. ~~Effective July 1, 2009, The actual acquisition cost of a drug shall be estimated by the commissioner; at average wholesale price minus 15 percent. The actual acquisition cost of antihemophilic factor drugs shall be estimated at the average wholesale price minus 30 percent.~~ wholesale acquisition cost plus four percent for independently owned pharmacies located in a designated rural area within Minnesota, and at wholesale acquisition cost plus two percent for all other pharmacies. A pharmacy is "independently owned" if it is one of four or fewer

pharmacies under the same ownership nationally. A "designated rural area" means an area defined as a small rural area or isolated rural area according to the four-category classification of the Rural Urban Commuting Area system developed for the United States Health Resources and Services Administration. Wholesale acquisition cost is defined as the manufacturer's list price for a drug or biological to wholesalers or direct purchasers in the United States, not including prompt pay or other discounts, rebates, or reductions in price, for the most recent month for which information is available, as reported in wholesale price guides or other publications of drug or biological pricing data. The maximum allowable cost of a multisource drug may be set by the commissioner and it shall be comparable to, but no higher than, the maximum amount paid by other third-party payors in this state who have maximum allowable cost programs. Establishment of the amount of payment for drugs shall not be subject to the requirements of the Administrative Procedure Act.

(b) An additional dispensing fee of \$.30 may be added to the dispensing fee paid to pharmacists for legend drug prescriptions dispensed to residents of long-term care facilities when a unit dose blister card system, approved by the department, is used. Under this type of dispensing system, the pharmacist must dispense a 30-day supply of drug. The National Drug Code (NDC) from the drug container used to fill the blister card must be identified on the claim to the department. The unit dose blister card containing the drug must meet the packaging standards set forth in Minnesota Rules, part 6800.2700, that govern the return of unused drugs to the pharmacy for reuse. The pharmacy provider will be required to credit the department for the actual acquisition cost of all unused drugs that are eligible for reuse. Over-the-counter medications must be dispensed in the manufacturer's unopened package. The commissioner may permit the drug clozapine to be dispensed in a quantity that is less than a 30-day supply.

(c) Whenever a maximum allowable cost has been set for a multisource drug, payment shall be ~~on the basis of the lower of the usual and customary price charged to the public or the maximum allowable cost established by the commissioner unless prior authorization for the brand name product has been granted according to the criteria established by the Drug Formulary Committee as required by subdivision 13f, paragraph (a), and the prescriber has indicated "dispense as written" on the prescription in a manner consistent with section 151.21, subdivision 2.~~

(d) The basis for determining the amount of payment for drugs administered in an outpatient setting shall be the lower of the usual and customary cost submitted by the provider or ~~the amount established for Medicare by the 106 percent of the average sales price as determined by the United States Department of Health and Human Services pursuant to title XVIII, section 1847a of the federal Social Security Act. If average sales price is unavailable, the amount of payment must be lower of the usual and customary cost submitted by the provider or the wholesale acquisition cost.~~

(e) The commissioner may negotiate lower reimbursement rates for specialty pharmacy products than the rates specified in paragraph (a). The commissioner may require individuals enrolled in the health care programs administered by the department to obtain specialty pharmacy products from providers with whom the commissioner has negotiated lower reimbursement rates. Specialty pharmacy products are defined as those used by a small number of recipients or recipients with complex and chronic diseases that require expensive and challenging drug regimens. Examples of these conditions include, but are not limited to: multiple sclerosis, HIV/AIDS, transplantation, hepatitis C, growth hormone deficiency, Crohn's Disease, rheumatoid arthritis, and certain forms of cancer. Specialty pharmaceutical products include injectable and infusion therapies, biotechnology drugs, antihemophilic factor products, high-cost therapies, and therapies that require complex care. The commissioner shall consult with the formulary committee to develop a list of specialty pharmacy products subject to this paragraph. In consulting with the formulary committee in developing this list, the commissioner shall take into consideration the population served by specialty pharmacy products, the current delivery system and standard of care in the state, and access to care issues. The commissioner shall have the discretion to adjust the reimbursement rate to prevent access to care issues.

(f) Home infusion therapy services provided by home infusion therapy pharmacies must be paid at rates according to subdivision 8d.

**EFFECTIVE DATE.** This section is effective July 1, 2011, or upon federal approval, whichever is later.

Sec. 30. Minnesota Statutes 2010, section 256B.0625, subdivision 13h, is amended to read:

Subd. 13h. **Medication therapy management services.** (a) Medical assistance and general assistance medical care cover medication therapy management services for a recipient taking ~~four~~ three or more prescriptions to treat or prevent ~~two~~ one or more chronic medical conditions, ~~or~~ a recipient with a drug therapy problem that is identified by the commissioner or identified by a pharmacist and approved by the commissioner; or prior authorized by the commissioner that has resulted or is likely to result in significant nondrug program costs. The commissioner may cover medical therapy management services under MinnesotaCare if the commissioner determines this is cost-effective. For purposes of this subdivision, "medication therapy management" means the provision of the following pharmaceutical care services by a licensed pharmacist to optimize the therapeutic outcomes of the patient's medications:

- (1) performing or obtaining necessary assessments of the patient's health status;
- (2) formulating a medication treatment plan;
- (3) monitoring and evaluating the patient's response to therapy, including safety and effectiveness;
- (4) performing a comprehensive medication review to identify, resolve, and prevent medication-related problems, including adverse drug events;
- (5) documenting the care delivered and communicating essential information to the patient's other primary care providers;
- (6) providing verbal education and training designed to enhance patient understanding and appropriate use of the patient's medications;
- (7) providing information, support services, and resources designed to enhance patient adherence with the patient's therapeutic regimens; and
- (8) coordinating and integrating medication therapy management services within the broader health care management services being provided to the patient.

Nothing in this subdivision shall be construed to expand or modify the scope of practice of the pharmacist as defined in section 151.01, subdivision 27.

(b) To be eligible for reimbursement for services under this subdivision, a pharmacist must meet the following requirements:

- (1) have a valid license issued under chapter 151;
- (2) have graduated from an accredited college of pharmacy on or after May 1996, or completed a structured and comprehensive education program approved by the Board of Pharmacy and the American Council of Pharmaceutical Education for the provision and documentation of pharmaceutical care management services that has both clinical and didactic elements;
- (3) be practicing in an ambulatory care setting as part of a multidisciplinary team or have developed a structured patient care process that is offered in a private or semiprivate patient care area that is separate from the commercial business that also occurs in the setting, or in home settings, ~~excluding~~ including long-term care ~~and settings~~, group homes, ~~if the service is ordered by the provider directed care coordination team~~ and facilities providing assisted living services, but excluding skilled nursing facilities; and

(4) make use of an electronic patient record system that meets state standards.

(c) For purposes of reimbursement for medication therapy management services, the commissioner may enroll individual pharmacists as medical assistance and general assistance medical care providers. The commissioner may also establish contact requirements between the pharmacist and recipient, including limiting the number of reimbursable consultations per recipient.

(d) If there are no pharmacists who meet the requirements of paragraph (b) practicing within a reasonable geographic distance of the patient, a pharmacist who meets the requirements may provide the services via two-way interactive video. Reimbursement shall be at the same rates and under the same conditions that would otherwise apply to the services provided. To qualify for reimbursement under this paragraph, the pharmacist providing the services must meet the requirements of paragraph (b), and must be located within an ambulatory care setting approved by the commissioner. The patient must also be located within an ambulatory care setting approved by the commissioner. Services provided under this paragraph may not be transmitted into the patient's residence.

(e) The commissioner shall establish a pilot project for an intensive medication therapy management program for patients identified by the commissioner with multiple chronic conditions and a high number of medications who are at high risk of preventable hospitalizations, emergency room use, medication complications, and suboptimal treatment outcomes due to medication-related problems. For purposes of the pilot project, medication therapy management services may be provided in a patient's home or community setting, in addition to other authorized settings. The commissioner may waive existing payment policies and establish special payment rates for the pilot project. The pilot project must be designed to produce a net savings to the state compared to the estimated costs that would otherwise be incurred for similar patients without the program. The pilot project must begin by January 1, 2010, and end June 30, 2012.

**EFFECTIVE DATE.** This section is effective July 1, 2011.

Sec. 31. Minnesota Statutes 2010, section 256B.0625, subdivision 17, is amended to read:

Subd. 17. **Transportation costs.** (a) Medical assistance covers medical transportation costs incurred solely for obtaining emergency medical care or transportation costs incurred by eligible persons in obtaining emergency or nonemergency medical care when paid directly to an ambulance company, common carrier, or other recognized providers of transportation services. Medical transportation must be provided by:

- (1) an ambulance, as defined in section 144E.001, subdivision 2;
- (2) special transportation; or
- (3) common carrier including, but not limited to, bus, taxicab, other commercial carrier, or private automobile.

(b) Medical assistance covers special transportation, as defined in Minnesota Rules, part 9505.0315, subpart 1, item F, if the recipient has a physical or mental impairment that would prohibit the recipient from safely accessing and using a bus, taxi, other commercial transportation, or private automobile.

The commissioner may use an order by the recipient's attending physician to certify that the recipient requires special transportation services. Special transportation providers shall perform driver-assisted services for eligible individuals. Driver-assisted service includes passenger pickup at and return to the individual's residence or place of business, assistance with admittance of the individual to the medical facility, and assistance in passenger securement or in securing of wheelchairs or stretchers in the vehicle. Special transportation providers must obtain written documentation from the health care service provider who is serving the recipient being transported, identifying the time that the recipient arrived. Special transportation providers may not bill for separate base rates for the

continuation of a trip beyond the original destination. Special transportation providers must take recipients to the nearest appropriate health care provider, using the most direct route. The minimum medical assistance reimbursement rates for special transportation services are:

(1) (i) \$17 for the base rate and \$1.35 per mile for special transportation services to eligible persons who need a wheelchair-accessible van;

(ii) \$11.50 for the base rate and \$1.30 per mile for special transportation services to eligible persons who do not need a wheelchair-accessible van; and

(iii) \$60 for the base rate and \$2.40 per mile, and an attendant rate of \$9 per trip, for special transportation services to eligible persons who need a stretcher-accessible vehicle;

(2) the base rates for special transportation services in areas defined under RUCA to be super rural shall be equal to the reimbursement rate established in clause (1) plus 11.3 percent; and

(3) for special transportation services in areas defined under RUCA to be rural or super rural areas:

(i) for a trip equal to 17 miles or less, mileage reimbursement shall be equal to 125 percent of the respective mileage rate in clause (1); and

(ii) for a trip between 18 and 50 miles, mileage reimbursement shall be equal to 112.5 percent of the respective mileage rate in clause (1).

(c) For purposes of reimbursement rates for special transportation services under paragraph (b), the zip code of the recipient's place of residence shall determine whether the urban, rural, or super rural reimbursement rate applies.

(d) For purposes of this subdivision, "rural urban commuting area" or "RUCA" means a census-tract based classification system under which a geographical area is determined to be urban, rural, or super rural.

(e) Effective for services provided on or after July 1, 2011, nonemergency transportation rates, including special transportation, taxi, and other commercial carriers, are reduced 4.5 percent. Payments made to managed care plans and county-based purchasing plans must be reduced for services provided on or after January 1, 2012, to reflect this reduction.

Sec. 32. Minnesota Statutes 2010, section 256B.0625, subdivision 17a, is amended to read:

Subd. 17a. **Payment for ambulance services.** (a) Medical assistance covers ambulance services. Providers shall bill ambulance services according to Medicare criteria. Nonemergency ambulance services shall not be paid as emergencies. Effective for services rendered on or after July 1, 2001, medical assistance payments for ambulance services shall be paid at the Medicare reimbursement rate or at the medical assistance payment rate in effect on July 1, 2000, whichever is greater.

(b) Effective for services provided on or after July 1, 2011, ambulance services payment rates are reduced 4.5 percent. Payments made to managed care plans and county-based purchasing plans must be reduced for services provided on or after January 1, 2012, to reflect this reduction.

Sec. 33. Minnesota Statutes 2010, section 256B.0625, subdivision 18, is amended to read:

Subd. 18. **Bus or taxicab transportation.** To the extent authorized by rule of the state agency, medical assistance covers ~~costs of~~ the most appropriate and cost-effective form of transportation incurred by any ambulatory eligible person for obtaining nonemergency medical care.

Sec. 34. Minnesota Statutes 2010, section 256B.0625, is amended by adding a subdivision to read:

Subd. 25b. **Authorization with third-party liability.** (a) Except as otherwise allowed under this subdivision or required under federal or state regulations, the commissioner must not consider a request for authorization of a service when the recipient has coverage from a third-party payer unless the provider requesting authorization has made a good faith effort to receive payment or authorization from the third-party payer. A good faith effort is established by supplying with the authorization request to the commissioner the following:

(1) a determination of payment for the service from the third-party payer, a determination of authorization for the service from the third-party payer, or a verification of noncoverage of the service by the third-party payer; and

(2) the information or records required by the department to document the reason for the determination or to validate noncoverage from the third-party payer.

(b) A provider requesting authorization for services covered by Medicare is not required to bill Medicare before requesting authorization from the commissioner if the provider has reason to believe that a service covered by Medicare is not eligible for payment. The provider must document that, because of recent claim experiences with Medicare or because of written communication from Medicare, coverage is not available for the service.

(c) Authorization is not required if a third-party payer has made payment that is equal to or greater than 60 percent of the maximum payment amount for the service allowed under medical assistance.

Sec. 35. Minnesota Statutes 2010, section 256B.0625, subdivision 31a, is amended to read:

Subd. 31a. **Augmentative and alternative communication systems.** (a) Medical assistance covers augmentative and alternative communication systems consisting of electronic or nonelectronic devices and the related components necessary to enable a person with severe expressive communication limitations to produce or transmit messages or symbols in a manner that compensates for that disability.

~~(b) Until the volume of systems purchased increases to allow a discount price, the commissioner shall reimburse augmentative and alternative communication manufacturers and vendors at the manufacturer's suggested retail price for augmentative and alternative communication systems and related components. The commissioner shall separately reimburse providers for purchasing and integrating individual communication systems which are unavailable as a package from an augmentative and alternative communication vendor. Augmentative and alternative communication systems must be paid the lower of the:~~

(1) submitted charge; or

(2)(i) manufacturer's suggested retail price minus 20 percent for providers that are manufacturers of augmentative and alternative communication systems; or

(ii) manufacturer's invoice charge plus 20 percent for providers that are not manufacturers of augmentative and alternative communication systems.



(c) Reimbursement rates established by this purchasing program are not subject to Minnesota Rules, part 9505.0445, item S or T.

Sec. 36. Minnesota Statutes 2010, section 256B.0625, is amended by adding a subdivision to read:

**Subd. 55. Payment for noncovered services.** (a) Except when specifically prohibited by the commissioner or federal law, a provider may seek payment from the recipient for services not eligible for payment under the medical assistance program when the provider, prior to delivering the service, reviews and considers all other available covered alternatives with the recipient and obtains a signed acknowledgment from the recipient of the potential of the recipient's liability. The signed acknowledgment must be in a form approved by the commissioner.

(b) Conditions under which a provider must not request payment from the recipient include, but are not limited to:

(1) a service that requires prior authorization, unless authorization has been denied as not medically necessary and all other therapeutic alternatives have been reviewed;

(2) a service for which payment has been denied for reasons relating to billing requirements;

(3) standard shipping or delivery and setup of medical equipment or medical supplies;

(4) services that are included in the recipient's long term care per diem;

(5) the recipient is enrolled in the Restricted Recipient Program and the provider is one of a provider type designated for the recipient's health care services; and

(6) the noncovered service is a prescriptive drug identified by the commissioner as having the potential for abuse and overuse, except where payment by the recipient is specifically approved by the commissioner on the date of service based upon compelling evidence supplied by the prescribing provider that establishes medical necessity for that particular drug.

(c) The payment requested from recipients for noncovered services under this subdivision must not exceed the provider's usual and customary charge for the actual service received by the recipient. A recipient must not be billed for the difference between what medical assistance paid for the service or would pay for a less costly alternative service.

Sec. 37. Minnesota Statutes 2010, section 256B.0625, is amended by adding a subdivision to read:

**Subd. 56. Medical service coordination.** (a) Medical assistance covers in-reach community-based service coordination that is performed in a hospital emergency department as an eligible procedure under a state healthcare program or private insurance for a frequent user. A frequent user is defined as an individual who has frequented the hospital emergency department for services three or more times in the previous four consecutive months. In-reach community-based service coordination includes navigating services to address a client's mental health, chemical health, social, economic, and housing needs, or any other activity targeted at reducing the incidence of emergency room and other nonmedically necessary health care utilization.

(b) Reimbursement must be made in 15-minute increments under current Medicaid mental health social work reimbursement methodology and allowed for up to 60 days posthospital discharge based upon the specific identified emergency department visit or inpatient admitting event. A frequent user who is participating in care coordination within a health care home framework is ineligible for reimbursement under this subdivision. Eligible in-reach service coordinators must hold a minimum of a bachelor's degree in social work, public health, corrections, or a related field. The commissioner shall submit any necessary application for waivers to the Centers for Medicare and Medicaid Services to implement this subdivision.

(c) For the purposes of this subdivision, "in-reach community-based service coordination" means the practice of a community-based worker with training, knowledge, skills, and ability to access a continuum of services, including housing, transportation, chemical and mental health treatment, employment, and peer support services, by working with an organization's staff to transition an individual back into the individual's living environment. In-reach community-based service coordination includes working with the individual during their discharge and for up to a defined amount of time in the individual's living environment, reducing the individual's need for readmittance.

Sec. 38. Minnesota Statutes 2010, section 256B.0625, is amended by adding a subdivision to read:

Subd. 57. **Payment for Part B Medicare crossover claims.** Effective for services provided on or after January 1, 2012, medical assistance payment for an enrollee's cost sharing associated with Medicare Part B is limited to an amount up to the medical assistance total allowed, when the medical assistance rate exceeds the amount paid by Medicare.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 39. Minnesota Statutes 2010, section 256B.0625, is amended by adding a subdivision to read:

Subd. 58. **Early and periodic screening, diagnosis, and treatment services.** Medical assistance covers early and periodic screening, diagnosis, and treatment services (EPSDT). The payment amount for a complete EPSDT screening shall not exceed the rate established per Minnesota Rules, part 9505.0445, item M, effective October 1, 2010.

Sec. 40. Minnesota Statutes 2010, section 256B.0625, is amended by adding a subdivision to read:

Subd. 59. **Services provided by advanced dental therapists and dental therapists.** Medical assistance covers services provided by advanced dental therapists and dental therapists when provided within the scope of practice identified in sections 150A.105 and 150A.106.

Sec. 41. Minnesota Statutes 2010, section 256B.0631, subdivision 1, is amended to read:

Subdivision 1. ~~Co-payments~~ **Cost-sharing.** (a) Except as provided in subdivision 2, the medical assistance benefit plan shall include the following ~~co-payments cost-sharing~~ for all recipients, effective for services provided on or after ~~October 1, 2003, and before January 1, 2009~~ July 1, 2011:

(1) \$3 per nonpreventive visit, ~~except as provided in paragraph (c).~~ For purposes of this subdivision, a visit means an episode of service which is required because of a recipient's symptoms, diagnosis, or established illness, and which is delivered in an ambulatory setting by a physician or physician ancillary, chiropractor, podiatrist, nurse midwife, advanced practice nurse, audiologist, optician, or optometrist;

(2) \$3 for eyeglasses;

(3) ~~\$6~~ \$3.50 for nonemergency visits to a hospital-based emergency room, ~~except that this co-payment shall be increased to \$20 upon federal approval; and~~

(4) \$3 per brand-name drug prescription and \$1 per generic drug prescription, subject to a \$12 per month maximum for prescription drug co-payments. No co-payments shall apply to antipsychotic drugs when used for the treatment of mental illness;

(5) a family deductible equal to the maximum amount allowed under Code of Federal Regulations, title 42, part 447.54; and

~~(b) Except as provided in subdivision 2, the medical assistance benefit plan shall include the following co-payments for all recipients, effective for services provided on or after January 1, 2009:~~

~~(1) \$3.50 for nonemergency visits to a hospital-based emergency room;~~

~~(2) \$3 per brand name drug prescription and \$1 per generic drug prescription, subject to a \$7 per month maximum for prescription drug co-payments. No co-payments shall apply to antipsychotic drugs when used for the treatment of mental illness; and~~

~~(3) (6) for individuals identified by the commissioner with income at or below 100 percent of the federal poverty guidelines, total monthly ~~co-payments~~ cost-sharing must not exceed five percent of family income. For purposes of this paragraph, family income is the total earned and unearned income of the individual and the individual's spouse, if the spouse is enrolled in medical assistance and also subject to the five percent limit on ~~co-payments~~ cost-sharing.~~

~~(e) (b) Recipients of medical assistance are responsible for all co-payments and deductibles in this subdivision.~~

~~(c) Effective January 1, 2012, or upon federal approval, whichever is later, the following co-payments for nonpreventive visits shall apply to providers included in provider peer grouping:~~

~~(1) \$3 for visits to providers whose average, risk-adjusted, total annual cost of care per medical assistance enrollee is at the 60th percentile or lower for providers of the same type;~~

~~(2) \$6 for visits to providers whose average, risk-adjusted, total annual cost of care per medical assistance enrollee is greater than the 60th percentile but does not exceed the 80th percentile for providers of the same type; and~~

~~(3) \$10 for visits to providers whose average, risk-adjusted, total annual cost of care per medical assistance enrollee is greater than the 80th percentile for providers of the same type.~~

~~Each managed care and county-based purchasing plan shall calculate the average, risk-adjusted, total annual cost of care for providers under this paragraph using a methodology approved by the commissioner. The commissioner shall develop a methodology for calculating the average, risk-adjusted, total annual cost of care for fee-for-service providers.~~

~~(d) The commissioner shall seek any federal waivers and approvals necessary to increase the co-payment for nonemergency visits to a hospital-based emergency room under paragraph (a), clause (3), and to implement paragraph (c).~~

Sec. 42. Minnesota Statutes 2010, section 256B.0631, subdivision 2, is amended to read:

Subd. 2. **Exceptions.** Co-payments and deductibles shall be subject to the following exceptions:

(1) children under the age of 21;

(2) pregnant women for services that relate to the pregnancy or any other medical condition that may complicate the pregnancy;

(3) recipients expected to reside for at least 30 days in a hospital, nursing home, or intermediate care facility for the developmentally disabled;

(4) recipients receiving hospice care;

- (5) 100 percent federally funded services provided by an Indian health service;
- (6) emergency services;
- (7) family planning services;
- (8) services that are paid by Medicare, resulting in the medical assistance program paying for the coinsurance and deductible; and
- (9) co-payments that exceed one per day per provider for nonpreventive visits, eyeglasses, and nonemergency visits to a hospital-based emergency room.

Sec. 43. Minnesota Statutes 2010, section 256B.0631, subdivision 3, is amended to read:

Subd. 3. **Collection.** (a) The medical assistance reimbursement to the provider shall be reduced by the amount of the co-payment or deductible, except that reimbursements shall not be reduced:

(1) once a recipient has reached the \$12 per month maximum ~~or the \$7 per month maximum effective January 1, 2009,~~ for prescription drug co-payments; or

(2) for a recipient identified by the commissioner under 100 percent of the federal poverty guidelines who has met their monthly five percent ~~co-payment~~ cost-sharing limit.

(b) The provider collects the co-payment or deductible from the recipient. Providers may not deny services to recipients who are unable to pay the co-payment or deductible.

(c) Medical assistance reimbursement to fee-for-service providers and payments to managed care plans shall not be increased as a result of the removal of co-payments or deductibles effective on or after January 1, 2009.

Sec. 44. Minnesota Statutes 2010, section 256B.0644, is amended to read:

**256B.0644 REIMBURSEMENT UNDER OTHER STATE HEALTH CARE PROGRAMS.**

(a) A vendor of medical care, as defined in section 256B.02, subdivision 7, and a health maintenance organization, as defined in chapter 62D, must participate as a provider or contractor in the medical assistance program, general assistance medical care program, and MinnesotaCare as a condition of participating as a provider in health insurance plans and programs or contractor for state employees established under section 43A.18, the public employees insurance program under section 43A.316, for health insurance plans offered to local statutory or home rule charter city, county, and school district employees, the workers' compensation system under section 176.135, and insurance plans provided through the Minnesota Comprehensive Health Association under sections 62E.01 to 62E.19. The limitations on insurance plans offered to local government employees shall not be applicable in geographic areas where provider participation is limited by managed care contracts with the Department of Human Services.

(b) For providers other than health maintenance organizations, participation in the medical assistance program means that:

- (1) the provider accepts new medical assistance, general assistance medical care, and MinnesotaCare patients;
- (2) for providers other than dental service providers, at least 20 percent of the provider's patients are covered by medical assistance, general assistance medical care, and MinnesotaCare as their primary source of coverage; or

(3) for dental service providers, at least ten percent of the provider's patients are covered by medical assistance, general assistance medical care, and MinnesotaCare as their primary source of coverage, or the provider accepts new medical assistance and MinnesotaCare patients who are children with special health care needs. For purposes of this section, "children with special health care needs" means children up to age 18 who: (i) require health and related services beyond that required by children generally; and (ii) have or are at risk for a chronic physical, developmental, behavioral, or emotional condition, including: bleeding and coagulation disorders; immunodeficiency disorders; cancer; endocrinopathy; developmental disabilities; epilepsy, cerebral palsy, and other neurological diseases; visual impairment or deafness; Down syndrome and other genetic disorders; autism; fetal alcohol syndrome; and other conditions designated by the commissioner after consultation with representatives of pediatric dental providers and consumers.

(c) Patients seen on a volunteer basis by the provider at a location other than the provider's usual place of practice may be considered in meeting the participation requirement in this section. The commissioner shall establish participation requirements for health maintenance organizations. The commissioner shall provide lists of participating medical assistance providers on a quarterly basis to the commissioner of management and budget, the commissioner of labor and industry, and the commissioner of commerce. Each of the commissioners shall develop and implement procedures to exclude as participating providers in the program or programs under their jurisdiction those providers who do not participate in the medical assistance program. The commissioner of management and budget shall implement this section through contracts with participating health and dental carriers.

(d) For purposes of paragraphs (a) and (b), participation in the general assistance medical care program applies only to pharmacy providers.

(e) A provider described in section 256B.76, subdivision 5, may limit the eligibility of new medical assistance, general assistance medical care, and MinnesotaCare patients for specific categories of rehabilitative services, if medical assistance, general assistance medical care, and MinnesotaCare patients served by the provider in the aggregate exceed 30 percent of the provider's overall patient population.

Sec. 45. Minnesota Statutes 2010, section 256B.0751, subdivision 4, is amended to read:

Subd. 4. **Alternative models and waivers of requirements.** (a) Nothing in this section shall preclude the continued development of existing medical or health care home projects currently operating or under development by the commissioner of human services or preclude the commissioner from establishing alternative models and payment mechanisms for persons who are enrolled in integrated Medicare and Medicaid programs under section 256B.69, subdivisions 23 and 28, are enrolled in managed care long-term care programs under section 256B.69, subdivision 6b, are dually eligible for Medicare and medical assistance, are in the waiting period for Medicare, or who have other primary coverage.

(b) The commissioner of health shall waive health care home certification requirements if an applicant demonstrates that compliance with a certification requirement will create a major financial hardship or is not feasible, and the applicant establishes an alternative way to accomplish the objectives of the certification requirement.

Sec. 46. Minnesota Statutes 2010, section 256B.0751, is amended by adding a subdivision to read:

Subd. 8. **Coordination with local services.** The health care home and the county shall coordinate care and services provided to patients enrolled with a health care home who have complex medical needs or a disability, and who need and are eligible for additional local services administered by counties, including but not limited to waived services, mental health services, social services, public health services, transportation, and housing. The coordination of care and services must be as provided in the plan established by the patient and health care home.

Sec. 47. Minnesota Statutes 2010, section 256B.69, subdivision 5a, is amended to read:

Subd. 5a. **Managed care contracts.** (a) Managed care contracts under this section and section 256L.12 shall be entered into or renewed on a calendar year basis beginning January 1, 1996. Managed care contracts which were in effect on June 30, 1995, and set to renew on July 1, 1995, shall be renewed for the period July 1, 1995 through December 31, 1995 at the same terms that were in effect on June 30, 1995. The commissioner may issue separate contracts with requirements specific to services to medical assistance recipients age 65 and older.

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

(c) Effective for services rendered on or after January 1, 2003, the commissioner shall withhold five percent of managed care plan payments under this section and county-based purchasing plan payments under section 256B.692 for the prepaid medical assistance program pending completion of performance targets. Each performance target must be quantifiable, objective, measurable, and reasonably attainable, except in the case of a performance target based on a federal or state law or rule. Criteria for assessment of each performance target must be outlined in writing prior to the contract effective date. The managed care plan must demonstrate, to the commissioner's satisfaction, that the data submitted regarding attainment of the performance target is accurate. The commissioner shall periodically change the administrative measures used as performance targets in order to improve plan performance across a broader range of administrative services. The performance targets must include measurement of plan efforts to contain spending on health care services and administrative activities. The commissioner may adopt plan-specific performance targets that take into account factors affecting only one plan, including characteristics of the plan's enrollee population. The withheld funds must be returned no sooner than July of the following year if performance targets in the contract are achieved. The commissioner may exclude special demonstration projects under subdivision 23.

(d) Effective for services rendered on or after January 1, 2009, through December 31, 2009, the commissioner shall withhold three percent of managed care plan payments under this section and county-based purchasing plan payments under section 256B.692 for the prepaid medical assistance program. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following year. The commissioner may exclude special demonstration projects under subdivision 23.

(e) Effective for services provided on or after January 1, 2010, the commissioner shall require that managed care plans use the assessment and authorization processes, forms, timelines, standards, documentation, and data reporting requirements, protocols, billing processes, and policies consistent with medical assistance fee-for-service or the Department of Human Services contract requirements consistent with medical assistance fee-for-service or the Department of Human Services contract requirements for all personal care assistance services under section 256B.0659.

(f) Effective for services rendered on or after January 1, 2010, through December 31, 2010, the commissioner shall withhold 4.5 percent of managed care plan payments under this section and county-based purchasing plan payments under section 256B.692 for the prepaid medical assistance program. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following year. The commissioner may exclude special demonstration projects under subdivision 23.

(g) Effective for services rendered on or after January 1, 2011, the commissioner shall include as part of the performance targets described in paragraph (c) a reduction in the health plan's emergency room utilization rate for state health care program enrollees by a measurable rate of five percent from the plan's utilization rate for state health care program enrollees for the previous calendar year.

The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following calendar year if the managed care plan demonstrates to the satisfaction of the commissioner that a reduction in the utilization rate was achieved.

The withhold described in this paragraph shall continue for each consecutive contract period until the plan's emergency room utilization rate for state health care program enrollees is reduced by 25 percent of the plan's emergency room utilization rate for state health care program enrollees for calendar year 2009. Hospitals shall cooperate with the health plans in meeting this performance target and shall accept payment withholds that may be returned to the hospitals if the performance target is achieved. The commissioner shall structure the withhold so that the commissioner returns a portion of the withheld funds in amounts commensurate with achieved reductions in utilization less than the targeted amount. The withhold in this paragraph does not apply to county-based purchasing plans.

(h) Effective for services rendered on or after January 1, 2012, the commissioner shall include as part of the performance targets described in paragraph (c) a reduction in the plan's hospitalization rates or subsequent hospitalizations within 30 days of a previous hospitalization of a patient regardless of the reason for the hospitalization for state health care program enrollees by a measurable rate of five percent from the plan's utilization rate for state health care program enrollees for the previous calendar year.

The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following calendar year if the managed care plan or county-based purchasing plan demonstrates to the satisfaction of the commissioner that a reduction in the hospitalization rate was achieved.

The withhold described in this paragraph must continue for each consecutive contract period until the plan's subsequent hospitalization rate for state health care program enrollees is reduced by 25 percent of the plan's subsequent hospitalization rate for state health care program enrollees for calendar year 2010. Hospitals shall cooperate with the plans in meeting this performance target and shall accept payment withholds that must be returned to the hospitals if the performance target is achieved. The commissioner shall structure the withhold so that the commissioner returns a portion of the withheld funds in amounts commensurate with achieved reductions in utilization less than the targeted amount.

~~(h)~~ (i) Effective for services rendered on or after January 1, 2011, through December 31, 2011, the commissioner shall withhold 4.5 percent of managed care plan payments under this section and county-based purchasing plan payments under section 256B.692 for the prepaid medical assistance program. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following year. The commissioner may exclude special demonstration projects under subdivision 23.

~~(i)~~ (j) Effective for services rendered on or after January 1, 2012, through December 31, 2012, the commissioner shall withhold 4.5 percent of managed care plan payments under this section and county-based purchasing plan payments under section 256B.692 for the prepaid medical assistance program. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following year. The commissioner may exclude special demonstration projects under subdivision 23.

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

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

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

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

(+) (o) The return of the withhold under paragraphs (d), (f), and (h) to (k) is not subject to the requirements of paragraph (c).

Sec. 48. Minnesota Statutes 2010, section 256B.69, subdivision 5c, is amended to read:

Subd. 5c. **Medical education and research fund.** (a) The commissioner of human services shall transfer each year to the medical education and research fund established under section 62J.692, an amount specified in this subdivision. The commissioner shall calculate the following:

(1) an amount equal to the reduction in the prepaid medical assistance payments as specified in this clause. Until January 1, 2002, the county medical assistance capitation base rate prior to plan specific adjustments and after the regional rate adjustments under subdivision 5b is reduced 6.3 percent for Hennepin County, two percent for the remaining metropolitan counties, and no reduction for nonmetropolitan Minnesota counties; and after January 1, 2002, the county medical assistance capitation base rate prior to plan specific adjustments is reduced 6.3 percent for Hennepin County, two percent for the remaining metropolitan counties, and 1.6 percent for nonmetropolitan Minnesota counties. Nursing facility and elderly waiver payments and demonstration project payments operating under subdivision 23 are excluded from this reduction. The amount calculated under this clause shall not be adjusted for periods already paid due to subsequent changes to the capitation payments;

(2) beginning July 1, 2003, \$4,314,000 from the capitation rates paid under this section;

(3) beginning July 1, 2002, an additional \$12,700,000 from the capitation rates paid under this section; and

(4) beginning July 1, 2003, an additional \$4,700,000 from the capitation rates paid under this section.

(b) This subdivision shall be effective upon approval of a federal waiver which allows federal financial participation in the medical education and research fund. ~~Effective July 1, 2009, and thereafter, The transfers required by amount specified under~~ paragraph (a), clauses (1) to (4), shall not exceed the total amount transferred for fiscal year 2009. Any excess shall first reduce the amounts ~~otherwise required to be transferred~~ specified under paragraph (a), clauses (2) to (4). Any excess following this reduction shall proportionally reduce the ~~transfers amount specified~~ amount specified under paragraph (a), clause (1).

(c) Beginning July 1, ~~2009~~ 2011, of the ~~amounts~~ amount in paragraph (a), the commissioner shall transfer \$21,714,000 each fiscal year to the medical education and research fund. ~~The balance of the transfers under paragraph (a) shall be transferred to the medical education and research fund no earlier than July 1 of the following fiscal year.~~

(d) Beginning July 1, 2011, of the amount in paragraph (a), following the transfer under paragraph (c), the commissioner shall transfer to the medical education research fund \$4,024,000 in fiscal year 2012 and \$4,626,000 in fiscal year 2013 and thereafter.

Sec. 49. Minnesota Statutes 2010, section 256B.69, subdivision 28, is amended to read:

Subd. 28. **Medicare special needs plans; medical assistance basic health care.** (a) The commissioner may contract with qualified Medicare-approved special needs plans to provide medical assistance basic health care services to persons with disabilities, including those with developmental disabilities. Basic health care services include:



(1) those services covered by the medical assistance state plan except for ICF/MR services, home and community-based waiver services, case management for persons with developmental disabilities under section 256B.0625, subdivision 20a, and personal care and certain home care services defined by the commissioner in consultation with the stakeholder group established under paragraph (d); and

(2) basic health care services may also include risk for up to 100 days of nursing facility services for persons who reside in a noninstitutional setting and home health services related to rehabilitation as defined by the commissioner after consultation with the stakeholder group.

The commissioner may exclude other medical assistance services from the basic health care benefit set. Enrollees in these plans can access any excluded services on the same basis as other medical assistance recipients who have not enrolled.

~~Unless a person is otherwise required to enroll in managed care, enrollment in these plans for Medicaid services must be voluntary. For purposes of this subdivision, automatic enrollment with an option to opt out is not voluntary enrollment.~~

(b) Beginning January 1, 2007, the commissioner may contract with qualified Medicare special needs plans to provide basic health care services under medical assistance to persons who are dually eligible for both Medicare and Medicaid and those Social Security beneficiaries eligible for Medicaid but in the waiting period for Medicare. The commissioner shall consult with the stakeholder group under paragraph (d) in developing program specifications for these services. The commissioner shall report to the chairs of the house of representatives and senate committees with jurisdiction over health and human services policy and finance by February 1, 2007, on implementation of these programs and the need for increased funding for the ombudsman for managed care and other consumer assistance and protections needed due to enrollment in managed care of persons with disabilities. Payment for Medicaid services provided under this subdivision for the months of May and June will be made no earlier than July 1 of the same calendar year.

(c) Notwithstanding subdivision 4, beginning January 1, 2008 2012, the commissioner may expand contracting under this subdivision to all shall enroll persons with disabilities not otherwise required to enroll in managed care under this section, unless the individual chooses to opt out of enrollment. The commissioner shall establish enrollment and opt out procedures consistent with applicable enrollment procedures under this subdivision.

(d) The commissioner shall establish a state-level stakeholder group to provide advice on managed care programs for persons with disabilities, including both MnDHO and contracts with special needs plans that provide basic health care services as described in paragraphs (a) and (b). The stakeholder group shall provide advice on program expansions under this subdivision and subdivision 23, including:

(1) implementation efforts;

(2) consumer protections; and

(3) program specifications such as quality assurance measures, data collection and reporting, and evaluation of costs, quality, and results.

(e) Each plan under contract to provide medical assistance basic health care services shall establish a local or regional stakeholder group, including representatives of the counties covered by the plan, members, consumer advocates, and providers, for advice on issues that arise in the local or regional area.

(f) The commissioner is prohibited from providing the names of potential enrollees to health plans for marketing purposes. The commissioner ~~may~~ shall mail no more than two sets of marketing materials per contract year to potential enrollees on behalf of health plans, in which case at the health plan's request. The marketing materials shall be mailed by the commissioner within 30 days of receipt of these materials from the health plan. The health plans shall cover any costs incurred by the commissioner for mailing marketing materials.

Sec. 50. Minnesota Statutes 2010, section 256B.69, is amended by adding a subdivision to read:

Subd. 30. **Provider payment rates.** (a) Each managed care and county-based plan shall, by October 1, 2011, array all providers within each provider type, employed by or under contract with the plan, by their average total annual cost of care for serving medical assistance and MinnesotaCare enrollees for the most recent reporting year for which data is available, risk-adjusted for enrollee demographics and health status.

(b) Beginning January 1, 2012, and each contract year thereafter, each managed care and county-based purchasing plan shall implement a progressive payment withhold methodology for each provider type, under which the withhold for a provider increases proportionally as the provider's risk-adjusted total annual cost increases, relative to other providers of the same type. For purposes of this paragraph, the risk-adjusted total annual cost of care is the dollar amount calculated under paragraph (a).

(c) At the end of each contract year, each plan shall array all providers within each provider type by their average total annual cost of care for serving medical assistance and MinnesotaCare enrollees for that contract year, risk-adjusted for enrollee demographics and health status. For each provider whose risk-adjusted total annual cost of care is at or below the 70th percentile of providers of the same type or specialty, the plan shall return the full amount of any withhold. For each provider whose risk-adjusted total annual cost of care is above the 70th percentile, the plan shall return only the portion of the withhold sufficient to bring the provider's payment rate to the average for providers within the provider type whose risk-adjusted total annual cost of care is at the 70th percentile. Each plan shall reduce provider payments only as allowed under paragraph (f).

(d) Each managed care and county-based purchasing plan must establish an appeals process to allow providers to appeal determinations of risk-adjusted total annual cost of care. Each plan's appeals process must be approved by the commissioner.

(e) The commissioner shall require each plan to submit to the commissioner, in the form and manner specified by the commissioner, all provider payment data and information on the withhold methodology that the commissioner determines is necessary to verify compliance with this subdivision.

(f) The commissioner, for the contract year beginning January 1, 2012, shall reduce plan capitation rates by ten percent from the rates that would otherwise apply, absent application of this subdivision. The reduced rate shall be the historical base rate for negotiating capitation rates for future contract years. The commissioner may recommend additional reductions in capitation rates for future contract years to the legislature, if the commissioner determines this is necessary to ensure that health care providers under contract with managed care and county-based purchasing plans practice in an efficient manner. Effective for services rendered on or after January 1, 2012, managed care plans and county-based purchasing plans contracted with the state to administer the health care programs provided under sections 256B.69, 256B.692, and 256L.12, may reduce payments made to providers employed or under contract with the plan. However, a managed care or county-based purchasing plan is prohibited from: (1) reducing payments made to providers whose risk-adjusted total annual cost of care is at or below the 70th percentile of providers of the same type or specialty, or at or below the 80th percentile for provider types or specialties currently subject to plan care management requirements that in the aggregate are more extensive than those that apply to other provider types or specialties, or for which a majority of services are currently subject to prior authorization by the plan and (2) reducing payments to hospitals described under the Social Security Act, title 18, section 1886, subsection (d), paragraph (1), and subparagraph (B), clause (iii).

(g) The commissioner of human services, in consultation with the commissioner of health, shall develop and provide to managed care and county-based purchasing plans, by September 1, 2011, standard criteria and definitions necessary for consistent calculation of the total annual risk-adjusted cost of care across plans. The commissioner may use encounter data to implement this subdivision, and may provide encounter data or analyses to plans.

(h) For purposes of this subdivision, "provider" means a vendor of medical care as defined in section 256B.02, subdivision 7, for which sufficient encounter data on utilization and costs is available to implement this subdivision.

(i) A managed care or county-based purchasing plan must use the methodology described in paragraphs (a) to (e), unless the plan develops an alternative model consistent with the purpose of this subdivision.

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

Sec. 51. Minnesota Statutes 2010, section 256B.69, is amended by adding a subdivision to read:

Subd. 32. **Health education.** The commissioner shall require managed care and county-based purchasing plans, as a condition of contract, to provide health education, wellness training, and information about the availability and benefits of preventive services to all medical assistance and MinnesotaCare enrollees, beginning January 1, 2012. Plan initiatives developed or implemented to comply with this requirement must be approved by the commissioner.

Sec. 52. Minnesota Statutes 2010, section 256B.76, subdivision 4, is amended to read:

Subd. 4. **Critical access dental providers.** (a) Effective for dental services rendered on or after January 1, 2002, the commissioner shall increase reimbursements to dentists and dental clinics deemed by the commissioner to be critical access dental providers. For dental services rendered on or after July 1, 2007, the commissioner shall increase reimbursement by 30 percent above the reimbursement rate that would otherwise be paid to the critical access dental provider. The commissioner shall pay the managed care plans and county-based purchasing plans in amounts sufficient to reflect increased reimbursements to critical access dental providers as approved by the commissioner.

(b) The commissioner shall designate the following dentists and dental clinics as critical access dental providers:

(1) nonprofit community clinics that:

(i) have nonprofit status in accordance with chapter 317A;

(ii) have tax exempt status in accordance with the Internal Revenue Code, section 501(c)(3);

(iii) are established to provide oral health services to patients who are low income, uninsured, have special needs, and are underserved;

(iv) have professional staff familiar with the cultural background of the clinic's patients;

(v) charge for services on a sliding fee scale designed to provide assistance to low-income patients based on current poverty income guidelines and family size;

(vi) do not restrict access or services because of a patient's financial limitations or public assistance status; and

(vii) have free care available as needed;

(2) federally qualified health centers, rural health clinics, and public health clinics;

(3) county owned and operated hospital-based dental clinics;

(4) a dental clinic or dental group owned and operated by a nonprofit corporation in accordance with chapter 317A with more than 10,000 patient encounters per year with patients who are uninsured or covered by medical assistance, general assistance medical care, or MinnesotaCare; and

(5) a dental clinic ~~associated with an oral health or dental education program~~ owned and operated by the University of Minnesota or ~~an institution within~~ the Minnesota State Colleges and Universities system.

(c) The commissioner may designate a dentist or dental clinic as a critical access dental provider if the dentist or dental clinic is willing to provide care to patients covered by medical assistance, general assistance medical care, or MinnesotaCare at a level which significantly increases access to dental care in the service area.

(d) Notwithstanding paragraph (a), critical access payments must not be made for dental services provided from April 1, 2010, through June 30, 2010.

(e) Notwithstanding section 256B.04, subdivision 2, the commissioner of human services shall not adopt rules governing this section or section 256L.11, subdivision 7.

**EFFECTIVE DATE.** This section is effective July 1, 2011.

Sec. 53. **[256B.771] COMPLEMENTARY AND ALTERNATIVE MEDICINE DEMONSTRATION PROJECT.**

Subdivision 1. **Establishment and implementation.** The commissioner of human services, in consultation with the commissioner of health, shall contract with a Minnesota-based academic and research institution specializing in providing complementary and alternative medicine education and clinical services to establish and implement a five-year demonstration project in conjunction with federally qualified health centers and federally qualified health center look-alikes as defined in section 145.9269, to improve the quality and cost-effectiveness of care provided under medical assistance to enrollees with neck and back problems. The demonstration project must maximize the use of complementary and alternative medicine-oriented primary care providers, including but not limited to physicians and chiropractors. The demonstration project must be designed to significantly improve physical and mental health for enrollees who present with neck and back problems while decreasing medical treatment costs. The commissioner, in consultation with the commissioner of health, shall deliver services through the demonstration project beginning July 1, 2011, or upon federal approval, whichever is later.

Subd. 2. **RFP and project criteria.** The commissioner, in consultation with the commissioner of health, shall develop and issue a request for proposal (RFP) for the demonstration project. The RFP must require the academic and research institution selected to demonstrate a proven track record over at least five years of conducting high-quality, federally funded clinical research. The RFP shall specify the state costs directly related to the requirements of this section and shall require that the selected institution pay those costs to the state. The institution and the federally qualified health centers and federally qualified health center look-alikes shall also:

(1) provide patient education, provider education, and enrollment training components on health and lifestyle issues in order to promote enrollee responsibility for health care decisions, enhance productivity, prepare enrollees to reenter the workforce, and reduce future health care expenditures;

(2) use high-quality and cost-effective integrated disease management that includes the best practices of traditional and complementary and alternative medicine;

(3) incorporate holistic medical care, appropriate nutrition, exercise, medications, and conflict resolution techniques;

(4) include a provider education component that makes use of professional organizations representing chiropractors, nurses, and other primary care providers and provides appropriate educational materials and activities in order to improve the integration of traditional medical care with licensed chiropractic services and other alternative health care services and achieve program enrollment objectives; and

(5) provide to the commissioner the information and data necessary for the commissioner to prepare the annual reports required under subdivision 6.

Subd. 3. **Enrollment.** Enrollees from the program shall be selected by the commissioner from current enrollees in the prepaid medical assistance program who have, or are determined to be at significant risk of developing, neck and back problems. Participation in the demonstration project shall be voluntary. The commissioner shall seek to enroll, over the term of the demonstration project, ten percent of current and future medical assistance enrollees who have, or are determined to be at significant risk of developing, neck and back problems.

Subd. 4. **Federal approval.** The commissioner shall seek any federal waivers and approvals necessary to implement the demonstration project.

Subd. 5. **Project costs.** The commissioner shall require the academic and research institution selected, federally qualified health centers, and federally qualified health center look-alikes to fund all costs of the demonstration project. Amounts received under subdivision 2 are appropriated to the commissioner for the purposes of this section.

Subd. 6. **Annual reports.** The commissioner, in consultation with the commissioner of health, beginning December 15, 2011, and each December 15 thereafter through December 15, 2015, shall report annually to the legislature on the functional and mental improvements of the populations served by the demonstration project, patient satisfaction, and the cost-effectiveness of the program. The reports must also include data on hospital admissions, days in hospital, rates of outpatient surgery and other services, and drug utilization. The report, due December 15, 2015, must include recommendations on whether the demonstration project should be continued and expanded.

Sec. 54. **[256B.841] MINNESOTA CHOICE WAIVER APPLICATION AND PROCESS.**

Subdivision 1. **Intent.** It is the intent of the legislature that medical assistance be:

(1) a sustainable, cost-effective, person-centered, and opportunity-driven program utilizing competitive and value-based purchasing to maximize available service options; and

(2) a results-oriented system of coordinated care that focuses on independence and choice, promotes accountability and transparency, encourages and rewards healthy outcomes and responsible choices, and promotes efficiency.

Subd. 2. **Waiver application.** (a) By September 1, 2011, the commissioner of human services shall apply for a waiver and any necessary state plan amendments from the secretary of the United States Department of Health and Human Services, including, but not limited to, a waiver of the appropriate sections of title XIX of the federal Social Security Act, United States Code, title 42, section 1396 et seq., or other provisions of federal law that provide program flexibility and under which Minnesota will operate all facets of the state's medical assistance program. For purposes of this section, and 256B.842, and 256B.843, this waiver shall be known as the Minnesota Consumer Health Opportunities and Innovative Care Excellence (CHOICE) waiver.

(b) The commissioner of human services shall provide the legislative committees with jurisdiction over health and human services finance and policy with the CHOICE waiver application and financial and other related materials, at least ten days prior to submitting the application and materials to the federal Centers for Medicare and Medicaid Services.

(c) If the state's CHOICE waiver application is approved, the commissioner of human services shall:

(1) notify the chairs of the legislative committees with jurisdiction over health and human services finance and policy and allow the legislative committees with jurisdiction over health and human services finance and policy to review the terms of the CHOICE waiver; and

(2) not implement the CHOICE waiver until ten legislative days have passed following notification of the chairs.

Subd. 3. **Rulemaking; legislative proposals.** Upon acceptance of the terms of the CHOICE waiver, the commissioner of human services shall:

(1) adopt rules to implement the CHOICE waiver; and

(2) propose any legislative changes necessary to implement the terms of the CHOICE waiver.

Subd. 4. **Joint commission on waiver implementation.** (a) After acceptance of the terms of the CHOICE waiver, the governor shall establish a joint commission on CHOICE waiver implementation. The commission shall consist of eight members; four of whom shall be members of the senate, not more than three from the same political party, to be appointed by the Subcommittee on Committees of the senate Committee on Rules and Administration, and four of whom shall be members of the house of representatives, not more than three from the same political party, to be appointed by the speaker of the house.

(b) The commission shall:

(1) oversee implementation of the CHOICE waiver;

(2) confer as necessary with state agency commissioners;

(3) make recommendations on services covered under the medical assistance program;

(4) monitor and make recommendations on quality and access to care under the CHOICE waiver; and

(5) make recommendations for the efficient and cost-effective administration of the medical assistance program under the terms of the CHOICE waiver.

Sec. 55. **[256B.842] PRINCIPLES AND GOALS FOR MEDICAL ASSISTANCE REFORM.**

Subdivision 1. **Goals for reform.** In developing the CHOICE waiver application and implementing the CHOICE waiver, the commissioner of human services shall ensure that the reformed medical assistance program is a person-centered, financially sustainable, and cost-effective program.

Subd. 2. **Reformed medical assistance criteria.** The reformed medical assistance program established through the CHOICE waiver must:

(1) empower consumers to make informed and cost-effective choices about their health and offer consumers rewards for healthy decisions;

(2) ensure adequate access to needed services;

(3) enable consumers to receive individualized health care that is outcome-oriented and focused on prevention, disease management, recovery, and maintaining independence;

(4) promote competition between health care providers to ensure best value purchasing, leverage resources, and to create opportunities for improving service quality and performance;

(5) redesign purchasing and payment methods and encourage and reward high-quality and cost-effective care by incorporating and expanding upon current payment reform and quality of care initiatives including, but not limited to, those initiatives authorized under chapter 62U; and

(6) continually improve technology to take advantage of recent innovations and advances that help decision makers, consumers, and providers make informed and cost-effective decisions regarding health care.

Subd. 3. **Annual report.** The commissioner of human services shall annually submit a report to the governor and the legislature, beginning December 1, 2012, and each December 1 thereafter, describing the status of the administration and implementation of the CHOICE waiver.

Sec. 56. **[256B.843] CHOICE WAIVER APPLICATION REQUIREMENTS.**

Subdivision 1. **Requirements for CHOICE waiver request.** The commissioner shall seek federal approval to:

(1) enter into a five-year agreement with the United States Department of Health and Human Services and Centers for Medicaid and Medicare Services (CMS) under section 1115a to waive, as part of the CHOICE waiver, provisions of title XIX of the federal Social Security Act, United States Code, title 42, section 1396 et seq., requiring:

(i) statewideness to allow for the provision of different services in different areas or regions of the state;

(ii) comparability of services to allow for the provision of different services to members of the same or different coverage groups;

(iii) no prohibitions restricting the amount, duration, and scope of services included in the medical assistance state plan;

(iv) no prohibitions limiting freedom of choice of providers; and

(v) retroactive payment for medical assistance, at the state's discretion;

(2) waive the applicable provisions of title XIX of the federal Social Security Act, United States Code, title 42, section 1396 et seq., in order to:

(i) expand cost sharing requirements above the five percent of income threshold for beneficiaries in certain populations;

(ii) establish health savings or power accounts that encourage and reward beneficiaries who reach certain prevention and wellness targets; and

(iii) implement a tiered set of parameters to use as the basis for determining long-term service care and setting needs;

(3) modify income and resource rules in a manner consistent with the goals of the reformed program;

(4) provide enrollees with a choice of appropriate private sector health coverage options, with full federal financial participation;

(5) treat payments made toward the cost of care as a monthly premium for beneficiaries receiving home and community-based services when applicable;

(6) provide health coverage and services to individuals over the age of 65 that are limited in scope and are available only in the home and community-based setting;

(7) consolidate all home and community-based services currently provided under title XIX of the federal Social Security Act, United States Code, title 42, section 1915(c), into a single program of home and community-based services that include options for consumer direction and shared living;

(8) expand disease management, care coordination, and wellness programs for all medical assistance recipients; and

(9) empower and encourage able-bodied medical assistance recipients to work, whenever possible.

Subd. 2. **Agency coordination.** The commissioner shall establish an intraagency assessment and coordination unit to ensure that decision making and program planning for recipients who may need long-term care, residential placement, and community support services are coordinated. The assessment and coordination unit shall determine level of care, develop service plans and a service budget, make referrals to appropriate settings, provide education and choice counseling to consumers and providers, track utilization, and monitor outcomes.

Sec. 57. Minnesota Statutes 2010, section 256D.03, subdivision 3, is amended to read:

Subd. 3. **General assistance medical care; eligibility.** (a) Beginning ~~April 1, 2010~~ October 1, 2011, the general assistance medical care program shall be administered according to section 256D.031, unless otherwise stated, except for outpatient prescription drug coverage, which shall continue to be administered under this section and funded under section 256D.031, subdivision 9, ~~beginning June 1, 2010.~~

(b) Outpatient prescription drug coverage under general assistance medical care is limited to prescription drugs that:

(1) are covered under the medical assistance program as described in section 256B.0625, subdivisions 13 and 13d; and

(2) are provided by manufacturers that have fully executed general assistance medical care rebate agreements with the commissioner and comply with the agreements. Outpatient prescription drug coverage under general assistance medical care must conform to coverage under the medical assistance program according to section 256B.0625, subdivisions 13 to 13h.

(c) Outpatient prescription drug coverage does not include drugs administered in a clinic or other outpatient setting.

~~(d) For the period beginning April 1, 2010, to May 31, 2010, general assistance medical care covers the services listed in subdivision 4.~~

**EFFECTIVE DATE.** This section is effective October 1, 2011.

Sec. 58. Minnesota Statutes 2010, section 256D.031, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** (a) Except as provided under subdivision 2, general assistance medical care may be paid for any individual who is not eligible for medical assistance under chapter 256B, including eligibility for medical assistance based on a spenddown of excess income according to section 256B.056, subdivision 5, and who:

(1) is receiving assistance under section 256D.05, except for families with children who are eligible under the Minnesota family investment program (MFIP), or who is having a payment made on the person's behalf under sections 256I.01 to 256I.06; or

~~(2) is a resident of Minnesota and has gross countable income not in excess of 75 percent of federal poverty guidelines for the family size, using a six-month budget period, and whose equity in assets is not in excess of \$1,000 per assistance unit.~~

(2) is a resident of Minnesota and has gross countable income that is equal to or less than 125 percent of the federal poverty guidelines for the family size, using a six-month budget period, and who meets the asset limit specified in section 256L.17, subdivision 2.



Exempt assets, the reduction of excess assets, and the waiver of excess assets must conform to the medical assistance program in section 256B.056, subdivisions 3 and 3d, except that the maximum amount of undistributed funds in a trust that could be distributed to or on behalf of the beneficiary by the trustee, assuming the full exercise of the trustee's discretion under the terms of the trust, must be applied toward the asset maximum.

(b) The commissioner shall adjust the income standards under this section each July 1 by the annual update of the federal poverty guidelines following publication by the United States Department of Health and Human Services.

Sec. 59. Minnesota Statutes 2010, section 256D.031, subdivision 6, is amended to read:

Subd. 6. **Coordinated care delivery systems.** (a) Effective ~~June 1, 2010~~ October 1, 2011, the commissioner shall contract with hospitals or groups of hospitals, or county-based purchasing plans, that qualify under paragraph (b) and agree to deliver services according to this subdivision. Contracting hospitals or plans shall develop and implement a coordinated care delivery system to provide health care services to individuals who are eligible for general assistance medical care under this section and who either choose to receive services through the coordinated care delivery system or who are enrolled by the commissioner under paragraph (c). The health care services provided by the system must include: (1) the services described in subdivision 4 with the exception of outpatient prescription drug coverage but shall include drugs administered in a clinic or other outpatient setting; or (2) a set of comprehensive and medically necessary health services that the recipients might reasonably require to be maintained in good health and that has been approved by the commissioner, including at a minimum, but not limited to, emergency care, medical transportation services, inpatient hospital and physician care, outpatient health services, preventive health services, mental health services, and prescription drugs administered in a clinic or other outpatient setting. Outpatient prescription drug coverage is covered on a fee-for-service basis in accordance with section 256D.03, subdivision 3, and funded under subdivision 9. A hospital or plan establishing a coordinated care delivery system under this subdivision must ensure that the requirements of this subdivision are met.

(b) A hospital or group of hospitals, or a county-based purchasing plan established under section 256B.692, may contract with the commissioner to develop and implement a coordinated care delivery system ~~as follows: if the hospital or group of hospitals or plan agrees to satisfy the requirements of this subdivision.~~

~~(1) effective June 1, 2010, a hospital qualifies under this subdivision if: (i) during calendar year 2008, it received fee for service payments for services to general assistance medical care recipients (A) equal to or greater than \$1,500,000, or (B) equal to or greater than 1.3 percent of net patient revenue; or (ii) a contract with the hospital is necessary to provide geographic access or to ensure that at least 80 percent of enrollees have access to a coordinated care delivery system; and~~

~~(2) effective December 1, 2010, a Minnesota hospital not qualified under clause (1) may contract with the commissioner under this subdivision if it agrees to satisfy the requirements of this subdivision.~~

Participation by hospitals or plans shall become effective quarterly on ~~June 1, September 1, December 1, or March 1~~ October 1, January 1, April 1, or July 1. Hospital or plan participation is effective for a period of 12 months and may be renewed for successive 12-month periods.

(c) Applicants and recipients may enroll in any available coordinated care delivery system statewide. If more than one coordinated care delivery system is available, the applicant or recipient shall be allowed to choose among the systems. The commissioner may assign an applicant or recipient to a coordinated care delivery system if no choice is made by the applicant or recipient. The commissioner shall consider a recipient's zip code, city of residence, county of residence, or distance from a participating coordinated care delivery system when determining default assignment. An applicant or recipient may decline enrollment in a coordinated care delivery system but services excluding outpatient prescription drug coverage are only available through a coordinated care delivery

system. Upon enrollment into a coordinated care delivery system, the recipient must agree to receive all nonemergency services through the coordinated care delivery system. Enrollment in a coordinated care delivery system is for six months and may be renewed for additional six-month periods, except that initial enrollment is for six months or until the end of a recipient's period of general assistance medical care eligibility, whichever occurs first. ~~A recipient who continues to meet the eligibility requirements of this section is not eligible to enroll in MinnesotaCare during a period of enrollment in a coordinated care delivery system. From June 1, 2010, to February 28, 2011, applicants and recipients not enrolled in a coordinated care delivery system may seek services from a hospital eligible for reimbursement under the temporary uncompensated care pool established under subdivision 8. After February 28, 2011, services are available only through a coordinated care delivery system.~~

(d) The hospital or plan may contract and coordinate with providers and clinics for the delivery of services and shall contract with essential community providers as defined under section 62Q.19, subdivision 1, paragraph (a), clauses (1) and (2), to the extent practicable. When contracting with providers and clinics, the hospital or plan shall give preference to providers and clinics certified as health care homes under section 256B.0751. The hospital or plan must contract with federally qualified health centers or federally qualified health center look-alikes, as defined in section 145.9269, subdivision 1, and essential community providers as defined in section 62Q.19, that agree to accept the terms, conditions, and payment rates offered by the hospital or plan to similarly situated providers, except that reimbursement to federally qualified health centers and federally qualified health center look-alikes must comply with federal law. If a provider or clinic or health center contracts with a hospital or plan to provide services through the coordinated care delivery system, the provider may not refuse to provide services to any recipient enrolled in the system, and payment for services shall be negotiated with the hospital or plan and paid by the hospital or plan from the system's allocation under subdivision 7.

(e) A coordinated care delivery system must:

(1) provide the covered services required under paragraph (a) to recipients enrolled in the coordinated care delivery system, and comply with the requirements of subdivision 4, paragraphs (b) to (g);

(2) establish a process to monitor enrollment and ensure the quality of care provided;

(3) in cooperation with counties, coordinate the delivery of health care services with existing homeless prevention, supportive housing, and rent subsidy programs and funding administered by the Minnesota Housing Finance Agency under chapter 462A; and

(4) adopt innovative and cost-effective methods of care delivery and coordination, which may include the use of allied health professionals, telemedicine, patient educators, care coordinators, and community health workers.

(f) The hospital or plan may require a recipient to designate a primary care provider or a primary care clinic. The hospital or plan may limit the delivery of services to a network of providers who have contracted with the hospital or plan to deliver services in accordance with this subdivision, and require a recipient to seek services only within this network. The hospital or plan may also require a referral to a provider before the service is eligible for payment. A coordinated care delivery system is not required to provide payment to a provider who is not employed by or under contract with the system for services provided to a recipient enrolled in the system, except in cases of an emergency. For purposes of this section, emergency services are defined in accordance with Code of Federal Regulations, title 42, section 438.114 (a).

(g) A recipient enrolled in a coordinated care delivery system has the right to appeal to the commissioner according to section 256.045.

(h) The state shall not be liable for the payment of any cost or obligation incurred by the coordinated care delivery system.

(i) The hospital or plan must provide the commissioner with data necessary for assessing enrollment, quality of care, cost, and utilization of services. Each hospital or plan must provide, on a quarterly basis on a form prescribed by the commissioner for each recipient served by the coordinated care delivery system, the services provided, the cost of services provided, and the actual payment amount for the services provided and any other information the commissioner deems necessary to claim federal Medicaid match. The commissioner must provide this data to the legislature on a quarterly basis.

(j) ~~Effective June 1, 2010,~~ The provisions of section 256.9695, subdivision 2, paragraph (b), do not apply to general assistance medical care provided under this section.

(k) Notwithstanding any other provision in this section to the contrary, ~~for participation beginning September 1, 2010,~~ the commissioner ~~shall offer the same contract terms related to~~ shall negotiate an enrollment threshold formula and financial liability protections ~~to~~ with a hospital or group of hospitals or plan qualified under this subdivision to develop and implement a coordinated care delivery system ~~as those contained in the coordinated care delivery system contracts effective June 1, 2010.~~

~~(l) If sections 256B.055, subdivision 15, and 256B.056, subdivisions 3 and 4, are implemented effective July 1, 2010, this subdivision must not be implemented.~~

**EFFECTIVE DATE.** This section is effective October 1, 2011.

Sec. 60. Minnesota Statutes 2010, section 256D.031, subdivision 7, is amended to read:

Subd. 7. **Payments; rate setting for the hospital coordinated care delivery system.** (a) Effective for general assistance medical care services, with the exception of outpatient prescription drug coverage, ~~provided on or after June 1, 2010,~~ through a coordinated care delivery system, the commissioner shall allocate the annual appropriation for the coordinated care delivery system to hospitals or plans participating under subdivision 6 in quarterly payments, beginning on the first scheduled warrant on or after ~~June 1, 2010~~ October 1, 2011. The payment shall be allocated among all hospitals or plans qualified to participate on the allocation date ~~as follows: based upon the enrollment thresholds negotiated with the commissioner.~~

~~(1) each hospital or group of hospitals shall be allocated an initial amount based on the hospital's or group of hospitals' pro rata share of calendar year 2008 payments for general assistance medical care services to all participating hospitals;~~

~~(2) the initial allocations to Hennepin County Medical Center; Regions Hospital; Saint Mary's Medical Center; and the University of Minnesota Medical Center, Fairview, shall be increased to 110 percent of the value determined in clause (1);~~

~~(3) the initial allocation to hospitals not listed in clause (2) shall be reduced a pro rata amount in order to keep the allocations within the limit of available appropriations; and~~

~~(4) the amounts determined under clauses (1) to (3) shall be allocated to participating hospitals.~~

The commissioner may prospectively reallocate payments to participating hospitals or plans on a biannual basis to ensure that final allocations reflect actual coordinated care delivery system enrollment. ~~The 2008 base year shall be updated by one calendar year each June 1, beginning June 1, 2011.~~

~~(b) Beginning June 1, 2010, and every quarter beginning in June thereafter, the commissioner shall make one-third of the quarterly payment in June and the remaining two thirds of the quarterly payment in July to each participating hospital or group of hospitals.~~

(~~e~~) (b) In order to be reimbursed under this section, nonhospital providers of health care services shall contract with one or more hospitals or plans described in paragraph (a) to provide services to general assistance medical care recipients through the coordinated care delivery system established by the hospital or plan. The hospital or plan shall reimburse bills submitted by nonhospital providers participating under this paragraph at a rate negotiated between the hospital or plan and the nonhospital provider.

(~~d~~) (c) The commissioner shall apply for federal matching funds under section 256B.199, paragraphs (a) to (d), for expenditures under this subdivision.

(~~e~~) (d) Outpatient prescription drug coverage is provided in accordance with section 256D.03, subdivision 3, and paid on a fee-for-service basis under subdivision 9.

**EFFECTIVE DATE.** This section is effective October 1, 2011.

Sec. 61. Minnesota Statutes 2010, section 256D.031, subdivision 9, is amended to read:

Subd. 9. **Prescription drug pool.** (a) The commissioner shall establish an outpatient prescription drug pool, effective ~~June 1, 2010~~ October 1, 2011. Money in the pool must be used to reimburse pharmacies and other pharmacy service providers as defined in Minnesota Rules, part 9505.0340, for the covered outpatient prescription drugs dispensed to recipients. Payment for drugs shall be on a fee-for-service basis according to the rates established in section 256B.0625, subdivision 13e. Outpatient prescription drug coverage is subject to the availability of funds in the pool. If the commissioner forecasts that expenditures under this subdivision will exceed the appropriation for this purpose, the commissioner may bring recommendations to the Legislative Advisory Commission on methods to resolve the shortfall.

(b) Effective ~~June 1, 2010~~ January 1, 2012, coordinated care delivery systems established under subdivision 6 shall pay to the commissioner, on a quarterly basis, an assessment equal to 20 percent of payments for the prescribed drugs for recipients of services through that coordinated care delivery system, as calculated by the commissioner based on the most recent available data.

Sec. 62. Minnesota Statutes 2010, section 256D.031, subdivision 10, is amended to read:

Subd. 10. **Assistance for veterans.** Hospitals and plans participating in the coordinated care delivery system under subdivision 6 shall consult with counties, county veterans service officers, and the Veterans Administration to identify other programs for which general assistance medical care recipients enrolled in their system are qualified.

Sec. 63. Minnesota Statutes 2010, section 256L.01, subdivision 4a, is amended to read:

Subd. 4a. **Gross individual or gross family income.** (a) "Gross individual or gross family income" for nonfarm self-employed means income calculated for the ~~12-month~~ six-month period of eligibility using as a baseline the adjusted gross income reported on the applicant's federal income tax form for the previous year and adding back in depreciation, and carryover net operating loss amounts that apply to the business in which the family is currently engaged.

(b) "Gross individual or gross family income" for farm self-employed means income calculated for the ~~12-month~~ six-month period of eligibility using as the baseline the adjusted gross income reported on the applicant's federal income tax form for the previous year.

(c) "Gross individual or gross family income" means the total income for all family members, calculated for the ~~12-month~~ six-month period of eligibility.

Sec. 64. Minnesota Statutes 2010, section 256L.02, subdivision 3, is amended to read:

Subd. 3. **Financial management.** (a) The commissioner shall manage spending for the MinnesotaCare program in a manner that maintains a minimum reserve. As part of each state revenue and expenditure forecast, the commissioner must make an assessment of the expected expenditures for the covered services for the remainder of the current biennium and for the following biennium. The estimated expenditure, including the reserve, shall be compared to an estimate of the revenues that will be available in the health care access fund. Based on this comparison, and after consulting with the chairs of the house of representatives Ways and Means Committee and the senate Finance Committee, ~~and the Legislative Commission on Health Care Access,~~ the commissioner shall, as necessary, make the adjustments specified in paragraph (b) to ensure that expenditures remain within the limits of available revenues for the remainder of the current biennium and for the following biennium. The commissioner shall not hire additional staff using appropriations from the health care access fund until the commissioner of management and budget makes a determination that the adjustments implemented under paragraph (b) are sufficient to allow MinnesotaCare expenditures to remain within the limits of available revenues for the remainder of the current biennium and for the following biennium.

(b) The adjustments the commissioner shall use must be implemented in this order: first, stop enrollment of single adults and households without children; second, upon 45 days' notice, stop coverage of single adults and households without children already enrolled in the MinnesotaCare program; third, upon 90 days' notice, decrease the premium subsidy amounts by ten percent for families with gross annual income above 200 percent of the federal poverty guidelines; fourth, upon 90 days' notice, decrease the premium subsidy amounts by ten percent for families with gross annual income at or below 200 percent; and fifth, require applicants to be uninsured for at least six months prior to eligibility in the MinnesotaCare program. If these measures are insufficient to limit the expenditures to the estimated amount of revenue, the commissioner shall further limit enrollment or decrease premium subsidies.

Sec. 65. Minnesota Statutes 2010, section 256L.03, subdivision 5, is amended to read:

Subd. 5. ~~Co-payments and coinsurance~~ **Cost-sharing.** (a) Except as provided in paragraphs (b) ~~and~~ (c), ~~and~~ (h), the MinnesotaCare benefit plan shall include the following ~~co-payments and coinsurance~~ cost-sharing requirements for all enrollees:

(1) ten percent of the paid charges for inpatient hospital services for adult enrollees, subject to an annual inpatient out-of-pocket maximum of \$1,000 per individual;

(2) \$3 per prescription for adult enrollees;

(3) \$25 for eyeglasses for adult enrollees;

(4) \$3 per nonpreventive visit. For purposes of this subdivision, a "visit" means an episode of service which is required because of a recipient's symptoms, diagnosis, or established illness, and which is delivered in an ambulatory setting by a physician or physician ancillary, chiropractor, podiatrist, nurse midwife, advanced practice nurse, audiologist, optician, or optometrist; ~~and~~

(5) \$6 for nonemergency visits to a hospital-based emergency room for services provided through December 31, 2010, and \$3.50 effective January 1, 2011; and

(6) a family deductible equal to the maximum amount allowed under Code of Federal Regulations, title 42, part 447.54.

(b) Paragraph (a), clause (1), ~~does~~ and paragraph (e) do not apply to parents and relative caretakers of children under the age of 21.

(c) Paragraph (a) does not apply to pregnant women and children under the age of 21.

(d) Paragraph (a), clause (4), does not apply to mental health services.

(e) Adult enrollees with family gross income that exceeds 200 percent of the federal poverty guidelines or 215 percent of the federal poverty guidelines on or after July 1, 2009, and who are not pregnant shall be financially responsible for the coinsurance amount, if applicable, and amounts which exceed the \$10,000 inpatient hospital benefit limit.

(f) When a MinnesotaCare enrollee becomes a member of a prepaid health plan, or changes from one prepaid health plan to another during a calendar year, any charges submitted towards the \$10,000 annual inpatient benefit limit, and any out-of-pocket expenses incurred by the enrollee for inpatient services, that were submitted or incurred prior to enrollment, or prior to the change in health plans, shall be disregarded.

(g) MinnesotaCare reimbursements to fee-for-service providers and payments to managed care plans or county-based purchasing plans shall not be increased as a result of the reduction of the co-payments in paragraph (a), clause (5), effective January 1, 2011.

(h) Effective January 1, 2012, the following co-payments for nonpreventive visits shall apply to enrollees who are adults without children eligible under section 256L.04, subdivision 7:

(1) \$3 for visits to providers whose average, risk-adjusted, total annual cost of care per MinnesotaCare enrollee is at the 60th percentile or lower for providers of the same type;

(2) \$6 for visits to providers whose average, risk-adjusted, total annual cost of care per MinnesotaCare enrollee is greater than the 60th percentile but does not exceed the 80th percentile for providers of the same type; and

(3) \$10 for visits to providers whose average, risk-adjusted, total annual cost of care per MinnesotaCare enrollee is greater than the 80th percentile for providers of the same type.

Each managed care and county-based purchasing plan shall calculate the average, risk-adjusted, total annual cost of care for providers under this paragraph using a methodology that has been approved by the commissioner.

Sec. 66. **[256L.031] HEALTHY MINNESOTA CONTRIBUTION PROGRAM.**

Subdivision 1. **Defined contributions to enrollees.** (a) Beginning January 1, 2012, the commissioner shall provide each MinnesotaCare enrollee eligible under section 256L.04, subdivision 7, with family income greater than 125 percent of the federal poverty guidelines with a monthly defined contribution to purchase health coverage under a health plan as defined in section 62A.011, subdivision 3.

(b) Beginning January 1, 2012, the commissioner shall provide each MinnesotaCare adult enrollee eligible under section 256L.04, subdivision 1, with family income greater than 133 percent of the federal poverty guidelines with a monthly defined contribution to purchase health coverage under a health plan as defined in section 62A.011, subdivision 3, offered by a health plan company as defined in section 62Q.01, subdivision 4.

(c) Enrollees eligible under paragraph (a) or (b) shall not be charged premiums under section 256L.15 and are exempt from the managed care enrollment requirement of section 256L.12.

(d) Sections 256L.03; 256L.05, subdivision 3; and 256L.11 do not apply to enrollees eligible under paragraph (a) or (b) unless otherwise provided in this section. Covered services, cost sharing, disenrollment for nonpayment of premium, enrollee appeal rights and complaint procedures, and the effective date of coverage for enrollees eligible under paragraph (a) shall be as provided under the terms of the health plan purchased by the enrollee.

(e) Unless otherwise provided in this section, all MinnesotaCare requirements related to eligibility, income and asset methodology, income reporting, and program administration, continue to apply to enrollees obtaining coverage under this section.

**Subd. 2. Use of defined contribution; health plan requirements.** (a) An enrollee may use up to the monthly defined contribution to pay premiums for coverage under a health plan as defined in section 62A.011, subdivision 3.

(b) An enrollee must select a health plan within three calendar months of approval of MinnesotaCare eligibility. If a health plan is not selected and purchased within this time period, the enrollee must reapply and must meet all eligibility criteria.

(c) A health plan purchased under this section must:

(1) provide coverage for mental health and chemical dependency treatment services; and

(2) comply with the coverage limitations specified in section 256L.03, subdivision 1, the second paragraph.

**Subd. 3. Determination of defined contribution amount.** (a) The commissioner shall determine the defined contribution sliding scale using the base contribution specified in paragraph (b) for the specified age ranges. The commissioner shall use a sliding scale for defined contributions that provides:

(1) persons with the lowest eligible household income with a defined contribution of 110 percent of the base contribution;

(2) persons with household incomes equal to 175 percent of the federal poverty guidelines with a defined contribution of 100 percent of the base contribution;

(3) persons with household incomes equal to or greater than 250 percent of the federal poverty guidelines with a defined contribution of 80 percent of the base contribution; and

(4) persons with household incomes in evenly spaced increments between the percentages of the federal poverty guideline or income level specified in clauses (1) to (3) with a base contribution that is a percentage interpolated from the defined contribution percentages specified in clauses (1) to (3).

<u>Under 19</u>	<u>\$105</u>
<u>19-29</u>	<u>\$125</u>
<u>30-34</u>	<u>\$135</u>
<u>35-39</u>	<u>\$140</u>
<u>40-44</u>	<u>\$175</u>
<u>45-49</u>	<u>\$215</u>
<u>50-54</u>	<u>\$295</u>
<u>55-59</u>	<u>\$345</u>
<u>60+</u>	<u>\$360</u>

(b) The commissioner shall multiply the defined contribution amounts developed under paragraph (a) by 1.20 for enrollees who are denied coverage under an individual health plan by a health plan company and who purchase coverage through the Minnesota Comprehensive Health Association.

**Subd. 4. Administration by commissioner.** (a) The commissioner shall administer the defined contributions. The commissioner shall:

(1) calculate and process defined contributions for enrollees; and

(2) pay the defined contribution amount to health plan companies or the Minnesota Comprehensive Health Association, as applicable, for enrollee health plan coverage.

(b) Nonpayment of a health plan premium shall result in disenrollment from MinnesotaCare effective the first day of the calendar month following the calendar month for which the premium was due. Persons disenrolled for nonpayment or who voluntarily terminate coverage may not reenroll until four calendar months have elapsed.

Subd. 5. **Assistance to enrollees.** The commissioner of human services, in consultation with the commissioner of commerce, shall develop an efficient and cost-effective method of referring eligible applicants to professional insurance agent associations.

Subd. 6. **Minnesota Comprehensive Health Association (MCHA).** Beginning January 1, 2012, MinnesotaCare enrollees who are denied coverage in the individual health market by a health plan company in accordance with section 62A.65 are eligible for coverage through a health plan offered by the Minnesota Comprehensive Health Association and may enroll in MCHA in accordance with section 62E.14. Any difference between the revenue and covered losses to the MCHA related to implementation of this section shall be paid to the MCHA from the health care access fund.

Subd. 7. **Federal approval.** The commissioner shall seek all federal waivers and approvals necessary to implement coverage under this section for MinnesotaCare enrollees eligible under subdivision 1. The commissioner shall seek the continuation of federal financial participation for the adult enrollees eligible under section 256L.04, subdivision 1.

Sec. 67. Minnesota Statutes 2010, section 256L.04, subdivision 1, is amended to read:

Subdivision 1. **Families with children.** (a) Families with children with family income equal to or less than 275 percent of the federal poverty guidelines for the applicable family size shall be eligible for MinnesotaCare according to this section. All other provisions of sections 256L.01 to 256L.18, including the insurance-related barriers to enrollment under section 256L.07, shall apply unless otherwise specified.

(b) Parents who enroll in the MinnesotaCare program must also enroll their children, if the children are eligible. Children may be enrolled separately without enrollment by parents. However, if one parent in the household enrolls, both parents must enroll, unless other insurance is available. If one child from a family is enrolled, all children must be enrolled, unless other insurance is available. If one spouse in a household enrolls, the other spouse in the household must also enroll, unless other insurance is available. Families cannot choose to enroll only certain uninsured members.

(c) Beginning October 1, 2003, the dependent sibling definition no longer applies to the MinnesotaCare program. These persons are no longer counted in the parental household and may apply as a separate household.

(d) ~~Beginning July 1, 2010, or upon federal approval, whichever is later,~~ Parents are not eligible for MinnesotaCare if their gross income exceeds ~~\$57,500~~ \$50,000.

~~(e) Children formerly enrolled in medical assistance and automatically deemed eligible for MinnesotaCare according to section 256B.057, subdivision 2c, are exempt from the requirements of this section until renewal.~~

(f) [Reserved.]



Sec. 68. Minnesota Statutes 2010, section 256L.04, subdivision 7, is amended to read:

Subd. 7. **Single adults and households with no children.** (a) The definition of eligible persons, through September 30, 2011, includes all individuals and households with no children who have gross family incomes that are equal to or less than ~~200~~ 250 percent of the federal poverty guidelines.

(b) Effective ~~July 1, 2009~~ October 1, 2011, the definition of eligible persons includes all individuals and households with no children who have gross family incomes that are greater than 125 percent of the federal poverty guidelines and equal to or less than 250 percent of the federal poverty guidelines.

**EFFECTIVE DATE.** This section is effective October 1, 2011.

Sec. 69. Minnesota Statutes 2010, section 256L.04, subdivision 10, is amended to read:

Subd. 10. **Citizenship requirements.** Eligibility for MinnesotaCare is limited to citizens or nationals of the United States, qualified noncitizens, ~~and other persons residing lawfully in the United States as described in section 256B.06, subdivision 4, paragraphs (a) to (e) and (j) who are eligible for medical assistance with federal participation according to United States Code, title 8, section 1612.~~ Undocumented noncitizens and nonimmigrants are ineligible for MinnesotaCare. For purposes of this subdivision, a nonimmigrant is an individual in one or more of the classes listed in United States Code, title 8, section 1101(a)(15), and an undocumented noncitizen is an individual who resides in the United States without the approval or acquiescence of the United States Citizenship and Immigration Services. Families with children who are citizens or nationals of the United States must cooperate in obtaining satisfactory documentary evidence of citizenship or nationality according to the requirements of the federal Deficit Reduction Act of 2005, Public Law 109-171.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 70. Minnesota Statutes 2010, section 256L.05, subdivision 2, is amended to read:

Subd. 2. **Commissioner's duties.** (a) The commissioner or county agency shall use electronic verification as the primary method of income verification. If there is a discrepancy between reported income and electronically verified income, an individual may be required to submit additional verification. In addition, the commissioner shall perform random audits to verify reported income and eligibility. The commissioner may execute data sharing arrangements with the Department of Revenue and any other governmental agency in order to perform income verification related to eligibility and premium payment under the MinnesotaCare program.

(b) In determining eligibility for MinnesotaCare, the commissioner shall require applicants and enrollees seeking renewal of eligibility to verify both earned and unearned income. The commissioner shall also require applicants and enrollees, and their spouses or parents, who are age 21 and over and employed 20 or more hours per week by any one employer, to verify that they do not have access to employer-subsidized coverage as described in section 256L.07, subdivision 2. Data collected is nonpublic data as defined in section 13.02, subdivision 9.

Sec. 71. Minnesota Statutes 2010, section 256L.05, subdivision 3a, is amended to read:

Subd. 3a. **Renewal of eligibility.** (a) Beginning July 1, ~~2007~~ 2011, an enrollee's eligibility must be renewed every ~~12~~ six months. ~~The 12-month period begins in the month after the month the application is approved.~~

(b) Each new period of eligibility must take into account any changes in circumstances that impact eligibility and premium amount. An enrollee must provide all the information needed to redetermine eligibility by the first day of the month that ends the eligibility period. If there is no change in circumstances, the enrollee may renew eligibility at designated locations that include community clinics and health care providers' offices. The designated sites shall

forward the renewal forms to the commissioner. The commissioner may establish criteria and timelines for sites to forward applications to the commissioner or county agencies. The premium for the new period of eligibility must be received as provided in section 256L.06 in order for eligibility to continue.

(c) An enrollee who fails to submit renewal forms and related documentation necessary for verification of continued eligibility in a timely manner shall remain eligible for one additional month beyond the end of the current eligibility period before being disenrolled. The enrollee remains responsible for MinnesotaCare premiums for the additional month.

Sec. 72. Minnesota Statutes 2010, section 256L.05, is amended by adding a subdivision to read:

Subd. 6. **Referral of veterans.** The commissioner shall ensure that all applicants for MinnesotaCare who identify themselves as veterans are referred to a county veterans service officer for assistance in applying to the United States Department of Veterans Affairs for any veterans benefits for which they may be eligible.

Sec. 73. Minnesota Statutes 2010, section 256L.07, subdivision 1, is amended to read:

Subdivision 1. **General requirements.** (a) Children enrolled in the original children's health plan as of September 30, 1992, children who enrolled in the MinnesotaCare program after September 30, 1992, pursuant to Laws 1992, chapter 549, article 4, section 17, and children who have family gross incomes that are equal to or less than 150 percent of the federal poverty guidelines are eligible without meeting the requirements of subdivision 2 and the four-month requirement in subdivision 3, as long as they maintain continuous coverage in the MinnesotaCare program or medical assistance. Children who apply for MinnesotaCare on or after the implementation date of the employer-subsidized health coverage program as described in Laws 1998, chapter 407, article 5, section 45, who have family gross incomes that are equal to or less than 150 percent of the federal poverty guidelines, must meet the requirements of subdivision 2 to be eligible for MinnesotaCare.

(b) Families enrolled in MinnesotaCare under section 256L.04, subdivision 1, whose income increases above ~~275 percent of the federal poverty guidelines~~ the limits described in section 256L.04, subdivision 1, are no longer eligible for the program and shall be disenrolled by the commissioner. ~~Beginning January 1, 2008,~~

(c) Individuals enrolled in MinnesotaCare under section 256L.04, subdivision 7, whose income increases above 200 percent of the federal poverty guidelines or 250 percent of the federal poverty guidelines on or after July 1, 2009, are no longer eligible for the program and shall be disenrolled by the commissioner.

(d) For persons disenrolled under this subdivision, MinnesotaCare coverage terminates the last day of the calendar month following the month in which the commissioner determines that the income of a family or individual exceeds program income limits.

(~~b~~) (e) Notwithstanding paragraph (~~a~~) (b), children may remain enrolled in MinnesotaCare if ten percent of their gross individual or gross family income as defined in section 256L.01, subdivision 4, is less than the ~~annual~~ premium for a six-month policy with a \$500 deductible available through the Minnesota Comprehensive Health Association. Children who are no longer eligible for MinnesotaCare under this clause shall be given a 12-month notice period from the date that ineligibility is determined before disenrollment. The premium for children remaining eligible under this clause shall be the maximum premium determined under section 256L.15, subdivision 2, paragraph (b).

(~~e~~) (f) Notwithstanding paragraphs (a) and (~~b~~) (e), parents are not eligible for MinnesotaCare if gross household income exceeds ~~\$57,500 for the 12-month~~ \$25,000 for the six-month period of eligibility.

Sec. 74. Minnesota Statutes 2010, section 256L.11, subdivision 7, is amended to read:

Subd. 7. **Critical access dental providers.** Effective for dental services provided to MinnesotaCare enrollees on or after ~~January 1, 2007~~, July 1, 2011, the commissioner shall increase payment rates to dentists and dental clinics deemed by the commissioner to be critical access providers under section 256B.76, subdivision 4, by ~~50~~ 30 percent above the payment rate that would otherwise be paid to the provider. The commissioner shall pay the prepaid health plans under contract with the commissioner amounts sufficient to reflect this rate increase. The prepaid health plan must pass this rate increase to providers who have been identified by the commissioner as critical access dental providers under section 256B.76, subdivision 4.

Sec. 75. Minnesota Statutes 2010, section 256L.12, subdivision 9, is amended to read:

Subd. 9. **Rate setting; performance withholds.** (a) Rates will be prospective, per capita, where possible. The commissioner may allow health plans to arrange for inpatient hospital services on a risk or nonrisk basis. The commissioner shall consult with an independent actuary to determine appropriate rates.

(b) For services rendered on or after January 1, 2004, the commissioner shall withhold five percent of managed care plan payments and county-based purchasing plan payments under this section pending completion of performance targets. Each performance target must be quantifiable, objective, measurable, and reasonably attainable, except in the case of a performance target based on a federal or state law or rule. Criteria for assessment of each performance target must be outlined in writing prior to the contract effective date. The managed care plan must demonstrate, to the commissioner's satisfaction, that the data submitted regarding attainment of the performance target is accurate. The commissioner shall periodically change the administrative measures used as performance targets in order to improve plan performance across a broader range of administrative services. The performance targets must include measurement of plan efforts to contain spending on health care services and administrative activities. The commissioner may adopt plan-specific performance targets that take into account factors affecting only one plan, such as characteristics of the plan's enrollee population. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following calendar year if performance targets in the contract are achieved.

(c) For services rendered on or after January 1, 2011, the commissioner shall withhold an additional three percent of managed care plan or county-based purchasing plan payments under this section. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following calendar year. The return of the withhold under this paragraph is not subject to the requirements of paragraph (b).

(d) Effective for services rendered on or after January 1, 2011, the commissioner shall include as part of the performance targets described in paragraph (b) a reduction in the plan's emergency room utilization rate for state health care program enrollees by a measurable rate of five percent from the plan's utilization rate for the previous calendar year.

The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following calendar year if the managed care plan demonstrates to the satisfaction of the commissioner that a reduction in the utilization rate was achieved.

The withhold described in this paragraph shall continue for each consecutive contract period until the plan's emergency room utilization rate for state health care program enrollees is reduced by 25 percent of the plan's emergency room utilization rate for state health care program enrollees for calendar year 2009. Hospitals shall cooperate with the health plans in meeting this performance target and shall accept payment withholds that may be returned to the hospitals if the performance target is achieved. The commissioner shall structure the withhold so that the commissioner returns a portion of the withheld funds in amounts commensurate with achieved reductions in utilization less than the targeted amount. The withhold described in this paragraph does not apply to county-based purchasing plans.

(e) Effective for services provided on or after January 1, 2012, the commissioner shall include as part of the performance targets described in paragraph (b) a reduction in the plan's hospitalization rate for a subsequent hospitalization within 30 days of a previous hospitalization of a patient regardless of the reason for the hospitalization for state health care program enrollees by a measurable rate of five percent from the plan's hospitalization rate for the previous calendar year.

The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following calendar year if the managed care plan or county-based purchasing plan demonstrates to the satisfaction of the commissioner that a reduction in the hospitalization rate was achieved.

The withhold described in this paragraph must continue for each consecutive contract period until the plan's subsequent hospitalization rate for state health care program enrollees is reduced by 25 percent of the plan's subsequent hospitalization rate for state health care program enrollees for calendar year 2010. Hospitals shall cooperate with the plans in meeting this performance target and shall accept payment withholds that must be returned to the hospitals if the performance target is achieved. The commissioner shall structure the withhold so that the commissioner returns a portion of the withheld funds in amounts commensurate with achieved reductions in utilizations less than the targeted amount. The withhold described in this paragraph does not apply to county-based purchasing plans.

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

Sec. 76. Minnesota Statutes 2010, section 256L.15, subdivision 1a, is amended to read:

Subd. 1a. **Payment options.** The commissioner may offer the following payment options to an enrollee:

- (1) payment by check;
- (2) payment by credit card;
- (3) payment by recurring automatic checking withdrawal;
- (4) payment by onetime electronic transfer of funds;
- (5) payment by wage withholding with the consent of the employer and the employee; or
- (6) payment by using state tax refund payments.

The commissioner shall include information about the payment options on each premium notice. At application or reapplication, a MinnesotaCare applicant or enrollee may authorize the commissioner to use the Revenue Recapture Act in chapter 270A to collect funds from the applicant's or enrollee's refund for the purposes of meeting all or part of the applicant's or enrollee's MinnesotaCare premium obligation. The applicant or enrollee may authorize the commissioner to apply for the state working family tax credit on behalf of the applicant or enrollee. The setoff due under this subdivision shall not be subject to the \$10 fee under section 270A.07, subdivision 1.

Sec. 77. **PLAN TO COORDINATE CARE FOR CHILDREN WITH HIGH-COST MENTAL HEALTH CONDITIONS.**

The commissioner of human services shall develop and submit to the legislature by December 15, 2011, a plan to provide care coordination to medical assistance and MinnesotaCare enrollees who are children with high-cost mental health conditions. For purposes of this section, a child has a "high-cost mental health condition" if mental

health and medical expenses over the past year totalled \$100,000 or more. For purposes of this section, "care coordination" means collaboration between an advanced practice nurse and primary care physicians and specialists to manage care; development of mental health management plans for recurrent mental health issues; oversight and coordination of all aspects of care in partnership with families; organization of medical, treatment, and therapy information into a summary of critical information; coordination and appropriate sequencing of evaluations and multiple appointments; information and assistance with accessing resources; and telephone triage for behavior or other problems.

Sec. 78. **REGULATORY SIMPLIFICATION AND REDUCTION OF PROVIDER REPORTING AND DATA SUBMITTAL REQUIREMENTS.**

Subdivision 1. **Regulatory simplification and report reduction work group.** The commissioner of management and budget shall convene a regulatory simplification and report reduction work group of persons designated by the commissioners of health, human services, and commerce to eliminate redundant, unnecessary, and obsolete state mandated reporting or data submittal requirements for health care providers or group purchasers related to health care costs, quality, utilization, access, or patient encounters or related to provider or group purchaser, monitoring, finances, and regulation. For purposes of this section, the term "health care providers or group purchasers" has the meaning provided in Minnesota Statutes, section 62J.03, subdivisions 6 and 8, except that it also includes nursing homes.

Subd. 2. **Plan development and other duties.** (a) The commissioner of management and budget, in consultation with the work group, shall develop a plan for regulatory simplification and report reduction activities of the commissioners of health, human services, and commerce that considers collection and regulation of the following in a coordinated manner:

(1) encounter data;

(2) group purchaser provider network data;

(3) financial reporting;

(4) reporting and documentation requirements relating to member communications and marketing materials;

(5) state regulation and oversight of group purchasers;

(6) requirements and procedures for denial, termination, or reduction of services and member appeals and grievances; and

(7) state performance improvement projects, requirements, and procedures.

(b) The commissioners of health, human services, and commerce, following consultation with the work group, shall present to the legislature by January 1, 2012, proposals to implement their recommendations.

Subd. 3. **New reporting and other duties.** (a) The commissioner of management and budget, in consultation with the work group and the commissioners of health, human services, and commerce, shall develop criteria to be used by the commissioners in determining whether to establish new reporting and data submittal requirements. These criteria must support the establishment of new reporting and data submittal requirements only:

(1) if required by a federal agency or state statute;

(2) if needed for a state regulatory audit or corrective action plan;

(3) if needed to monitor or protect public health;

(4) if needed to manage the cost and quality of Minnesota's public health insurance programs; or

(5) if a review and analysis by the commissioner of the relevant agency has documented the necessity, importance, and administrative cost of the requirement, and has determined that the information sought cannot be efficiently obtained through another state or federal report.

(b) The commissioners of health, human services, and commerce, following consultation with the work group, may propose to the legislature new provider and group purchaser reporting and data submittal requirements to take effect on or after July 1, 2012. These proposals shall include an analysis of the extent to which the requirements meet the criteria developed under paragraph (a).

Sec. 79. **SPECIALIZED MAINTENANCE THERAPY.**

The commissioner of human services shall evaluate whether providing medical assistance coverage for specialized maintenance therapy for enrollees with serious and persistent mental illness who are at risk of hospitalization will improve the quality of care and lower medical assistance spending by reducing rates of hospitalization. The commissioner shall present findings and recommendations to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services finance and policy by December 15, 2011.

Sec. 80. **BENEFIT SET OPTIONS.**

The commissioner of human services shall analyze and provide recommendations for state plan amendments that would provide different benefits for different demographic populations under the medical assistance program as permitted under federal law, with the goal of tailoring more cost-effective coverage based on unique needs of the demographic population. The commissioner shall report these recommendations to the chairs and ranking minority members of the senate and house health and human services committees by January 15, 2012.

Sec. 81. **REDUCING HOSPITALIZATION RATES.**

The commissioner of human services, by January 15, 2012, shall present recommendations to the legislature to reduce hospitalization rates for state health care program enrollees who are children with high-cost medical conditions.

Sec. 82. **MEDICAID FRAUD PREVENTION AND DETECTION.**

Subdivision 1. **Request for proposals.** By October 31, 2011, the commissioner of human services shall issue a request for proposals to prevent and detect Medicaid fraud and mispayment. The request for proposals shall require the vendor to provide data analytics capabilities, including, but not limited to, predictive modeling techniques and other forms of advanced analytics, technical assistance, claims review, and medical record and documentation investigations, to detect and investigate improper payments both before and after payments are made.

Subd. 2. **Proof of concept phase.** The selected vendor, at no cost to the state, shall be required to apply its analytics and investigations on a subset of data provided by the commissioner to demonstrate the direct recoveries of the solution.

Subd. 3. **Data confidentiality.** Data provided by the commissioner to the vendor under this section must maintain the confidentiality of the information.

Subd. 4. **Full implementation phase.** The request for proposal must require the commissioner to implement the recommendations provided by the vendor if the work done under the requirements of subdivision 2 provides recoveries directly related to the investigations to the state. After full implementation, the vendor shall be paid from recoveries directly attributable to the work done by the vendor, according to the terms and performance measures negotiated in the contract.

Subd. 5. **Selection of vendor.** The commissioner of human services shall select a vendor from the responses to the request for proposal by January 31, 2012.

Subd. 6. **Progress report.** The commissioner shall provide a report describing the progress made under this section to the governor and the chairs and ranking minority members of the legislative committees with jurisdiction over the Department of Human Services by June 15, 2012. The report shall provide a dynamic scoring analysis of the work described in the report.

**Sec. 83. WOUND CARE TREATMENT.**

The commissioner of human services, through the health services policy committee established under Minnesota Statutes, section 256B.0625, subdivision 3c, shall study the effectiveness of new strategies for wound care treatment for medical assistance and MinnesotaCare enrollees with diabetes, including but not limited to the use of new wound care technologies, assessment tools, and reporting programs. The commissioner shall present recommendations by December 15, 2011, to the legislature on whether these new strategies for wound care treatment should be covered under medical assistance and MinnesotaCare.

**Sec. 84. PROHIBITION OF STATE FUNDS TO IMPLEMENT CERTAIN FEDERAL HEALTH CARE REFORMS.**

State funds must not be expended in the planning or implementation of the Patient Protection and Affordable Care Act, Public Law 111-148, as amended by the Health Care and Education Affordability and Reconciliation Act of 2010, Public Law 111-152, and no provisions of the act may be implemented, until the constitutionality of the act has been affirmed by the United States Supreme Court.

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

**Sec. 85. COMMISSIONER'S ACTIONS; REPEAL OF EARLY MEDICAL ASSISTANCE EXPANSION.**

(a) Effective October 1, 2011, the commissioner of human services shall suspend implementation and administration of Minnesota Statutes 2010, sections 256B.055, subdivision 15; 256B.056, subdivision 3, paragraph (b); and 256B.056, subdivision 4, paragraph (d). The commissioner shall refer persons enrolled under these provisions, and applicants for coverage under these provisions, to the general assistance medical care program established under Minnesota Statutes, section 256D.031.

(b) The commissioner shall seek all federal approvals and waivers necessary to implement Minnesota Statutes, section 256D.031, and to ensure federal financial participation for the population covered under Minnesota Statutes, section 256D.031.

**Sec. 86. GENERAL ASSISTANCE MEDICAL CARE PROGRAM; PROVISIONS REVIVED.**

Notwithstanding their contingent repeal in Laws 2010, First Special Session chapter 1, article 16, section 47, the following statutes are revived and have the force of law effective October 1, 2011:

(1) Minnesota Statutes 2010, section 256D.03, subdivisions 3, 3a, 6, 7, and 8;

(2) Minnesota Statutes 2010, section 256D.031, subdivisions 1, 2, 3, 4, 6, 7, 9, and 10; and

(3) Laws 2010, chapter 200, article 1, section 18.

Sec. 87. **REPEALER.**

(a) Minnesota Statutes 2010, section 62J.07, subdivisions 1, 2, and 3, are repealed.

(b) Minnesota Statutes 2010, section 256L.07, subdivision 7, **exempting eligibility for children formally under medical assistance**, is repealed retroactively from October 1, 2008, and federal approval is no longer necessary.

(c) The amendment in Laws 2009, chapter 79, article 5, section 55, as amended by Laws 2009, chapter 173, article 1, section 36, **(256L.04, subdivision 1, children deemed eligible are exempt from eligibility requirements)** is repealed retroactively from January 1, 2009, and federal approval is no longer necessary.

(d) Laws 2009, chapter 79, article 5, section 56, **(256L.04, subdivision 1b, exemption from income limit for children)** is repealed retroactively from July 1, 2009, and federal approval is no longer necessary.

(e) Laws 2009, chapter 79, article 5, section 60, **(256L.05, subdivision 1c, open enrollment and streamlined application)** is repealed retroactively from July 1, 2009, and federal approval is no longer necessary.

(f) Laws 2009, chapter 79, article 5, section 66, **(256L.07, subdivision 8, automatic eligibility certain children)** is repealed retroactively from July 1, 2009, and federal approval is no longer necessary.

(g) The amendment in Laws 2009, chapter 79, article 5, section 57, **(256L.04, subdivision 7a, ineligibility for adults with certain income)** is repealed retroactively from July 1, 2009, and federal approval is no longer necessary.

(h) The amendment in Laws 2009, chapter 79, article 5, section 61, **(256L.05, subdivision 3, children eligibility following termination from foster care)** is repealed retroactively from July 1, 2009, and federal approval is no longer necessary.

(i) The amendment in Laws 2009, chapter 79, article 5, section 62, **(256L.05, subdivision 3a, exemption from cancellation for nonrenewal for children)** is repealed retroactively from July 1, 2009, and federal approval is no longer necessary.

(j) The amendment in Laws 2009, chapter 79, article 5, section 63, **(256L.07, subdivision 1, children whose gross family income is greater than 275 percent FPG may remain enrolled)** is repealed retroactively from July 1, 2009, and federal approval is no longer necessary.

(k) The amendment in Laws 2009, chapter 79, article 5, section 64, **(256L.07, subdivision 2, exempts children from requirement not to have employer-subsidized coverage)** is repealed retroactively from July 1, 2009, and federal approval is no longer necessary.

(l) The amendment in Laws 2009, chapter 79, article 5, section 65, **(256L.07, subdivision 3, requires children with family gross income over 200 percent of FPG to have had no health coverage for four months prior to application)** is repealed retroactively from July 1, 2009, and federal approval is no longer necessary.



(m) The amendment in Laws 2009, chapter 79, article 5, section 68, (256L.15, subdivision 2, children in families with income less than 200 percent FPG pay no premium) is repealed retroactively from July 1, 2009, and federal approval is no longer necessary.

(n) The amendment in Laws 2009, chapter 79, article 5, section 69, (256L.15, subdivision 3, exempts children with family income below 200 percent FPG from sliding fee scale) is repealed retroactively from July 1, 2009, and federal approval is no longer necessary.

(o) Laws 2009, chapter 79, article 5, section 79, (uncoded federal approval) is repealed the day following final enactment.

(p) Minnesota Statutes 2010, section 256B.057, subdivision 2c, (extended medical assistance for certain children) is repealed.

(q) The amendments in Laws 2008, chapter 358, article 3, sections 8; and 9, (renewal rolling month and premium grace month) are repealed.

Sec. 88. **REPEALER.**

Minnesota Statutes 2010, sections 256B.055, subdivision 15; and 256B.0756, are repealed effective October 1, 2011.

ARTICLE 6  
CONTINUING CARE

Section 1. **[15.996] PERFORMANCE-BASED ORGANIZATIONS.**

Subdivision 1. **Designation.** The governor may designate one or more programs within the Department of Human Services and within up to two other executive branch state agencies whose missions involve people with disabilities as performance-based organizations. The goal of the performance-based organization designation is to provide the best services in the most cost-effective manner to people with disabilities. For a program that is designated as a performance-based organization, the agency providing services or another governmental or private organization under contract with the agency may enter into a performance-based agreement that allows the agency or the entity under contract with the agency more flexibility in its operations in exchange for a greater level of accountability. With any required legislative approval, a performance-based organization agreement may exempt an agency or an outside entity providing services from one or more procedural laws, rules, or policies that otherwise would govern the program.

Subd. 2. **Performance-based organization agreement.** Designation of a performance-based organization must be implemented through a performance-based organization agreement. A performance-based organization agreement may be between the governor and an agency, if an agency is to provide services under the agreement, or between an agency and an outside entity, if the outside entity is to provide the services. A performance-based organization agreement must:

(1) describe the programs subject to the agreement;

(2) specify the procedural laws, rules, or policies that will not apply to the performance-based organization, why waiver or variance from these laws, rules, or policies is necessary to achieve desired outcomes, and a description of alternative means of accomplishing the purposes of those laws, rules, or policies;

(3) contain procedures for oversight of the performance-based organization, including requirements and procedures for program and financial audits;

(4) if the performance-based organization involves a nonstate entity, contain provisions governing assumption of liability, and types and amounts of insurance coverage to be obtained;

(5) specify the duration of the agreement; and

(6) specify measurable performance-based outcomes for achieving program goals, time periods during which these outcomes will be measured and reported, and consequences for not meeting the performance-based outcomes.

Subd. 3. **Duration; legislative approval; reporting.** (a) A performance-based organization agreement may be up to three years and may be renewed.

(b) The chief executive of the state agency whose program is subject to a performance-based organization must report to the chairs and ranking minority members of legislative policy and finance committees with jurisdiction over the program on the proposed content of the performance-based organization, and specifically describing any procedural laws, rules, and policies that will not apply. The legislature must approve a performance-based organization before the state agency may enter into a performance-based agreement.

Sec. 2. Minnesota Statutes 2010, section 252.27, subdivision 2a, is amended to read:

Subd. 2a. **Contribution amount.** (a) The natural or adoptive parents of a minor child, including a child determined eligible for medical assistance without consideration of parental income, must contribute to the cost of services used by making monthly payments on a sliding scale based on income, unless the child is married or has been married, parental rights have been terminated, or the child's adoption is subsidized according to section 259.67 or through title IV-E of the Social Security Act. The parental contribution is a partial or full payment for medical services provided for diagnostic, therapeutic, curing, treating, mitigating, rehabilitation, maintenance, and personal care services as defined in United States Code, title 26, section 213, needed by the child with a chronic illness or disability.

(b) For households with adjusted gross income equal to or greater than 100 percent of federal poverty guidelines, the parental contribution shall be computed by applying the following schedule of rates to the adjusted gross income of the natural or adoptive parents:

(1) if the adjusted gross income is equal to or greater than 100 percent of federal poverty guidelines and less than 175 percent of federal poverty guidelines, the parental contribution is \$4 per month;

(2) if the adjusted gross income is equal to or greater than 175 percent of federal poverty guidelines and less than or equal to ~~545~~ 525 percent of federal poverty guidelines, the parental contribution shall be determined using a sliding fee scale established by the commissioner of human services which begins at one percent of adjusted gross income at 175 percent of federal poverty guidelines and increases to ~~7.5~~ eight percent of adjusted gross income for those with adjusted gross income up to ~~545~~ 525 percent of federal poverty guidelines;

(3) if the adjusted gross income is greater than ~~545~~ 525 percent of federal poverty guidelines and less than 675 percent of federal poverty guidelines, the parental contribution shall be ~~7.5~~ 9.5 percent of adjusted gross income;

(4) if the adjusted gross income is equal to or greater than 675 percent of federal poverty guidelines and less than ~~975~~ 900 percent of federal poverty guidelines, the parental contribution shall be determined using a sliding fee scale established by the commissioner of human services which begins at ~~7.5~~ 9.5 percent of adjusted gross income at 675 percent of federal poverty guidelines and increases to ~~ten~~ 12 percent of adjusted gross income for those with adjusted gross income up to ~~975~~ 900 percent of federal poverty guidelines; and

(5) if the adjusted gross income is equal to or greater than ~~975~~ 900 percent of federal poverty guidelines, the parental contribution shall be ~~42.5~~ 13.5 percent of adjusted gross income.

If the child lives with the parent, the annual adjusted gross income is reduced by \$2,400 prior to calculating the parental contribution. If the child resides in an institution specified in section 256B.35, the parent is responsible for the personal needs allowance specified under that section in addition to the parental contribution determined under this section. The parental contribution is reduced by any amount required to be paid directly to the child pursuant to a court order, but only if actually paid.

(c) The household size to be used in determining the amount of contribution under paragraph (b) includes natural and adoptive parents and their dependents, including the child receiving services. Adjustments in the contribution amount due to annual changes in the federal poverty guidelines shall be implemented on the first day of July following publication of the changes.

(d) For purposes of paragraph (b), "income" means the adjusted gross income of the natural or adoptive parents determined according to the previous year's federal tax form, except, effective retroactive to July 1, 2003, taxable capital gains to the extent the funds have been used to purchase a home shall not be counted as income.

(e) The contribution shall be explained in writing to the parents at the time eligibility for services is being determined. The contribution shall be made on a monthly basis effective with the first month in which the child receives services. Annually upon redetermination or at termination of eligibility, if the contribution exceeded the cost of services provided, the local agency or the state shall reimburse that excess amount to the parents, either by direct reimbursement if the parent is no longer required to pay a contribution, or by a reduction in or waiver of parental fees until the excess amount is exhausted. All reimbursements must include a notice that the amount reimbursed may be taxable income if the parent paid for the parent's fees through an employer's health care flexible spending account under the Internal Revenue Code, section 125, and that the parent is responsible for paying the taxes owed on the amount reimbursed.

(f) The monthly contribution amount must be reviewed at least every 12 months; when there is a change in household size; and when there is a loss of or gain in income from one month to another in excess of ten percent. The local agency shall mail a written notice 30 days in advance of the effective date of a change in the contribution amount. A decrease in the contribution amount is effective in the month that the parent verifies a reduction in income or change in household size.

(g) Parents of a minor child who do not live with each other shall each pay the contribution required under paragraph (a). An amount equal to the annual court-ordered child support payment actually paid on behalf of the child receiving services shall be deducted from the adjusted gross income of the parent making the payment prior to calculating the parental contribution under paragraph (b).

(h) The contribution under paragraph (b) shall be increased by an additional five percent if the local agency determines that insurance coverage is available but not obtained for the child. For purposes of this section, "available" means the insurance is a benefit of employment for a family member at an annual cost of no more than five percent of the family's annual income. For purposes of this section, "insurance" means health and accident insurance coverage, enrollment in a nonprofit health service plan, health maintenance organization, self-insured plan, or preferred provider organization.

Parents who have more than one child receiving services shall not be required to pay more than the amount for the child with the highest expenditures. There shall be no resource contribution from the parents. The parent shall not be required to pay a contribution in excess of the cost of the services provided to the child, not counting payments made to school districts for education-related services. Notice of an increase in fee payment must be given at least 30 days before the increased fee is due.

(i) The contribution under paragraph (b) shall be reduced by \$300 per fiscal year if, in the 12 months prior to July 1:

(1) the parent applied for insurance for the child;

(2) the insurer denied insurance;

(3) the parents submitted a complaint or appeal, in writing to the insurer, submitted a complaint or appeal, in writing, to the commissioner of health or the commissioner of commerce, or litigated the complaint or appeal; and

(4) as a result of the dispute, the insurer reversed its decision and granted insurance.

For purposes of this section, "insurance" has the meaning given in paragraph (h).

A parent who has requested a reduction in the contribution amount under this paragraph shall submit proof in the form and manner prescribed by the commissioner or county agency, including, but not limited to, the insurer's denial of insurance, the written letter or complaint of the parents, court documents, and the written response of the insurer approving insurance. The determinations of the commissioner or county agency under this paragraph are not rules subject to chapter 14.

(j) Notwithstanding paragraph (b), for the period from July 1, 2010, to June 30, 2013, the parental contribution shall be computed by applying the following contribution schedule to the adjusted gross income of the natural or adoptive parents:

(1) if the adjusted gross income is equal to or greater than 100 percent of federal poverty guidelines and less than 175 percent of federal poverty guidelines, the parental contribution is \$4 per month;

(2) if the adjusted gross income is equal to or greater than 175 percent of federal poverty guidelines and less than or equal to 525 percent of federal poverty guidelines, the parental contribution shall be determined using a sliding fee scale established by the commissioner of human services which begins at one percent of adjusted gross income at 175 percent of federal poverty guidelines and increases to eight percent of adjusted gross income for those with adjusted gross income up to 525 percent of federal poverty guidelines;

(3) if the adjusted gross income is greater than 525 percent of federal poverty guidelines and less than 675 percent of federal poverty guidelines, the parental contribution shall be 9.5 percent of adjusted gross income;

(4) if the adjusted gross income is equal to or greater than 675 percent of federal poverty guidelines and less than 900 percent of federal poverty guidelines, the parental contribution shall be determined using a sliding fee scale established by the commissioner of human services which begins at 9.5 percent of adjusted gross income at 675 percent of federal poverty guidelines and increases to 12 percent of adjusted gross income for those with adjusted gross income up to 900 percent of federal poverty guidelines; and

(5) if the adjusted gross income is equal to or greater than 900 percent of federal poverty guidelines, the parental contribution shall be 13.5 percent of adjusted gross income. If the child lives with the parent, the annual adjusted gross income is reduced by \$2,400 prior to calculating the parental contribution. If the child resides in an institution specified in section 256B.35, the parent is responsible for the personal needs allowance specified under that section in addition to the parental contribution determined under this section. The parental contribution is reduced by any amount required to be paid directly to the child pursuant to a court order, but only if actually paid.

Sec. 3. Minnesota Statutes 2010, section 256.01, subdivision 24, is amended to read:

Subd. 24. **Disability Linkage Line.** The commissioner shall establish the Disability Linkage Line, ~~a to serve as Minnesota's neutral access point for statewide consumer disability information, referral, and assistance system for people with disabilities and chronic illnesses that.~~ The Disability Linkage Line shall:

(1) deliver information and assistance based on national and state standards;

~~(1) provides~~ (2) provide information about state and federal eligibility requirements, benefits, and service options;

(3) provide benefits and options counseling;

~~(2) makes~~ (4) make referrals to appropriate support entities;

~~(3) delivers information and assistance based on national and state standards;~~

~~(4) assists~~ (5) educate people ~~to~~ on their options so they can make well-informed ~~decisions~~ choices; and

~~(5) supports~~ (6) help support the timely resolution of service access and benefit issues;

(7) inform people of their long-term community services and supports;

(8) provide necessary resources and supports that can lead to employment and increased economic stability of people with disabilities; and

(9) serve as the technical assistance and help center for the Web-based tool, Minnesota's Disability Benefits 101.org.

**EFFECTIVE DATE.** This section is effective July 1, 2011.

Sec. 4. Minnesota Statutes 2010, section 256.01, subdivision 29, is amended to read:

Subd. 29. **State medical review team.** (a) To ensure the timely processing of determinations of disability by the commissioner's state medical review team under sections 256B.055, subdivision 7, paragraph (b), 256B.057, subdivision 9, ~~paragraph (j),~~ and 256B.055, subdivision 12, the commissioner shall review all medical evidence submitted by county agencies with a referral and seek additional information from providers, applicants, and enrollees to support the determination of disability where necessary. Disability shall be determined according to the rules of title XVI and title XIX of the Social Security Act and pertinent rules and policies of the Social Security Administration.

(b) Prior to a denial or withdrawal of a requested determination of disability due to insufficient evidence, the commissioner shall (1) ensure that the missing evidence is necessary and appropriate to a determination of disability, and (2) assist applicants and enrollees to obtain the evidence, including, but not limited to, medical examinations and electronic medical records.

(c) The commissioner shall provide the chairs of the legislative committees with jurisdiction over health and human services finance and budget the following information on the activities of the state medical review team by February 1 of each year:

(1) the number of applications to the state medical review team that were denied, approved, or withdrawn;

(2) the average length of time from receipt of the application to a decision;

(3) the number of appeals, appeal results, and the length of time taken from the date the person involved requested an appeal for a written decision to be made on each appeal;

(4) for applicants, their age, health coverage at the time of application, hospitalization history within three months of application, and whether an application for Social Security or Supplemental Security Income benefits is pending; and

(5) specific information on the medical certification, licensure, or other credentials of the person or persons performing the medical review determinations and length of time in that position.

(d) Any appeal made under section 256.045, subdivision 3, of a disability determination made by the state medical review team must be decided according to the timelines under section 256.0451, subdivision 22, paragraph (a). If a written decision is not issued within the timelines under section 256.0451, subdivision 22, paragraph (a), the appeal must be immediately reviewed by the chief appeals referee.

**EFFECTIVE DATE.** This section is effective July 1, 2011.

Sec. 5. Minnesota Statutes 2010, section 256B.04, is amended by adding a subdivision to read:

**Subd. 20. Money Follows the Person Rebalancing demonstration project.** In accordance with federal law governing Money Follows the Person Rebalancing funds, amounts equal to the value of enhanced federal funding resulting from the operation of the demonstration project grant must be transferred from the medical assistance account in the general fund to an account in the special revenue fund. Funds in the special revenue fund account do not cancel and are appropriated to the commissioner to carry out the goals of the Money Follows the Person Rebalancing demonstration project as required under the approved federal plan for the use of the funds, and may be transferred to the medical assistance account if applicable.

Sec. 6. Minnesota Statutes 2010, section 256B.05, is amended by adding a subdivision to read:

**Subd. 5. Obligation of local agency to process medical assistance applications within established timelines.** The local agency must act on an application for medical assistance within ten working days of receipt of all information needed to act on the application but no later than required under Minnesota Rules, part 9505.0090, subparts 2 and 3.

Sec. 7. Minnesota Statutes 2010, section 256B.056, subdivision 3, is amended to read:

**Subd. 3. Asset limitations for individuals and families.** (a) To be eligible for medical assistance, a person must not individually own more than \$3,000 in assets, or if a member of a household with two family members, husband and wife, or parent and child, the household must not own more than \$6,000 in assets, plus \$200 for each additional legal dependent. In addition to these maximum amounts, an eligible individual or family may accrue interest on these amounts, but they must be reduced to the maximum at the time of an eligibility redetermination. The accumulation of the clothing and personal needs allowance according to section 256B.35 must also be reduced to the maximum at the time of the eligibility redetermination. The value of assets that are not considered in determining eligibility for medical assistance is the value of those assets excluded under the supplemental security income program for aged, blind, and disabled persons, with the following exceptions:

(1) household goods and personal effects are not considered;

(2) capital and operating assets of a trade or business that the local agency determines are necessary to the person's ability to earn an income are not considered;

(3) motor vehicles are excluded to the same extent excluded by the supplemental security income program;

(4) assets designated as burial expenses are excluded to the same extent excluded by the supplemental security income program. Burial expenses funded by annuity contracts or life insurance policies must irrevocably designate the individual's estate as contingent beneficiary to the extent proceeds are not used for payment of selected burial expenses; and

(5) ~~effective upon federal approval~~, for a person who no longer qualifies as an employed person with a disability due to loss of earnings, assets allowed while eligible for medical assistance under section 256B.057, subdivision 9, are not considered for 12 months, beginning with the first month of ineligibility as an employed person with a disability, to the extent that the person's total assets remain within the allowed limits of section 256B.057, subdivision 9, paragraph ~~(e)~~ (d).

(b) No asset limit shall apply to persons eligible under section 256B.055, subdivision 15.

**EFFECTIVE DATE.** This section is effective January 1, 2014.

Sec. 8. Minnesota Statutes 2010, section 256B.057, subdivision 9, is amended to read:

Subd. 9. **Employed persons with disabilities.** (a) Medical assistance may be paid for a person who is employed and who:

(1) but for excess earnings or assets, meets the definition of disabled under the Supplemental Security Income program;

(2) is at least 16 but less than 65 years of age;

(3) meets the asset limits in paragraph ~~(e)~~ (d); and

(4) pays a premium and other obligations under paragraph (e).

(b) For purposes of eligibility, there is a \$65 earned income disregard. To be eligible for medical assistance under this subdivision, a person must have more than \$65 of earned income. Earned income must have Medicare, Social Security, and applicable state and federal taxes withheld. The person must document earned income tax withholding. Any spousal income or assets shall be disregarded for purposes of eligibility and premium determinations.

~~(b)~~ (c) After the month of enrollment, a person enrolled in medical assistance under this subdivision who:

(1) is temporarily unable to work and without receipt of earned income due to a medical condition, as verified by a physician, ~~may retain eligibility for up to four calendar months~~; or

(2) ~~effective January 1, 2004~~, loses employment for reasons not attributable to the enrollee, and is without receipt of earned income may retain eligibility for up to four consecutive months after the month of job loss. To receive a four-month extension, enrollees must verify the medical condition or provide notification of job loss. All other eligibility requirements must be met and the enrollee must pay all calculated premium costs for continued eligibility.

~~(e)~~ (d) For purposes of determining eligibility under this subdivision, a person's assets must not exceed \$20,000, excluding:

(1) all assets excluded under section 256B.056;

(2) retirement accounts, including individual accounts, 401(k) plans, 403(b) plans, Keogh plans, and pension plans; ~~and~~

(3) medical expense accounts set up through the person's employer; ~~and~~

(4) spousal assets, including spouse's share of jointly held assets.

~~(d)(1) Effective January 1, 2004, for purposes of eligibility, there will be a \$65 earned income disregard. To be eligible, a person applying for medical assistance under this subdivision must have earned income above the disregard level.~~

~~(2) Effective January 1, 2004, to be considered earned income, Medicare, Social Security, and applicable state and federal income taxes must be withheld. To be eligible, a person must document earned income tax withholding.~~

~~(e)(1) A person whose earned and unearned income is equal to or greater than 100 percent of federal poverty guidelines for the applicable family size must pay a premium to be eligible for medical assistance under this subdivision. (e) All enrollees must pay a premium to be eligible for medical assistance under this subdivision, except as provided under section 256.01, subdivision 18b.~~

~~(1) An enrollee must pay the greater of a \$65 premium or the premium shall be calculated based on the person's gross earned and unearned income and the applicable family size using a sliding fee scale established by the commissioner, which begins at one percent of income at 100 percent of the federal poverty guidelines and increases to 7.5 percent of income for those with incomes at or above 300 percent of the federal poverty guidelines.~~

~~(2) Annual adjustments in the premium schedule based upon changes in the federal poverty guidelines shall be effective for premiums due in July of each year.~~

~~(2) Effective January 1, 2004, all enrollees must pay a premium to be eligible for medical assistance under this subdivision. An enrollee shall pay the greater of a \$35 premium or the premium calculated in clause (1).~~

~~(3) Effective November 1, 2003, All enrollees who receive unearned income must pay one half of one five percent of unearned income in addition to the premium amount, except as provided under section 256.01, subdivision 18b.~~

~~(4) Effective November 1, 2003, for enrollees whose income does not exceed 200 percent of the federal poverty guidelines and who are also enrolled in Medicare, the commissioner must reimburse the enrollee for Medicare Part B premiums under section 256B.0625, subdivision 15, paragraph (a).~~

~~(5)~~ (4) Increases in benefits under title II of the Social Security Act shall not be counted as income for purposes of this subdivision until July 1 of each year.

(f) A person's eligibility and premium shall be determined by the local county agency. Premiums must be paid to the commissioner. All premiums are dedicated to the commissioner.

(g) Any required premium shall be determined at application and redetermined at the enrollee's six-month income review or when a change in income or household size is reported. Enrollees must report any change in income or household size within ten days of when the change occurs. A decreased premium resulting from a



reported change in income or household size shall be effective the first day of the next available billing month after the change is reported. Except for changes occurring from annual cost-of-living increases, a change resulting in an increased premium shall not affect the premium amount until the next six-month review.

(h) Premium payment is due upon notification from the commissioner of the premium amount required. Premiums may be paid in installments at the discretion of the commissioner.

(i) Nonpayment of the premium shall result in denial or termination of medical assistance unless the person demonstrates good cause for nonpayment. Good cause exists if the requirements specified in Minnesota Rules, part 9506.0040, subpart 7, items B to D, are met. Except when an installment agreement is accepted by the commissioner, all persons disenrolled for nonpayment of a premium must pay any past due premiums as well as current premiums due prior to being reenrolled. Nonpayment shall include payment with a returned, refused, or dishonored instrument. The commissioner may require a guaranteed form of payment as the only means to replace a returned, refused, or dishonored instrument.

(j) The commissioner shall notify enrollees annually beginning at least 24 months before the person's 65th birthday of the medical assistance eligibility rules affecting income, assets, and treatment of a spouse's income and assets that will be applied upon reaching age 65.

(k) For enrollees whose income does not exceed 200 percent of the federal poverty guidelines and who are also enrolled in Medicare, the commissioner shall reimburse the enrollee for Medicare part B premiums under section 256B.0625, subdivision 15, paragraph (a).

**EFFECTIVE DATE.** This section is effective January 1, 2014, for adults age 21 or older, and October 1, 2019, for children age 16 to before the child's 21st birthday.

Sec. 9. Minnesota Statutes 2010, section 256B.0659, subdivision 11, is amended to read:

Subd. 11. **Personal care assistant; requirements.** (a) A personal care assistant must meet the following requirements:

(1) be at least 18 years of age with the exception of persons who are 16 or 17 years of age with these additional requirements:

(i) supervision by a qualified professional every 60 days; and

(ii) employment by only one personal care assistance provider agency responsible for compliance with current labor laws;

(2) be employed by a personal care assistance provider agency;

(3) enroll with the department as a personal care assistant after clearing a background study. Except as provided in subdivision 11a, before a personal care assistant provides services, the personal care assistance provider agency must initiate a background study on the personal care assistant under chapter 245C, and the personal care assistance provider agency must have received a notice from the commissioner that the personal care assistant is:

(i) not disqualified under section 245C.14; or

(ii) is disqualified, but the personal care assistant has received a set aside of the disqualification under section 245C.22;

(4) be able to effectively communicate with the recipient and personal care assistance provider agency;

(5) be able to provide covered personal care assistance services according to the recipient's personal care assistance care plan, respond appropriately to recipient needs, and report changes in the recipient's condition to the supervising qualified professional or physician;

(6) not be a consumer of personal care assistance services;

(7) maintain daily written records including, but not limited to, time sheets under subdivision 12;

(8) effective January 1, 2010, complete standardized training as determined by the commissioner before completing enrollment. The training must be available in languages other than English and to those who need accommodations due to disabilities. Personal care assistant training must include successful completion of the following training components: basic first aid, vulnerable adult, child maltreatment, OSHA universal precautions, basic roles and responsibilities of personal care assistants including information about assistance with lifting and transfers for recipients, emergency preparedness, orientation to positive behavioral practices, fraud issues, and completion of time sheets. Upon completion of the training components, the personal care assistant must demonstrate the competency to provide assistance to recipients;

(9) complete training and orientation on the needs of the recipient within the first seven days after the services begin; and

(10) be limited to providing and being paid for up to 275 hours per month, except that this limit shall be 275 hours per month for the period July 1, 2009, through June 30, 2011, of personal care assistance services regardless of the number of recipients being served or the number of personal care assistance provider agencies enrolled with. The number of hours worked per day shall not be disallowed by the department unless in violation of the law.

(b) A legal guardian may be a personal care assistant if the guardian is not being paid for the guardian services and meets the criteria for personal care assistants in paragraph (a).

(c) ~~Effective January 1, 2010,~~ Persons who do not qualify as a personal care assistant include parents and stepparents of minors, spouses, paid legal guardians, family foster care providers, except as otherwise allowed in section 256B.0625, subdivision 19a, or staff of a residential setting. When the personal care assistant is a relative of the recipient, the commissioner shall pay 80 percent of the provider rate. For purposes of this section, relative means the parent or adoptive parent of an adult child, a sibling aged 16 years or older, an adult child, a grandparent, or a grandchild.

**EFFECTIVE DATE.** This section is effective October 1, 2011.

Sec. 10. Minnesota Statutes 2010, section 256B.0659, subdivision 28, is amended to read:

Subd. 28. **Personal care assistance provider agency; required documentation.** (a) Required documentation must be completed and kept in the personal care assistance provider agency file or the recipient's home residence. The required documentation consists of:

(1) employee files, including:

(i) applications for employment;

(ii) background study requests and results;

- (iii) orientation records about the agency policies;
  - (iv) trainings completed with demonstration of competence;
  - (v) supervisory visits;
  - (vi) evaluations of employment; and
  - (vii) signature on fraud statement;
- (2) recipient files, including:
- (i) demographics;
  - (ii) emergency contact information and emergency backup plan;
  - (iii) personal care assistance service plan;
  - (iv) personal care assistance care plan;
  - (v) month-to-month service use plan;
  - (vi) all communication records;
  - (vii) start of service information, including the written agreement with recipient; and
  - (viii) date the home care bill of rights was given to the recipient;
- (3) agency policy manual, including:
- (i) policies for employment and termination;
  - (ii) grievance policies with resolution of consumer grievances;
  - (iii) staff and consumer safety;
  - (iv) staff misconduct; and
  - (v) staff hiring, service delivery, staff and consumer safety, staff misconduct, and resolution of consumer grievances;
- (4) time sheets for each personal care assistant along with completed activity sheets for each recipient served; ~~and~~
- (5) agency marketing and advertising materials and documentation of marketing activities and costs; and
- (6) for each personal care assistant, whether or not the personal care assistant is providing care to a relative as defined in subdivision 11.
- (b) The commissioner may assess a fine of up to \$500 on provider agencies that do not consistently comply with the requirements of this subdivision.

Sec. 11. Minnesota Statutes 2010, section 256B.0911, subdivision 1a, is amended to read:

Subd. 1a. **Definitions.** For purposes of this section, the following definitions apply:

(a) "Long-term care consultation services" means:

- (1) assistance in identifying services needed to maintain an individual in the most inclusive environment;
- (2) providing recommendations on cost-effective community services that are available to the individual;
- (3) development of an individual's person-centered community support plan;
- (4) providing information regarding eligibility for Minnesota health care programs;
- (5) face-to-face long-term care consultation assessments, which may be completed in a hospital, nursing facility, intermediate care facility for persons with developmental disabilities (ICF/DDs), regional treatment centers, or the person's current or planned residence;
- (6) federally mandated screening to determine the need for an institutional level of care under subdivision 4a;
- (7) determination of home and community-based waiver service eligibility including level of care determination for individuals who need an institutional level of care as defined under section 144.0724, subdivision 11, or 256B.092, service eligibility including state plan home care services identified in sections 256B.0625, subdivisions 6, 7, and 19, paragraphs (a) and (c), and 256B.0657, based on assessment and support plan development with appropriate referrals, including the option for ~~consumer-directed community~~ self-directed supports;
- (8) providing recommendations for nursing facility placement when there are no cost-effective community services available; ~~and~~
- (9) assistance to transition people back to community settings after facility admission; and
- (10) providing notice to the individual or legal representative of the annual and monthly average authorized amount for traditional agency services and self-directed services under section 256B.0657 for which the recipient is found eligible.

(b) "Long-term care options counseling" means the services provided by the linkage lines as mandated by sections 256.01 and 256.975, subdivision 7, and also includes telephone assistance and follow up once a long-term care consultation assessment has been completed.

(c) "Minnesota health care programs" means the medical assistance program under chapter 256B and the alternative care program under section 256B.0913.

(d) "Lead agencies" means counties or a collaboration of counties, tribes, and health plans administering long-term care consultation assessment and support planning services.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 12. Minnesota Statutes 2010, section 256B.0911, subdivision 3a, is amended to read:

Subd. 3a. **Assessment and support planning.** (a) Persons requesting assessment, services planning, or other assistance intended to support community-based living, including persons who need assessment in order to determine waiver or alternative care program eligibility, must be visited by a long-term care consultation team

within ~~15 calendar~~ 20 calendar days after the date on which an assessment was requested or recommended. After January 1, 2011, these requirements also apply to personal care assistance services, private duty nursing, and home health agency services, on timelines established in subdivision 5. Face-to-face assessments must be conducted according to paragraphs (b) to (i).

(b) The county may utilize a team of either the social worker or public health nurse, or both. After January 1, 2011, lead agencies shall use certified assessors to conduct the assessment in a face-to-face interview. The consultation team members must confer regarding the most appropriate care for each individual screened or assessed.

(c) The assessment must be comprehensive and include a person-centered assessment of the health, psychological, functional, environmental, and social needs of referred individuals and provide information necessary to develop a support plan that meets the consumers needs, using an assessment form provided by the commissioner.

(d) The assessment must be conducted in a face-to-face interview with the person being assessed and the person's legal representative, as required by legally executed documents, and other individuals as requested by the person, who can provide information on the needs, strengths, and preferences of the person necessary to develop a support plan that ensures the person's health and safety, but who is not a provider of service or has any financial interest in the provision of services. For persons who are to be assessed for elderly waiver customized living services under section 256B.0915, and with the permission of the person being assessed or the persons' designated or legal representative, the client's current or proposed provider of services may submit a copy of the provider's nursing assessment or written report outlining their recommendations regarding the client's care needs. The person conducting the assessment will notify the provider of the date by which this information is to be submitted. This information shall be provided to the person conducting the assessment prior to the assessment.

(e) The person, or the person's legal representative, must be provided with written recommendations for community-based services, including ~~consumer directed~~ self-directed options, or institutional care that include documentation that the most cost-effective alternatives available were offered to the individual. For purposes of this requirement, "cost-effective alternatives" means community services and living arrangements that cost the same as or less than institutional care. For persons determined eligible for services defined under subdivision 1a, paragraph (a), clauses (7) to (9), the community support plan must also include the estimated annual and monthly average authorized budget amount for those services.

(f) (1) If the person chooses to use community-based services, the person or the person's legal representative must be provided with a written community support plan, regardless of whether the individual is eligible for Minnesota health care programs. The written community support plan must include:

(i) a summary of assessed needs as defined in paragraphs (c) and (d);

(ii) the individual's options and choices to meet identified needs, including all available options for case management services and providers;

(iii) identification of health and safety risks and how those risks will be addressed, including personal risk management strategies;

(iv) referral information; and

(v) informal caregiver supports, if applicable.

(2) For persons determined eligible for services defined under subdivision 1a, paragraph (a), clauses (7) to (10), the community support plan must also include:

(i) identification of individual goals;

(ii) identification of short-term and long-term service outcomes. Short-term service outcomes are defined as achievable within six months;

(iii) a recommended schedule for case management visits. When achievement of short-term service outcomes may affect the amount of service required, the schedule must be at least every six months and must reflect evaluation and progress toward identified short-term service outcomes; and

(iv) the estimated annual and monthly budget amount for services.

(3) In addition, for persons determined eligible for state plan home care under subdivision 1a, paragraph (a), clause (8), the person or person's representative must also receive a copy of the home care service plan developed by a certified assessor.

(4) A person may request assistance in identifying community supports without participating in a complete assessment. Upon a request for assistance identifying community support, the person must be transferred or referred to the services available under sections 256.975, subdivision 7, and 256.01, subdivision 24, for telephone assistance and follow up.

(g) The person has the right to make the final decision between institutional placement and community placement after the recommendations have been provided, except as provided in subdivision 4a, paragraph (c).

(h) The team must give the person receiving assessment or support planning, or the person's legal representative, materials, and forms supplied by the commissioner containing the following information:

(1) the need for and purpose of preadmission screening if the person selects nursing facility placement;

(2) the role of the long-term care consultation assessment and support planning in waiver and alternative care program eligibility determination;

(3) information about Minnesota health care programs;

(4) the person's freedom to accept or reject the recommendations of the team;

(5) the person's right to confidentiality under the Minnesota Government Data Practices Act, chapter 13;

(6) the long-term care consultant's decision regarding the person's need for institutional level of care as determined under criteria established in section 144.0724, subdivision 11, or 256B.092; and

(7) the person's right to appeal the decision regarding the need for nursing facility level of care or the county's final decisions regarding public programs eligibility according to section 256.045, subdivision 3.

(i) Face-to-face assessment completed as part of eligibility determination for the alternative care, elderly waiver, community alternatives for disabled individuals, community alternative care, and traumatic brain injury waiver programs under sections 256B.0915, 256B.0917, and 256B.49 is valid to establish service eligibility for no more than 60 calendar days after the date of assessment. The effective eligibility start date for these programs can never be prior to the date of assessment. If an assessment was completed more than 60 days before the effective waiver or alternative care program eligibility start date, assessment and support plan information must be updated ~~in a face-to-face visit~~ and documented in the department's Medicaid Management Information System (MMIS). The updated

assessment may be completed by face-to-face visit, written communication, or telephone as determined by the commissioner to establish statewide consistency. The effective date of program eligibility in this case cannot be prior to the date the updated assessment is completed.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 13. Minnesota Statutes 2010, section 256B.0913, subdivision 4, is amended to read:

Subd. 4. **Eligibility for funding for services for nonmedical assistance recipients.** (a) Funding for services under the alternative care program is available to persons who meet the following criteria:

(1) the person has been determined by a community assessment under section 256B.0911 to be a person who would require the level of care provided in a nursing facility, but for the provision of services under the alternative care program. Effective January 1, 2011, this determination must be made according to the criteria established in section 144.0724, subdivision 11;

(2) the person is age 65 or older;

(3) the person would be eligible for medical assistance within 135 days of admission to a nursing facility;

(4) the person is not ineligible for the payment of long-term care services by the medical assistance program due to an asset transfer penalty under section 256B.0595 or equity interest in the home exceeding \$500,000 as stated in section 256B.056;

(5) the person needs long-term care services that are not funded through other state or federal funding, or other health insurance or other third-party insurance such as long-term care insurance;

(6) except for individuals described in clause (7), the monthly cost of the alternative care services funded by the program for this person does not exceed 75 percent of the monthly limit described under section 256B.0915, subdivision 3a. This monthly limit does not prohibit the alternative care client from payment for additional services, but in no case may the cost of additional services purchased under this section exceed the difference between the client's monthly service limit defined under section 256B.0915, subdivision 3, and the alternative care program monthly service limit defined in this paragraph. If care-related supplies and equipment or environmental modifications and adaptations are or will be purchased for an alternative care services recipient, the costs may be prorated on a monthly basis for up to 12 consecutive months beginning with the month of purchase. If the monthly cost of a recipient's other alternative care services exceeds the monthly limit established in this paragraph, the annual cost of the alternative care services shall be determined. In this event, the annual cost of alternative care services shall not exceed 12 times the monthly limit described in this paragraph;

(7) for individuals assigned a case mix classification A as described under section 256B.0915, subdivision 3a, paragraph (a), with (i) no dependencies in activities of daily living, or (ii) only one dependency up to two dependencies in bathing, dressing, grooming, ~~or walking, or (iii) a dependency score of less than three if eating is the only dependency and eating when the dependency score in eating is three or greater~~ as determined by an assessment performed under section 256B.0911, the monthly cost of alternative care services funded by the program cannot exceed ~~\$600~~ \$593 per month for all new participants enrolled in the program on or after July 1, ~~2009~~ 2011. This monthly limit shall be applied to all other participants who meet this criteria at reassessment. This monthly limit shall be increased annually as described in section 256B.0915, subdivision 3a, paragraph (a). This monthly limit does not prohibit the alternative care client from payment for additional services, but in no case may the cost of additional services purchased exceed the difference between the client's monthly service limit defined in this clause and the limit described in clause (6) for case mix classification A; and

(8) the person is making timely payments of the assessed monthly fee.

A person is ineligible if payment of the fee is over 60 days past due, unless the person agrees to:

- (i) the appointment of a representative payee;
- (ii) automatic payment from a financial account;
- (iii) the establishment of greater family involvement in the financial management of payments; or
- (iv) another method acceptable to the lead agency to ensure prompt fee payments.

The lead agency may extend the client's eligibility as necessary while making arrangements to facilitate payment of past-due amounts and future premium payments. Following disenrollment due to nonpayment of a monthly fee, eligibility shall not be reinstated for a period of 30 days.

(b) Alternative care funding under this subdivision is not available for a person who is a medical assistance recipient or who would be eligible for medical assistance without a spenddown or waiver obligation. A person whose initial application for medical assistance and the elderly waiver program is being processed may be served under the alternative care program for a period up to 60 days. If the individual is found to be eligible for medical assistance, medical assistance must be billed for services payable under the federally approved elderly waiver plan and delivered from the date the individual was found eligible for the federally approved elderly waiver plan. Notwithstanding this provision, alternative care funds may not be used to pay for any service the cost of which: (i) is payable by medical assistance; (ii) is used by a recipient to meet a waiver obligation; or (iii) is used to pay a medical assistance income spenddown for a person who is eligible to participate in the federally approved elderly waiver program under the special income standard provision.

(c) Alternative care funding is not available for a person who resides in a licensed nursing home, certified boarding care home, hospital, or intermediate care facility, except for case management services which are provided in support of the discharge planning process for a nursing home resident or certified boarding care home resident to assist with a relocation process to a community-based setting.

(d) Alternative care funding is not available for a person whose income is greater than the maintenance needs allowance under section 256B.0915, subdivision 1d, but equal to or less than 120 percent of the federal poverty guideline effective July 1 in the fiscal year for which alternative care eligibility is determined, who would be eligible for the elderly waiver with a waiver obligation.

Sec. 14. Minnesota Statutes 2010, section 256B.0915, subdivision 3a, is amended to read:

Subd. 3a. **Elderly waiver cost limits.** (a) The monthly limit for the cost of waived services to an individual elderly waiver client except for individuals described in paragraph (b) shall be the weighted average monthly nursing facility rate of the case mix resident class to which the elderly waiver client would be assigned under Minnesota Rules, parts 9549.0050 to 9549.0059, less the recipient's maintenance needs allowance as described in subdivision 1d, paragraph (a), until the first day of the state fiscal year in which the resident assessment system as described in section 256B.438 for nursing home rate determination is implemented. Effective on the first day of the state fiscal year in which the resident assessment system as described in section 256B.438 for nursing home rate determination is implemented and the first day of each subsequent state fiscal year, the monthly limit for the cost of waived services to an individual elderly waiver client shall be the rate of the case mix resident class to which the waiver client would be assigned under Minnesota Rules, parts 9549.0050 to 9549.0059, in effect on the last day of the previous state fiscal year, adjusted by ~~the greater of any legislatively adopted home and community-based services percentage rate increase or the average statewide percentage increase in nursing facility payment rates~~ adjustment.



(b) The monthly limit for the cost of waived services to an individual elderly waiver client assigned to a case mix classification A under paragraph (a) with:

(1) no dependencies in activities of daily living; ~~;~~ or

(2) ~~only one dependency~~ up to two dependencies in bathing, dressing, grooming, ~~or walking, or~~ ~~(3) a dependency score of less than three if eating is the only dependency, and eating when the dependency score in eating is three or greater as determined by an assessment performed under section 256B.0911~~

shall be ~~the lower of the case mix classification amount for case mix A as determined under paragraph (a) or the case mix classification amount for case mix A \$1,750 per month~~ effective on ~~October~~ July 1, 2008 2011, ~~per month~~ for all new participants enrolled in the program on or after July 1, ~~2009~~ 2011. This monthly limit shall be applied to all other participants who meet this criteria at reassessment. This monthly limit shall be increased annually as described in paragraph (a).

(c) If extended medical supplies and equipment or environmental modifications are or will be purchased for an elderly waiver client, the costs may be prorated for up to 12 consecutive months beginning with the month of purchase. If the monthly cost of a recipient's waived services exceeds the monthly limit established in paragraph (a) or (b), the annual cost of all waived services shall be determined. In this event, the annual cost of all waived services shall not exceed 12 times the monthly limit of waived services as described in paragraph (a) or (b).

Sec. 15. Minnesota Statutes 2010, section 256B.0915, subdivision 3b, is amended to read:

Subd. 3b. **Cost limits for elderly waiver applicants who reside in a nursing facility.** (a) For a person who is a nursing facility resident at the time of requesting a determination of eligibility for elderly waived services, a monthly conversion budget limit for the cost of elderly waived services may be requested. The monthly conversion budget limit for the cost of elderly waiver services shall be the resident class assigned under Minnesota Rules, parts 9549.0050 to 9549.0059, for that resident in the nursing facility where the resident currently resides until July 1 of the state fiscal year in which the resident assessment system as described in section 256B.438 for nursing home rate determination is implemented. Effective on July 1 of the state fiscal year in which the resident assessment system as described in section 256B.438 for nursing home rate determination is implemented, the monthly conversion budget limit for the cost of elderly waiver services shall be based on the per diem nursing facility rate as determined by the resident assessment system as described in section 256B.438 for ~~that resident residents~~ in the nursing facility where the ~~resident~~ elderly waiver applicant currently resides ~~multiplied~~. The monthly conversion budget limit shall be calculated by multiplying the per diem by 365 and, divided by 12, less and reduced by the recipient's maintenance needs allowance as described in subdivision 1d. The initially approved monthly conversion rate may budget limit shall be adjusted by the greater of any subsequent legislatively adopted home and community based services percentage rate increase or the average statewide percentage increase in nursing facility payment rates annually as described in subdivision 3a, paragraph (a). The limit under this subdivision only applies to persons discharged from a nursing facility after a minimum 30-day stay and found eligible for waived services on or after July 1, 1997. For conversions from the nursing home to the elderly waiver with consumer directed community support services, the ~~conversion rate limit is equal to the nursing facility rate per diem used to calculate the monthly conversion budget limit must be reduced by a percentage equal to the percentage difference between the consumer directed services budget limit that would be assigned according to the federally approved waiver plan and the corresponding community case mix cap, but not to exceed 50 percent.~~

(b) The following costs must be included in determining the total monthly costs for the waiver client:

(1) cost of all waived services, including ~~extended medical~~ specialized supplies and equipment and environmental ~~modifications and~~ accessibility adaptations; and

(2) cost of skilled nursing, home health aide, and personal care services reimbursable by medical assistance.

Sec. 16. Minnesota Statutes 2010, section 256B.0915, subdivision 3e, is amended to read:

Subd. 3e. **Customized living service rate.** (a) Payment for customized living services shall be a monthly rate authorized by the lead agency within the parameters established by the commissioner. The payment agreement must delineate the amount of each component service included in the recipient's customized living service plan. The lead agency shall ensure that there is a documented need within the parameters established by the commissioner for all component customized living services authorized.

(b) The payment rate must be based on the amount of component services to be provided utilizing component rates established by the commissioner. Counties and tribes shall use tools issued by the commissioner to develop and document customized living service plans and rates.

(c) Component service rates must not exceed payment rates for comparable elderly waiver or medical assistance services and must reflect economies of scale. Customized living services must not include rent or raw food costs.

(d) With the exception of individuals described in subdivision 3a, paragraph (b), the individualized monthly authorized payment for the customized living service plan shall not exceed 50 percent of the greater of either the statewide or any of the geographic groups' weighted average monthly nursing facility rate of the case mix resident class to which the elderly waiver eligible client would be assigned under Minnesota Rules, parts 9549.0050 to 9549.0059, less the maintenance needs allowance as described in subdivision 1d, paragraph (a), until the July 1 of the state fiscal year in which the resident assessment system as described in section 256B.438 for nursing home rate determination is implemented. Effective on July 1 of the state fiscal year in which the resident assessment system as described in section 256B.438 for nursing home rate determination is implemented and July 1 of each subsequent state fiscal year, the individualized monthly authorized payment for the services described in this clause shall not exceed the limit which was in effect on June 30 of the previous state fiscal year updated annually based on legislatively adopted changes to all service rate maximums for home and community-based service providers.

(e) Effective July 1, 2011, the individualized monthly payment for the customized living service plan for individuals described in subdivision 3a, paragraph (b), must be the monthly authorized payment limit for customized living for individuals classified as case mix A, reduced by 25 percent. This rate limit must be applied to all new participants enrolled in the program on or after July 1, 2011, who meet the criteria described in subdivision 3a, paragraph (b). This monthly limit also applies to all other participants who meet the criteria described in subdivision 3a, paragraph (b), at reassessment.

~~(f)~~ (f) Customized living services are delivered by a provider licensed by the Department of Health as a class A or class F home care provider and provided in a building that is registered as a housing with services establishment under chapter 144D. Licensed home care providers are subject to section 256B.0651, subdivision 14.

(g) A provider may not bill or otherwise charge an elderly waiver participant or their family for additional units of any allowable component service beyond those available under the service rate limits described in paragraph (d), nor for additional units of any allowable component service beyond those approved in the service plan by the lead agency.

Sec. 17. Minnesota Statutes 2010, section 256B.0915, subdivision 3h, is amended to read:

Subd. 3h. **Service rate limits; 24-hour customized living services.** (a) The payment rate for 24-hour customized living services is a monthly rate authorized by the lead agency within the parameters established by the commissioner of human services. The payment agreement must delineate the amount of each component service included in each recipient's customized living service plan. The lead agency shall ensure that there is a documented

need within the parameters established by the commissioner for all component customized living services authorized. The lead agency shall not authorize 24-hour customized living services unless there is a documented need for 24-hour supervision.

(b) For purposes of this section, "24-hour supervision" means that the recipient requires assistance due to needs related to one or more of the following:

(1) intermittent assistance with toileting, positioning, or transferring;

(2) cognitive or behavioral issues;

(3) a medical condition that requires clinical monitoring; or

(4) for all new participants enrolled in the program on or after ~~January~~ July 1, 2011, and all other participants at their first reassessment after ~~January~~ July 1, 2011, dependency in at least ~~two~~ three of the following activities of daily living as determined by assessment under section 256B.0911: bathing; dressing; grooming; walking; or eating when the dependency score in eating is three or greater; and needs medication management and at least 50 hours of service per month. The lead agency shall ensure that the frequency and mode of supervision of the recipient and the qualifications of staff providing supervision are described and meet the needs of the recipient.

(c) The payment rate for 24-hour customized living services must be based on the amount of component services to be provided utilizing component rates established by the commissioner. Counties and tribes will use tools issued by the commissioner to develop and document customized living plans and authorize rates.

(d) Component service rates must not exceed payment rates for comparable elderly waiver or medical assistance services and must reflect economies of scale.

(e) The individually authorized 24-hour customized living payments, in combination with the payment for other elderly waiver services, including case management, must not exceed the recipient's community budget cap specified in subdivision 3a. Customized living services must not include rent or raw food costs.

(f) The individually authorized 24-hour customized living payment rates shall not exceed the 95 percentile of statewide monthly authorizations for 24-hour customized living services in effect and in the Medicaid management information systems on March 31, 2009, for each case mix resident class under Minnesota Rules, parts 9549.0050 to 9549.0059, to which elderly waiver service clients are assigned. When there are fewer than 50 authorizations in effect in the case mix resident class, the commissioner shall multiply the calculated service payment rate maximum for the A classification by the standard weight for that classification under Minnesota Rules, parts 9549.0050 to 9549.0059, to determine the applicable payment rate maximum. Service payment rate maximums shall be updated annually based on legislatively adopted changes to all service rates for home and community-based service providers.

(g) Notwithstanding the requirements of paragraphs (d) and (f), the commissioner may establish alternative payment rate systems for 24-hour customized living services in housing with services establishments which are freestanding buildings with a capacity of 16 or fewer, by applying a single hourly rate for covered component services provided in either:

(1) licensed corporate adult foster homes; or

(2) specialized dementia care units which meet the requirements of section 144D.065 and in which:

(i) each resident is offered the option of having their own apartment; or

(ii) the units are licensed as board and lodge establishments with maximum capacity of eight residents, and which meet the requirements of Minnesota Rules, part 9555.6205, subparts 1, 2, 3, and 4, item A.

(h) A provider may not bill or otherwise charge an elderly waiver participant or their family for additional units of any allowable component service beyond those available under the service rate limits described in paragraph (e), nor for additional units of any allowable component service beyond those approved in the service plan by the lead agency.

Sec. 18. Minnesota Statutes 2010, section 256B.0915, subdivision 10, is amended to read:

Subd. 10. **Waiver payment rates; managed care organizations.** The commissioner shall adjust the elderly waiver capitation payment rates for managed care organizations paid under section 256B.69, subdivisions 6a and 23, to reflect the maximum service rate limits for customized living services and 24-hour customized living services under subdivisions 3e and 3h ~~for the contract period beginning October 1, 2009~~. Medical assistance rates paid to customized living providers by managed care organizations under this section shall not exceed the maximum service rate limits and component rates as determined by the commissioner under subdivisions 3e and 3h.

Sec. 19. Minnesota Statutes 2010, section 256B.0916, subdivision 6a, is amended to read:

Subd. 6a. **Statewide availability of ~~consumer-directed community~~ self-directed support services.** (a) The commissioner shall submit to the federal Health Care Financing Administration by August 1, 2001, an amendment to the home and community-based waiver ~~for persons with developmental disabilities~~ under section 256B.092 and ~~by April 1, 2005~~, for waivers under sections 256B.0915 and 256B.49, to make ~~consumer-directed community~~ self-directed support services available in every county of the state ~~by January 1, 2002~~.

(b) Until the waiver amendment for self-directed community supports is effective, if a county declines to meet the requirements for provision of ~~consumer-directed community~~ self-directed supports, the commissioner shall contract with another county, a group of counties, or a private agency to plan for and administer ~~consumer-directed community~~ self-directed supports in that county.

(c) The state of Minnesota, county agencies, tribal governments, or administrative entities under contract to participate in the implementation and administration of the home and community-based waiver for persons with developmental disabilities, shall not be liable for damages, injuries, or liabilities sustained through the purchase of support by the individual, the individual's family, legal representative, or the authorized representative with funds received through the ~~consumer-directed community~~ self-directed support service under this section. Liabilities include but are not limited to: workers' compensation liability, the Federal Insurance Contributions Act (FICA), or the Federal Unemployment Tax Act (FUTA).

**EFFECTIVE DATE.** This section is effective July 1, 2011.

Sec. 20. Minnesota Statutes 2010, section 256B.092, subdivision 1b, is amended to read:

Subd. 1b. **~~Individual service~~ Coordinated services and support plan.** ~~The individual service~~ Each recipient of case management services and any legal representative shall be provided a written copy of the coordinated services and support plan ~~must~~, which:

(1) ~~include~~ is developed within ten working days after the case manager receives the community support plan from the certified assessor under section 256B.0911;

(2) includes the results of the assessment information on the person's need for service, including identification of service needs that will be or that are met by the person's relatives, friends, and others, as well as community services used by the general public;

(3) reasonably assures the health, safety, and welfare of the recipient;

~~(2) identify~~ (4) identifies the person's preferences for services as stated by the person, the person's legal guardian or conservator, or the parent if the person is a minor;

(5) provides for an informed choice, as defined in section 256B.77, subdivision 2, paragraph (o), of service and support providers;

~~(3) identify~~ (6) identifies long- and short-range goals for the person;

~~(4) identify~~ (7) identifies specific services and the amount and frequency of the services to be provided to the person based on assessed needs, preferences, and available resources. ~~The individual service plan shall also specify other services the person needs that are not available, and other services the person needs that are not available. The individual coordinated services and support plan shall also specify service outcomes and the provider's responsibility to monitor the achievement of the service outcomes;~~

~~(5) identify~~ (8) identifies the need for an ~~individual program~~ individual's provider plan to be developed by the provider according to the respective state and federal licensing and certification standards, and additional assessments to be completed or arranged by the provider after service initiation;

~~(6) identify~~ (9) identifies provider responsibilities to implement and make recommendations for modification to the ~~individual service~~ coordinated services and support plan;

~~(7) include~~ (10) includes notice of the right to have assessments completed and service plans developed within specified time periods, the right to appeal action or inaction, and the right to request a conciliation conference or a hearing an appeal under section 256.045;

~~(8) be~~ (11) is agreed upon and signed by the person, the person's legal guardian or conservator, or the parent if the person is a minor, and the authorized county representative; and

~~(9) be~~ (12) is reviewed by a health professional if the person has overriding medical needs that impact the delivery of services.

~~Service planning formats developed for interagency planning such as transition, vocational, and individual family service plans may be substituted for service planning formats developed by county agencies.~~

**EFFECTIVE DATE.** This section is effective January 1, 2013.

Sec. 21. Minnesota Statutes 2010, section 256B.092, subdivision 1e, is amended to read:

Subd. 1e. **Case management service monitoring, coordination, and evaluation, and monitoring of services duties.** (a) If the ~~individual service~~ coordinated services and support plan identifies the need for individual ~~program~~ provider plans for authorized services, the case ~~manager~~ management service provider shall assure that ~~individual program~~ the individual provider plans are developed by the providers according to clauses (2) to (5). The providers shall assure that the individual ~~program~~ provider plans:

(1) are developed according to the respective state and federal licensing and certification requirements;

- (2) are designed to achieve the goals of the individual service plan;
  - (3) are consistent with other aspects of the ~~individual service~~ coordinated services and support plan;
  - (4) assure the health and safety of the person; and
  - (5) are developed with consistent and coordinated approaches to services and service outcomes among the various service providers.
- (b) The case ~~manager~~ management service provider shall monitor the provision of services:
- (1) to assure that the ~~individual service~~ coordinated services and support plan is being followed according to paragraph (a);
  - (2) to identify any changes or modifications that might be needed in the ~~individual service~~ coordinated services and support plan, including changes resulting from recommendations of current service providers;
  - (3) to determine if the person's legal rights are protected, and if not, notify the person's legal guardian or conservator, or the parent if the person is a minor, protection services, or licensing agencies as appropriate; and
  - (4) to determine if the person, the person's legal guardian or conservator, or the parent if the person is a minor, is satisfied with the services provided.
- (c) If the provider fails to develop or carry out the individual ~~program~~ provider plan according to paragraph (a), the case manager shall notify the person's legal guardian or conservator, or the parent if the person is a minor, the provider, the respective licensing and certification agencies, and the county board where the services are being provided. In addition, the case manager shall identify other steps needed to assure the person receives the services identified in the ~~individual service~~ coordinated services and support plan.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 22. Minnesota Statutes 2010, section 256B.092, subdivision 1g, is amended to read:

Subd. 1g. **Conditions not requiring development of ~~individual service~~ a coordinated services and support plan.** Unless otherwise required by federal law, the county agency is not required to complete ~~an individual service~~ a coordinated services and support plan as defined in subdivision 1b for:

- (1) persons whose families are requesting respite care for their family member who resides with them, or whose families are requesting a family support grant and are not requesting purchase or arrangement of habilitative services; and
- (2) persons with developmental disabilities, living independently without authorized services or receiving funding for services at a rehabilitation facility as defined in section 268A.01, subdivision 6, and not in need of or requesting additional services.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 23. Minnesota Statutes 2010, section 256B.092, subdivision 3, is amended to read:

Subd. 3. **Authorization and termination of services.** ~~County agency case managers~~ Lead agencies, under rules of the commissioner, shall authorize and terminate services of community and regional treatment center providers according to ~~individual service~~ coordinated services and support plans. Services provided to persons with developmental disabilities may only be authorized and terminated ~~by case managers~~ according to (1) rules of the

commissioner and (2) the ~~individual service~~ coordinated services and support plan as defined in subdivision 1b. Medical assistance services not needed shall not be authorized by ~~county~~ lead agencies or funded by the commissioner. When purchasing or arranging for unlicensed respite care services for persons with overriding health needs, the county agency shall seek the advice of a health care professional in assessing provider staff training needs and skills necessary to meet the medical needs of the person.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 24. Minnesota Statutes 2010, section 256B.092, subdivision 8, is amended to read:

Subd. 8. ~~Screening team~~ **Additional certified assessor** duties. The ~~screening team~~ certified assessor shall:

- (1) review diagnostic data;
- (2) review health, social, and developmental assessment data using a ~~uniform screening~~ comprehensive assessment tool specified by the commissioner;
- (3) identify the level of services appropriate to maintain the person in the most normal and least restrictive setting that is consistent with the person's treatment needs;
- (4) identify other noninstitutional public assistance or social service that may prevent or delay long-term residential placement;
- (5) assess whether a person is in need of long-term residential care;
- (6) make recommendations regarding ~~placement services~~ and payment for: (i) social service or public assistance support, or both, to maintain a person in the person's own home or other place of residence; (ii) training and habilitation service, vocational rehabilitation, and employment training activities; (iii) community residential ~~placement services~~; (iv) ~~regional treatment center placement~~; or (v) (iv) a home and community-based service alternative to community residential placement or regional treatment center placement;
- (7) evaluate the availability, location, and quality of the services listed in clause (6), including the impact of ~~placement alternatives~~ services and supports options on the person's ability to maintain or improve existing patterns of contact and involvement with parents and other family members;
- (8) identify the cost implications of recommendations in clause (6) and provide written notice of the annual and monthly average authorized amount to be spent for services for the recipient;
- (9) make recommendations to a court as may be needed to assist the court in making decisions regarding commitment of persons with developmental disabilities; and
- (10) inform the person and the person's legal guardian or conservator, or the parent if the person is a minor, that appeal may be made to the commissioner pursuant to section 256.045.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 25. **[256B.0961] STATE QUALITY ASSURANCE, QUALITY IMPROVEMENT, AND LICENSING SYSTEM.**

Subdivision 1. **Scope.** (a) In order to improve the quality of services provided to Minnesotans with disabilities and to meet the requirements of the federally approved home and community-based waivers under section 1915c of the Social Security Act, a State Quality Assurance, Quality Improvement, and Licensing System for Minnesotans receiving disability services is enacted. This system is a partnership between the Department of Human Services and the State Quality Council established under subdivision 3.

(b) This system is a result of the recommendations from the Department of Human Services' licensing and alternative quality assurance study mandated under Laws 2005, First Special Session chapter 4, article 7, section 57, and presented to the legislature in February 2007.

(c) The disability services eligible under this section include:

(1) the home and community-based services waiver programs for persons with developmental disabilities under section 256B.092, subdivision 4, or section 256B.49, including traumatic brain injuries and services for those who qualify for nursing facility level of care or hospital facility level of care;

(2) home care services under section 256B.0651;

(3) family support grants under section 252.32;

(4) consumer support grants under section 256.476;

(5) semi-independent living services under section 252.275; and

(6) services provided through an intermediate care facility for the developmentally disabled.

(d) For purposes of this section, the following definitions apply:

(1) "commissioner" means the commissioner of human services;

(2) "council" means the State Quality Council under subdivision 3;

(3) "Quality Assurance Commission" means the commission under section 256B.0951; and

(4) "system" means the State Quality Assurance, Quality Improvement and Licensing System under this section.

**Subd. 2. Duties of the commissioner of human services.** (a) The commissioner of human services shall establish the State Quality Council under subdivision 3.

(b) The commissioner shall initially delegate authority to perform licensing functions and activities according to section 245A.16 to a host county in Region 10. The commissioner must not license or reimburse a participating facility, program, or service located in Region 10 if the commissioner has received notification from the host county that the facility, program, or service has failed to qualify for licensure.

(c) The commissioner may conduct random licensing inspections based on outcomes adopted under section 256B.0951, subdivision 3, at facilities or programs, and of services eligible under this section. The role of the random inspections is to verify that the system protects the safety and well-being of persons served and maintains the availability of high-quality services for persons with disabilities.

(d) The commissioner shall ensure that the federal home and community-based waiver requirements are met and that incidents that may have jeopardized safety and health or violated services-related assurances, civil and human rights, and other protections designed to prevent abuse, neglect, and exploitation, are reviewed, investigated, and acted upon in a timely manner.

(e) The commissioner shall seek a federal waiver by July 1, 2012 to allow intermediate care facilities for persons with developmental disabilities to participate in this system.



Subd. 3. **State Quality Council.** (a) There is hereby created a State Quality Council which must define regional quality councils, and carry out a community-based, person-directed quality review component, and a comprehensive system for effective incident reporting, investigation, analysis, and follow-up.

(b) By August 1, 2011, the commissioner of human services shall appoint the members of the initial State Quality Council. Members shall include representatives from the following groups:

(1) disability service recipients and their family members;

(2) during the first two years of the State Quality Council, there must be at least three members from the Region 10 stakeholders. As regional quality councils are formed under subdivision 4, each regional quality council shall appoint one member;

(3) disability service providers;

(4) disability advocacy groups; and

(5) county human services agencies and staff from the Department of Human Services and Ombudsman for Mental Health and Developmental Disabilities.

(c) Members of the council who do not receive a salary or wages from an employer for time spent on council duties may receive a per diem payment when performing council duties and functions.

(d) The State Quality Council shall:

(1) assist the Department of Human Services in fulfilling federally mandated obligations by monitoring disability service quality and quality assurance and improvement practices in Minnesota; and

(2) establish state quality improvement priorities with methods for achieving results and provide an annual report to the legislative committees with jurisdiction over policy and funding of disability services on the outcomes, improvement priorities, and activities undertaken by the commission during the previous state fiscal year.

(e) The State Quality Council, in partnership with the commissioner, shall:

(1) approve and direct implementation of the community-based, person-directed system established in this section;

(2) recommend an appropriate method of funding this system, and determine the feasibility of the use of Medicaid, licensing fees, as well as other possible funding options;

(3) approve measurable outcomes in the areas of health and safety, consumer evaluation, education and training, providers, and systems;

(4) establish variable licensure periods not to exceed three years based on outcomes achieved; and

(5) in cooperation with the Quality Assurance Commission, design a transition plan for licensed providers from Region 10 into the alternative licensing system by July 1, 2013.

(f) The State Quality Council shall notify the commissioner of human services that a facility, program, or service has been reviewed by quality assurance team members under subdivision 4, paragraph (b), clause (13), and qualifies for a license.

(g) The State Quality Council, in partnership with the commissioner, shall establish an ongoing review process for the system. The review shall take into account the comprehensive nature of the system which is designed to evaluate the broad spectrum of licensed and unlicensed entities that provide services to persons with disabilities. The review shall address efficiencies and effectiveness of the system.

(h) The State Quality Council may recommend to the commissioner certain variances from the standards governing licensure of programs for persons with disabilities in order to improve the quality of services so long as the recommended variances do not adversely affect the health or safety of persons being served or compromise the qualifications of staff to provide services.

(i) The safety standards, rights, or procedural protections referenced under subdivision 2, paragraph (c), shall not be varied. The State Quality Council may make recommendations to the commissioner or to the legislature in the report required under paragraph (c) regarding alternatives or modifications to the safety standards, rights, or procedural protections referenced under subdivision 2, paragraph (c).

(j) The State Quality Council may hire staff to perform the duties assigned in this subdivision.

Subd. 4. **Regional quality councils.** (a) The commissioner shall establish, as selected by the State Quality Council, regional quality councils of key stakeholders, including regional representatives of:

(1) disability service recipients and their family members;

(2) disability service providers;

(3) disability advocacy groups; and

(4) county human services agencies and staff from the Department of Human Services and Ombudsman for Mental Health and Developmental Disabilities.

(b) Each regional quality council shall:

(1) direct and monitor the community-based, person-directed quality assurance system in this section;

(2) approve a training program for quality assurance team members under clause (13);

(3) review summary reports from quality assurance team reviews and make recommendations to the State Quality Council regarding program licensure;

(4) make recommendations to the State Quality Council regarding the system;

(5) resolve complaints between the quality assurance teams, counties, providers, persons receiving services, their families, and legal representatives;

(6) analyze and review quality outcomes and critical incident data reporting incidents of life safety concerns immediately to the Department of Human Services licensing division;

(7) provide information and training programs for persons with disabilities and their families and legal representatives on service options and quality expectations;

(8) disseminate information and resources developed to other regional quality councils;

(9) respond to state-level priorities;

(10) establish regional priorities for quality improvement;

(11) submit an annual report to the State Quality Council on the status, outcomes, improvement priorities, and activities in the region;

(12) choose a representative to participate on the State Quality Council and assume other responsibilities consistent with the priorities of the State Quality Council; and

(13) recruit, train, and assign duties to members of quality assurance teams, taking into account the size of the service provider, the number of services to be reviewed, the skills necessary for the team members to complete the process, and ensure that no team member has a financial, personal, or family relationship with the facility, program, or service being reviewed or with anyone served at the facility, program, or service. Quality assurance teams must be comprised of county staff, persons receiving services or the person's families, legal representatives, members of advocacy organizations, providers, and other involved community members. Team members must complete the training program approved by the regional quality council and must demonstrate performance-based competency. Team members may be paid a per diem and reimbursed for expenses related to their participation in the quality assurance process.

(c) The commissioner shall monitor the safety standards, rights, and procedural protections for the monitoring of psychotropic medications and those identified under sections 245.825; 245.91 to 245.97; 245A.09, subdivision 2, paragraph (c), clauses (2) and (5); 245A.12; 245A.13; 252.41, subdivision 9; 256B.092, subdivision 1b, clause (7); 626.556; and 626.557.

(d) The regional quality councils may hire staff to perform the duties assigned in this subdivision.

(e) The regional quality councils may charge fees for their services.

(f) The quality assurance process undertaken by a regional quality council consists of an evaluation by a quality assurance team of the facility, program, or service. The process must include an evaluation of a random sample of persons served. The sample must be representative of each service provided. The sample size must be at least five percent but not less than two persons served. All persons must be given the opportunity to be included in the quality assurance process in addition to those chosen for the random sample.

(g) A facility, program, or service may contest a licensing decision of the regional quality council as permitted under chapter 245A.

Subd. 5. **Annual survey of service recipients.** The commissioner, in consultation with the State Quality Council, shall conduct an annual independent statewide survey of service recipients, randomly selected, to determine the effectiveness and quality of disability services. The survey must be consistent with the system performance expectations of the Centers for Medicare and Medicaid Services (CMS) Quality Framework. The survey must analyze whether desired outcomes for persons with different demographic, diagnostic, health, and functional needs, who are receiving different types of services in different settings and with different costs, have been achieved. Annual statewide and regional reports of the results must be published and used to assist regions, counties, and providers to plan and measure the impact of quality improvement activities.

Subd. 6. **Mandated reporters.** Members of the State Quality Council under subdivision 3, the regional quality councils under subdivision 4, and quality assurance team members under subdivision 4, paragraph (b), clause (13), are mandated reporters as defined in sections 626.556, subdivision 3, and 626.5572, subdivision 16.

**EFFECTIVE DATE.** (a) Subdivisions 1 to 6 are effective July 1, 2011.

(b) The jurisdictions of the regional quality councils in subdivision 4 must be defined, with implementation dates, by July 1, 2012. During the biennium beginning July 1, 2011, the Quality Assurance Commission shall continue to implement the alternative licensing system under this section.

Sec. 26. Minnesota Statutes 2010, section 256B.431, subdivision 2r, is amended to read:

Subd. 2r. **Payment restrictions on leave days.** (a) Effective July 1, 1993, the commissioner shall limit payment for leave days in a nursing facility to 79 percent of that nursing facility's total payment rate for the involved resident.

(b) For services rendered on or after July 1, 2003, for facilities reimbursed under this section or section 256B.434, the commissioner shall limit payment for leave days in a nursing facility to 60 percent of that nursing facility's total payment rate for the involved resident.

(c) For services rendered on or after July 1, 2011, for facilities reimbursed under this chapter, the commissioner shall limit payment for leave days in a nursing facility to 30 percent of that nursing facility's total payment rate for the involved resident, and shall allow this payment only when the occupancy of the nursing facility, inclusive of bed hold days, is equal to or greater than 96 percent, notwithstanding Minnesota Rules, part 9505.0415.

Sec. 27. Minnesota Statutes 2010, section 256B.431, subdivision 32, is amended to read:

Subd. 32. **Payment during first ~~90~~ 30 days.** (a) ~~For rate years beginning on or after July 1, 2001, the total payment rate for a facility reimbursed under this section, section 256B.434, or any other section for the first 90 paid days after admission shall be:~~

~~(1) for the first 30 paid days, the rate shall be 120 percent of the facility's medical assistance rate for each case mix class;~~

~~(2) for the next 60 paid days after the first 30 paid days, the rate shall be 110 percent of the facility's medical assistance rate for each case mix class;~~

~~(3) beginning with the 91st paid day after admission, the payment rate shall be the rate otherwise determined under this section, section 256B.434, or any other section; and~~

~~(4) payments under this paragraph apply to admissions occurring on or after July 1, 2001, and before July 1, 2003, and to resident days occurring before July 30, 2003.~~

~~(b)~~ For rate years beginning on or after July 1, ~~2003~~ 2011, the total payment rate for a facility reimbursed under this section, section 256B.434, or any other section shall be:

(1) for the first 30 calendar days after admission, the rate shall be 120 percent of the facility's medical assistance rate for each RUG class;

(2) beginning with the 31st calendar day after admission, the payment rate shall be the rate otherwise determined under this section, section 256B.434, or any other section; and

(3) payments under this paragraph apply to admissions occurring on or after July 1, ~~2003~~ 2011.

~~(c) Effective January 1, 2004,~~ (b) The enhanced rates under this subdivision shall not be allowed if a resident has resided during the previous 30 calendar days in:

- (1) the same nursing facility;
- (2) a nursing facility owned or operated by a related party; or
- (3) a nursing facility or part of a facility that closed or was in the process of closing.

Sec. 28. Minnesota Statutes 2010, section 256B.434, subdivision 4, is amended to read:

Subd. 4. **Alternate rates for nursing facilities.** (a) For nursing facilities which have their payment rates determined under this section rather than section 256B.431, the commissioner shall establish a rate under this subdivision. The nursing facility must enter into a written contract with the commissioner.

(b) A nursing facility's case mix payment rate for the first rate year of a facility's contract under this section is the payment rate the facility would have received under section 256B.431.

(c) A nursing facility's case mix payment rates for the second and subsequent years of a facility's contract under this section are the previous rate year's contract payment rates plus an inflation adjustment and, for facilities reimbursed under this section or section 256B.431, an adjustment to include the cost of any increase in Health Department licensing fees for the facility taking effect on or after July 1, 2001. The index for the inflation adjustment must be based on the change in the Consumer Price Index-All Items (United States City average) (CPI-U) forecasted by the commissioner of management and budget's national economic consultant, as forecasted in the fourth quarter of the calendar year preceding the rate year. The inflation adjustment must be based on the 12-month period from the midpoint of the previous rate year to the midpoint of the rate year for which the rate is being determined. For the rate years beginning on July 1, 1999, July 1, 2000, July 1, 2001, July 1, 2002, July 1, 2003, July 1, 2004, July 1, 2005, July 1, 2006, July 1, 2007, July 1, 2008, October 1, 2009, and October 1, 2010, ~~October 1, 2011, and October 1, 2012.~~ this paragraph shall apply only to the property-related payment rate, ~~except that adjustments to include the cost of any increase in Health Department licensing fees taking effect on or after July 1, 2001, shall be provided.~~ For the rate years beginning on October 1, 2011, and October 1, 2012, the rate adjustment under this paragraph shall be suspended. Beginning in 2005, adjustment to the property payment rate under this section and section 256B.431 shall be effective on October 1. In determining the amount of the property-related payment rate adjustment under this paragraph, the commissioner shall determine the proportion of the facility's rates that are property-related based on the facility's most recent cost report.

(d) The commissioner shall develop additional incentive-based payments of up to five percent above a facility's operating payment rate for achieving outcomes specified in a contract. The commissioner may solicit contract amendments and implement those which, on a competitive basis, best meet the state's policy objectives. The commissioner shall limit the amount of any incentive payment and the number of contract amendments under this paragraph to operate the incentive payments within funds appropriated for this purpose. The contract amendments may specify various levels of payment for various levels of performance. Incentive payments to facilities under this paragraph may be in the form of time-limited rate adjustments or onetime supplemental payments. In establishing the specified outcomes and related criteria, the commissioner shall consider the following state policy objectives:

- (1) successful diversion or discharge of residents to the residents' prior home or other community-based alternatives;
- (2) adoption of new technology to improve quality or efficiency;
- (3) improved quality as measured in the Nursing Home Report Card;
- (4) reduced acute care costs; and

(5) any additional outcomes proposed by a nursing facility that the commissioner finds desirable.

(e) Notwithstanding the threshold in section 256B.431, subdivision 16, facilities that take action to come into compliance with existing or pending requirements of the life safety code provisions or federal regulations governing sprinkler systems must receive reimbursement for the costs associated with compliance if all of the following conditions are met:

(1) the expenses associated with compliance occurred on or after January 1, 2005, and before December 31, 2008;

(2) the costs were not otherwise reimbursed under subdivision 4f or section 144A.071 or 144A.073; and

(3) the total allowable costs reported under this paragraph are less than the minimum threshold established under section 256B.431, subdivision 15, paragraph (e), and subdivision 16.

The commissioner shall use money appropriated for this purpose to provide to qualifying nursing facilities a rate adjustment beginning October 1, 2007, and ending September 30, 2008. Nursing facilities that have spent money or anticipate the need to spend money to satisfy the most recent life safety code requirements by (1) installing a sprinkler system or (2) replacing all or portions of an existing sprinkler system may submit to the commissioner by June 30, 2007, on a form provided by the commissioner the actual costs of a completed project or the estimated costs, based on a project bid, of a planned project. The commissioner shall calculate a rate adjustment equal to the allowable costs of the project divided by the resident days reported for the report year ending September 30, 2006. If the costs from all projects exceed the appropriation for this purpose, the commissioner shall allocate the money appropriated on a pro rata basis to the qualifying facilities by reducing the rate adjustment determined for each facility by an equal percentage. Facilities that used estimated costs when requesting the rate adjustment shall report to the commissioner by January 31, 2009, on the use of this money on a form provided by the commissioner. If the nursing facility fails to provide the report, the commissioner shall recoup the money paid to the facility for this purpose. If the facility reports expenditures allowable under this subdivision that are less than the amount received in the facility's annualized rate adjustment, the commissioner shall recoup the difference.

Sec. 29. Minnesota Statutes 2010, section 256B.437, subdivision 6, is amended to read:

Subd. 6. **Planned closure rate adjustment.** (a) The commissioner of human services shall calculate the amount of the planned closure rate adjustment available under subdivision 3, paragraph (b), for up to 5,140 beds according to clauses (1) to (4):

(1) the amount available is the net reduction of nursing facility beds multiplied by \$2,080;

(2) the total number of beds in the nursing facility or facilities receiving the planned closure rate adjustment must be identified;

(3) capacity days are determined by multiplying the number determined under clause (2) by 365; and

(4) the planned closure rate adjustment is the amount available in clause (1), divided by capacity days determined under clause (3).

(b) A planned closure rate adjustment under this section is effective on the first day of the month following completion of closure of the facility designated for closure in the application and becomes part of the nursing facility's total operating payment rate.

(c) Applicants may use the planned closure rate adjustment to allow for a property payment for a new nursing facility or an addition to an existing nursing facility or as an operating payment rate adjustment. Applications approved under this subdivision are exempt from other requirements for moratorium exceptions under section 144A.073, subdivisions 2 and 3.

(d) Upon the request of a closing facility, the commissioner must allow the facility a closure rate adjustment as provided under section 144A.161, subdivision 10.

(e) A facility that has received a planned closure rate adjustment may reassign it to another facility that is under the same ownership at any time within three years of its effective date. The amount of the adjustment shall be computed according to paragraph (a).

(f) If the per bed dollar amount specified in paragraph (a), clause (1), is increased, the commissioner shall recalculate planned closure rate adjustments for facilities that delicense beds under this section on or after July 1, 2001, to reflect the increase in the per bed dollar amount. The recalculated planned closure rate adjustment shall be effective from the date the per bed dollar amount is increased.

(g) For planned closures approved after June 30, 2009, the commissioner of human services shall calculate the amount of the planned closure rate adjustment available under subdivision 3, paragraph (b), according to paragraph (a), clauses (1) to (4).

(h) Beginning July 16, 2011, the commissioner shall no longer accept applications for planned closure rate adjustments under subdivision 3.

Sec. 30. Minnesota Statutes 2010, section 256B.441, subdivision 50a, is amended to read:

Subd. 50a. **Determination of proximity adjustments.** (a) For a nursing facility located in close proximity to another nursing facility of the same facility group type but in a different peer group and that has higher limits for care-related or other operating costs, the commissioner shall adjust the limits in accordance with clauses (1) to (4):

(1) determine the difference between the limits;

(2) determine the distance between the two facilities, by the shortest driving route. If the distance exceeds 20 miles, no adjustment shall be made;

(3) subtract the value in clause (2) from 20 miles, divide by 20, and convert to a percentage; and

(4) increase the limits for the nursing facility with the lower limits by the value determined in clause (1) multiplied by the value determined in clause (3).

(b) Effective October 1, 2011, nursing facilities located no more than one-quarter mile from a peer group with higher limits under either subdivision 50 or 51, may receive an operating rate adjustment. The operating payment rates of a lower-limit peer group facility must be adjusted to be equal to those of the nearest facility in a higher-limit peer group if that facility's RUG rate with a weight of 1.00 is higher than the lower-limit peer group facility. Peer groups are those defined in subdivision 30. The nearest facility must be determined by the most direct driving route.

Sec. 31. Minnesota Statutes 2010, section 256B.441, is amended by adding a subdivision to read:

Subd. 61. **Rate increase for low-rate facilities.** Effective October 1, 2011, operating payment rates of all nursing facilities that are reimbursed under this section or section 256B.434 shall be increased for a resource utilization group rate with a weight of 1.00 by up to 2.45 percent, but not to exceed for the same resource utilization group weight the rate of the facility at the 18th percentile of all nursing facilities in the state. The percentage of the operating payment rate for each facility to be case-mix adjusted shall be equal to the percentage that is case-mix adjusted in that facility's operating payment rate on the preceding September 30.

Sec. 32. Minnesota Statutes 2010, section 256B.48, subdivision 1, is amended to read:

Subdivision 1. **Prohibited practices.** A nursing facility is not eligible to receive medical assistance payments unless it refrains from all of the following:

(a) Charging private paying residents rates for similar services which exceed those which are approved by the state agency for medical assistance recipients as determined by the prospective desk audit rate, except under the following circumstances:

(1) the nursing facility may:

(1) ~~(i)~~ charge private paying residents a higher rate for a private room; and

(2) ~~(ii)~~ charge for special services which are not included in the daily rate if medical assistance residents are charged separately at the same rate for the same services in addition to the daily rate paid by the commissioner;

(2) effective July 1, 2011, through September 30, 2012, nursing facilities may charge private paying residents rates up to two percent higher than the allowable medical assistance payment rate determined by the commissioner for the RUGS group currently assigned to the resident; and

(3) effective for rate years beginning October 1, 2012, and after, nursing facilities may charge private paying residents rates greater than the allowable medical assistance payment rate determined by the commissioner for the RUGS group currently assigned to the resident by up to two percent more than the differential in effect on the prior September 30. Nothing in this section precludes a nursing facility from charging a rate allowable under the facility's single room election option under Minnesota Rules, part 9549.0060, subpart 11, or the enhanced rates under section 256B.431, subdivision 32. Services covered by the payment rate must be the same regardless of payment source. Special services, if offered, must be available to all residents in all areas of the nursing facility and charged separately at the same rate. Residents are free to select or decline special services. Special services must not include services which must be provided by the nursing facility in order to comply with licensure or certification standards and that if not provided would result in a deficiency or violation by the nursing facility. Services beyond those required to comply with licensure or certification standards must not be charged separately as a special service if they were included in the payment rate for the previous reporting year. A nursing facility that charges a private paying resident a rate in violation of this ~~clause paragraph~~ is subject to an action by the state of Minnesota or any of its subdivisions or agencies for civil damages. A private paying resident or the resident's legal representative has a cause of action for civil damages against a nursing facility that charges the resident rates in violation of this ~~clause paragraph~~. The damages awarded shall include three times the payments that result from the violation, together with costs and disbursements, including reasonable ~~attorneys'~~ attorney fees or their equivalent. A private paying resident or the resident's legal representative, the state, subdivision or agency, or a nursing facility may request a hearing to determine the allowed rate or rates at issue in the cause of action. Within 15 calendar days after receiving a request for such a hearing, the commissioner shall request assignment of an administrative law judge under sections 14.48 to 14.56 to conduct the hearing as soon as possible or according to agreement by the parties. The administrative law judge shall issue a report within 15 calendar days following the close of the hearing. The prohibition set forth in this ~~clause paragraph~~ shall not apply to facilities licensed as boarding care facilities which are not certified as skilled or intermediate care facilities level I or II for reimbursement through medical assistance.

(b)(1) Charging, soliciting, accepting, or receiving from an applicant for admission to the facility, or from anyone acting in behalf of the applicant, as a condition of admission, expediting the admission, or as a requirement for the individual's continued stay, any fee, deposit, gift, money, donation, or other consideration not otherwise required as payment under the state plan. For residents on medical assistance, medical assistance payments according to the state plan must be accepted as payment in full for continued stay, except where otherwise provided for under statute;



(2) requiring an individual, or anyone acting in behalf of the individual, to loan any money to the nursing facility;

(3) requiring an individual, or anyone acting in behalf of the individual, to promise to leave all or part of the individual's estate to the facility; or

(4) requiring a third-party guarantee of payment to the facility as a condition of admission, expedited admission, or continued stay in the facility.

Nothing in this paragraph would prohibit discharge for nonpayment of services in accordance with state and federal regulations.

(c) Requiring any resident of the nursing facility to utilize a vendor of health care services chosen by the nursing facility. A nursing facility may require a resident to use pharmacies that utilize unit dose packing systems approved by the Minnesota Board of Pharmacy, and may require a resident to use pharmacies that are able to meet the federal regulations for safe and timely administration of medications such as systems with specific number of doses, prompt delivery of medications, or access to medications on a 24-hour basis. Notwithstanding the provisions of this paragraph, nursing facilities shall not restrict a resident's choice of pharmacy because the pharmacy utilizes a specific system of unit dose drug packing.

(d) Providing differential treatment on the basis of status with regard to public assistance.

(e) Discriminating in admissions, services offered, or room assignment on the basis of status with regard to public assistance ~~or refusal to purchase special services~~. Discrimination in admissions, discrimination, services offered, or room assignment shall include, but is not limited to:

(1) basing admissions decisions upon ~~assurance by the applicant to the nursing facility, or the applicant's guardian or conservator, that the applicant is neither eligible for nor will seek information or assurances regarding current or future eligibility for public assistance for payment of nursing facility care costs~~; and

(2) engaging in preferential selection from waiting lists based on an applicant's ability to pay privately or an applicant's refusal to pay for a special service.

The collection and use by a nursing facility of financial information of any applicant pursuant to a preadmission screening program established by law shall not raise an inference that the nursing facility is utilizing that information for any purpose prohibited by this paragraph.

(f) Requiring any vendor of medical care as defined by section 256B.02, subdivision 7, who is reimbursed by medical assistance under a separate fee schedule, to pay any amount based on utilization or service levels or any portion of the vendor's fee to the nursing facility except as payment for renting or leasing space or equipment or purchasing support services from the nursing facility as limited by section 256B.433. All agreements must be disclosed to the commissioner upon request of the commissioner. Nursing facilities and vendors of ancillary services that are found to be in violation of this provision shall each be subject to an action by the state of Minnesota or any of its subdivisions or agencies for treble civil damages on the portion of the fee in excess of that allowed by this provision and section 256B.433. Damages awarded must include three times the excess payments together with costs and disbursements including reasonable attorney's fees or their equivalent.

(g) Refusing, for more than 24 hours, to accept a resident returning to the same bed or a bed certified for the same level of care, in accordance with a physician's order authorizing transfer, after receiving inpatient hospital services.

(h) For a period not to exceed 180 days, the commissioner may continue to make medical assistance payments to a nursing facility or boarding care home which is in violation of this section if extreme hardship to the residents would result. In these cases the commissioner shall issue an order requiring the nursing facility to correct the violation. The nursing facility shall have 20 days from its receipt of the order to correct the violation. If the violation is not corrected within the 20-day period the commissioner may reduce the payment rate to the nursing facility by up to 20 percent. The amount of the payment rate reduction shall be related to the severity of the violation and shall remain in effect until the violation is corrected. The nursing facility or boarding care home may appeal the commissioner's action pursuant to the provisions of chapter 14 pertaining to contested cases. An appeal shall be considered timely if written notice of appeal is received by the commissioner within 20 days of notice of the commissioner's proposed action.

In the event that the commissioner determines that a nursing facility is not eligible for reimbursement for a resident who is eligible for medical assistance, the commissioner may authorize the nursing facility to receive reimbursement on a temporary basis until the resident can be relocated to a participating nursing facility.

Certified beds in facilities which do not allow medical assistance intake on July 1, 1984, or after shall be deemed to be decertified for purposes of section 144A.071 only.

Sec. 33. Minnesota Statutes 2010, section 256B.49, subdivision 13, is amended to read:

Subd. 13. **Case management.** (a) Each recipient of a home and community-based waiver under this section shall be provided case management services according to section 256B.092, subdivisions 1a, 1b, and 1e, by qualified vendors as described in the federally approved waiver application. ~~The case management service activities provided will include:~~

- ~~(1) assessing the needs of the individual within 20 working days of a recipient's request;~~
- ~~(2) developing the written individual service plan within ten working days after the assessment is completed;~~
- ~~(3) informing the recipient or the recipient's legal guardian or conservator of service options;~~
- ~~(4) assisting the recipient in the identification of potential service providers;~~
- ~~(5) assisting the recipient to access services;~~
- ~~(6) coordinating, evaluating, and monitoring of the services identified in the service plan;~~
- ~~(7) completing the annual reviews of the service plan; and~~
- ~~(8) informing the recipient or legal representative of the right to have assessments completed and service plans developed within specified time periods, and to appeal county action or inaction under section 256.045, subdivision 3, including the determination of nursing facility level of care.~~

(b) The case manager may delegate certain aspects of the case management service activities to another individual provided there is oversight by the case manager. The case manager may not delegate those aspects which require professional judgment including assessments, reassessments, and care plan development.

**EFFECTIVE DATE.** This section is effective January 1, 2012.

Sec. 34. Minnesota Statutes 2010, section 256B.49, subdivision 14, is amended to read:

Subd. 14. **Assessment and reassessment.** (a) Assessments of each recipient's strengths, informal support systems, and need for services shall be completed within 20 working days of the recipient's request as provided in section 256B.0911. Reassessment of each recipient's strengths, support systems, and need for services shall be conducted at least every 12 months and at other times when there has been a significant change in the recipient's functioning.

(b) There must be a determination that the client requires a hospital level of care or a nursing facility level of care as defined in section 144.0724, subdivision 11, at initial and subsequent assessments to initiate and maintain participation in the waiver program.

(c) Regardless of other assessments identified in section 144.0724, subdivision 4, as appropriate to determine nursing facility level of care for purposes of medical assistance payment for nursing facility services, only face-to-face assessments conducted according to section 256B.0911, subdivisions 3a, 3b, and 4d, that result in a hospital level of care determination or a nursing facility level of care determination must be accepted for purposes of initial and ongoing access to waiver services payment.

(d) Persons with developmental disabilities who apply for services under the nursing facility level waiver programs shall be screened for the appropriate level of care according to section 256B.092.

(e) Recipients who are found eligible for home and community-based services under this section before their 65th birthday may remain eligible for these services after their 65th birthday if they continue to meet all other eligibility factors.

(f) The commissioner shall develop criteria to identify recipients whose level of functioning is reasonably expected to improve and reassess these recipients to establish a baseline assessment. Recipients who meet these criteria must have a comprehensive transitional service plan developed under subdivision 15, paragraphs (b) and (c), and be reassessed every six months until there has been no significant change in the recipient's functioning for at least 12 months. After there has been no significant change in the recipient's functioning for at least 12 months, reassessments of the recipient's strengths, informal support systems, and need for services shall be conducted at least every 12 months and at other times when there has been a significant change in the recipient's functioning. Counties, case managers, and service providers are responsible for conducting these reassessments and shall complete the reassessments out of existing funds.

**EFFECTIVE DATE.** This section is effective January 1, 2012, except for paragraph (f), which is effective July 1, 2013.

Sec. 35. Minnesota Statutes 2010, section 256B.49, subdivision 15, is amended to read:

Subd. 15. **Individualized service Coordinated services and support plan; comprehensive transitional service plan; maintenance service plan.** (a) Each recipient of home and community-based waived services shall be provided a copy of the written ~~service~~ coordinated services and support plan ~~which~~ that complies with the requirements of section 256B.092, subdivisions 1b and 1e.

- ~~(1) is developed and signed by the recipient within ten working days of the completion of the assessment;~~
- ~~(2) meets the assessed needs of the recipient;~~
- ~~(3) reasonably ensures the health and safety of the recipient;~~
- ~~(4) promotes independence;~~

~~(5) allows for services to be provided in the most integrated settings; and~~

~~(6) provides for an informed choice, as defined in section 256B.77, subdivision 2, paragraph (p), of service and support providers.~~

(b) In developing the comprehensive transitional service plan, the individual receiving services, the case manager, and the guardian, if applicable, will identify the transitional service plan fundamental service outcome and anticipated timeline to achieve this outcome. Within the first 20 days following a recipient's request for an assessment or reassessment, the transitional service planning team must be identified. A team leader must be identified who will be responsible for assigning responsibility and communicating with team members to ensure implementation of the transition plan and ongoing assessment and communication process. The team leader should be an individual, such as the case manager or guardian, who has the opportunity to follow the recipient to the next level of service.

Within ten days following an assessment, a comprehensive transitional service plan must be developed incorporating elements of a comprehensive functional assessment and including short-term measurable outcomes and timelines for achievement of and reporting on these outcomes. Functional milestones must also be identified and reported according to the timelines agreed upon by the transitional service planning team. In addition, the comprehensive transitional service plan must identify additional supports that may assist in the achievement of the fundamental service outcome such as the development of greater natural community support, increased collaboration among agencies, and technological supports.

The timelines for reporting on functional milestones will prompt a reassessment of services provided, the units of services, rates, and appropriate service providers. It is the responsibility of the transitional service planning team leader to review functional milestone reporting to determine if the milestones are consistent with observable skills and that milestone achievement prompts any needed changes to the comprehensive transitional service plan.

For those whose fundamental transitional service outcome involves the need to procure housing, a plan for the recipient to seek the resources necessary to secure the least restrictive housing possible should be incorporated into the plan, including employment and public supports such as housing access and shelter needy funding.

(c) Counties and other agencies responsible for funding community placement and ongoing community supportive services are responsible for the implementation of the comprehensive transitional service plans. Oversight responsibilities include both ensuring effective transitional service delivery and efficient utilization of funding resources.

(d) Following one year of transitional services, the transitional services planning team will make a determination as to whether or not the individual receiving services requires the current level of continuous and consistent support in order to maintain the recipient's current level of functioning. Recipients who are determined to have not had a significant change in functioning for 12 months must move from a transitional to a maintenance service plan. Recipients on a maintenance service plan must be reassessed to determine if the recipient would benefit from a transitional service plan at least every 12 months and at other times when there has been a significant change in the recipient's functioning. This assessment should consider any changes to technological or natural community supports.

~~(b)~~ (e) When a county is evaluating denials, reductions, or terminations of home and community-based services under section 256B.49 for an individual, the case manager shall offer to meet with the individual or the individual's guardian in order to discuss the prioritization of service needs within the individualized service plan, comprehensive transitional service plan, or maintenance service plan. The reduction in the authorized services for an individual due to changes in funding for waived services may not exceed the amount needed to ensure medically necessary services to meet the individual's health, safety, and welfare.

**EFFECTIVE DATE.** This section is effective January 1, 2012, except for paragraphs (b), (c), and (d), which are effective July 1, 2013.

Sec. 36. Minnesota Statutes 2010, section 256B.5012, is amended by adding a subdivision to read:

Subd. 9. **ICF/MR rate increase.** Effective July 1, 2011, the commissioner shall increase the daily rate to \$138.23 at an intermediate care facility for the developmentally disabled located in Clearwater County and classified as a class A facility with 15 beds.

**EFFECTIVE DATE.** This section is effective July 1, 2011.

Sec. 37. Minnesota Statutes 2010, section 256B.5012, is amended by adding a subdivision to read:

Subd. 10. **ICF/MR rate adjustment.** For each facility reimbursed under this section, except for a facility located in Clearwater County and classified as a class A facility with 15 beds, the commissioner shall decrease operating payment rates equal to 0.095 percent of the operating payment rates in effect on June 30, 2011. For each facility, the commissioner shall apply the rate reduction, based on occupied beds, using the percentage specified in this subdivision multiplied by the total payment rate, including the variable rate but excluding the property-related payment rate, in effect on the preceding date. The total rate reduction shall include the adjustment provided in section 256B.501, subdivision 12.

Sec. 38. Minnesota Statutes 2010, section 256G.02, subdivision 6, is amended to read:

Subd. 6. **Excluded time.** "Excluded time" means:

(a) any period an applicant spends in a hospital, sanitarium, nursing home, shelter other than an emergency shelter, halfway house, foster home, semi-independent living domicile or services program, residential facility offering care, board and lodging facility or other institution for the hospitalization or care of human beings, as defined in section 144.50, 144A.01, or 245A.02, subdivision 14; maternity home, battered women's shelter, or correctional facility; or any facility based on an emergency hold under sections 253B.05, subdivisions 1 and 2, and 253B.07, subdivision 6;

(b) any period an applicant spends on a placement basis in a training and habilitation program, including a rehabilitation facility or work or employment program as defined in section 268A.01; ~~or receiving personal care assistance services pursuant to section 256B.0659;~~ semi-independent living services provided under section 252.275, and Minnesota Rules, parts 9525.0500 to 9525.0660; or day training and habilitation programs and assisted living services; and

(c) any placement for a person with an indeterminate commitment, including independent living.

**EFFECTIVE DATE.** This section is effective July 1, 2011.

Sec. 39. Laws 2009, chapter 79, article 13, section 3, subdivision 8, as amended by Laws 2009, chapter 173, article 2, section 1, subdivision 8, and Laws 2010, First Special Session chapter 1, article 15, section 5, and article 25, section 16, is amended to read:

Subd. 8. **Continuing Care Grants**

The amounts that may be spent from the appropriation for each purpose are as follows:

<b>(a) Aging and Adult Services Grants</b>	13,499,000	15,805,000
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**Base Adjustment.** The general fund base is increased by \$5,751,000 in fiscal year 2012 and \$6,705,000 in fiscal year 2013.

**Information and Assistance Reimbursement.** Federal administrative reimbursement obtained from information and assistance services provided by the Senior LinkAge or Disability Linkage lines to people who are identified as eligible for medical assistance shall be appropriated to the commissioner for this activity.

**Community Service Development Grant Reduction.** Funding for community service development grants must be reduced by \$260,000 for fiscal year 2010; \$284,000 in fiscal year 2011; \$43,000 in fiscal year 2012; and \$43,000 in fiscal year 2013. Base level funding shall be restored in fiscal year 2014.

**Community Service Development Grant Community Initiative.** Funding for community service development grants shall be used to offset the cost of aging support grants. Base level funding shall be restored in fiscal year 2014.

**Senior Nutrition Use of Federal Funds.** For fiscal year 2010, general fund grants for home-delivered meals and congregate dining shall be reduced by \$500,000. The commissioner must replace these general fund reductions with equal amounts from federal funding for senior nutrition from the American Recovery and Reinvestment Act of 2009.

<b>(b) Alternative Care Grants</b>	50,234,000	48,576,000
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**Base Adjustment.** The general fund base is decreased by \$3,598,000 in fiscal year 2012 and \$3,470,000 in fiscal year 2013.

**Alternative Care Transfer.** Any money allocated to the alternative care program that is not spent for the purposes indicated does not cancel but must be transferred to the medical assistance account.

<b>(c) Medical Assistance Grants; Long-Term Care Facilities.</b>	367,444,000	419,749,000
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<b>(d) Medical Assistance Long-Term Care Waivers and Home Care Grants</b>	853,567,000	1,039,517,000
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**Manage Growth in TBI and CADI Waivers.** During the fiscal years beginning on July 1, 2009, and July 1, 2010, the commissioner shall allocate money for home and community-based waiver programs under Minnesota Statutes, section 256B.49, to ensure a reduction in state spending that is equivalent to limiting the caseload growth of the TBI waiver to 12.5 allocations per month each year of the biennium and the CADI waiver to 95 allocations per month each year of the biennium. Limits do not

apply: (1) when there is an approved plan for nursing facility bed closures for individuals under age 65 who require relocation due to the bed closure; (2) to fiscal year 2009 waiver allocations delayed due to unallotment; or (3) to transfers authorized by the commissioner from the personal care assistance program of individuals having a home care rating of "CS," "MT," or "HL." Priorities for the allocation of funds must be for individuals anticipated to be discharged from institutional settings or who are at imminent risk of a placement in an institutional setting.

**Manage Growth in DD Waiver.** The commissioner shall manage the growth in the DD waiver by limiting the allocations included in the February 2009 forecast to 15 additional diversion allocations each month for the calendar years that begin on January 1, 2010, and January 1, 2011. Additional allocations must be made available for transfers authorized by the commissioner from the personal care program of individuals having a home care rating of "CS," "MT," or "HL."

**Adjustment to Lead Agency Waiver Allocations.** Prior to the availability of the alternative license defined in Minnesota Statutes, section 245A.11, subdivision 8, the commissioner shall reduce lead agency waiver allocations for the purposes of implementing a moratorium on corporate foster care.

~~**Alternatives to Personal Care Assistance Services.** Base level funding of \$3,237,000 in fiscal year 2012 and \$4,856,000 in fiscal year 2013 is to implement alternative services to personal care assistance services for persons with mental health and other behavioral challenges who can benefit from other services that more appropriately meet their needs and assist them in living independently in the community. These services may include, but not be limited to, a 1915(i) state plan option.~~

**(e) Mental Health Grants**

Appropriations by Fund

General	77,739,000	77,739,000
Health Care Access	750,000	750,000
Lottery Prize	1,508,000	1,508,000

**Funding Usage.** Up to 75 percent of a fiscal year's appropriation for adult mental health grants may be used to fund allocations in that portion of the fiscal year ending December 31.

<b>(f) Deaf and Hard-of-Hearing Grants</b>	1,930,000	1,917,000
<b>(g) Chemical Dependency Entitlement Grants</b>	111,303,000	122,822,000

**Payments for Substance Abuse Treatment.** For placements beginning during fiscal years 2010 and 2011, county-negotiated rates and provider claims to the consolidated chemical dependency fund must not exceed the lesser of:

- (1) rates charged for these services on January 1, 2009; or
- (2) 160 percent of the average rate on January 1, 2009, for each group of vendors with similar attributes.

Rates for fiscal years 2010 and 2011 must not exceed 160 percent of the average rate on January 1, 2009, for each group of vendors with similar attributes.

Effective July 1, 2010, rates that were above the average rate on January 1, 2009, are reduced by five percent from the rates in effect on June 1, 2010. Rates below the average rate on January 1, 2009, are reduced by 1.8 percent from the rates in effect on June 1, 2010. Services provided under this section by state-operated services are exempt from the rate reduction. For services provided in fiscal years 2012 and 2013, the statewide aggregate payment under the new rate methodology to be developed under Minnesota Statutes, section 254B.12, must not exceed the projected aggregate payment under the rates in effect for fiscal year 2011 excluding the rate reduction for rates that were below the average on January 1, 2009, plus a state share increase of \$3,787,000 for fiscal year 2012 and \$5,023,000 for fiscal year 2013. Notwithstanding any provision to the contrary in this article, this provision expires on June 30, 2013.

**Chemical Dependency Special Revenue Account.** For fiscal year 2010, \$750,000 must be transferred from the consolidated chemical dependency treatment fund administrative account and deposited into the general fund.

**County CD Share of MA Costs for ARRA Compliance.** Notwithstanding the provisions of Minnesota Statutes, chapter 254B, for chemical dependency services provided during the period October 1, 2008, to December 31, 2010, and reimbursed by medical assistance at the enhanced federal matching rate provided under the American Recovery and Reinvestment Act of 2009, the county share is 30 percent of the nonfederal share. This provision is effective the day following final enactment.

<b>(h) Chemical Dependency Nonentitlement Grants</b>	1,729,000	1,729,000
<b>(i) Other Continuing Care Grants</b>	19,201,000	17,528,000

**Base Adjustment.** The general fund base is increased by \$2,639,000 in fiscal year 2012 and increased by \$3,854,000 in fiscal year 2013.



**Technology Grants.** \$650,000 in fiscal year 2010 and \$1,000,000 in fiscal year 2011 are for technology grants, case consultation, evaluation, and consumer information grants related to developing and supporting alternatives to shift-staff foster care residential service models.

**Other Continuing Care Grants; HIV Grants.** Money appropriated for the HIV drug and insurance grant program in fiscal year 2010 may be used in either year of the biennium.

**Quality Assurance Commission.** Effective July 1, 2009, state funding for the quality assurance commission under Minnesota Statutes, section 256B.0951, is canceled.

**Sec. 40. ESTABLISHMENT OF RATES FOR SHARED HOME AND COMMUNITY-BASED WAIVER SERVICES.**

By January 1, 2012, the commissioner shall establish rates to begin paying for in-home services and personal supports under all of the home and community-based waiver services programs consistent with the standards in Minnesota Statutes, section 256B.4912, subdivision 2.

**Sec. 41. ESTABLISHMENT OF RATE FOR CASE MANAGEMENT SERVICES.**

By July 1, 2012, the commissioner shall establish the rate to be paid for case management services under Minnesota Statutes, sections 256B.0621, subdivision 2, clause (4), 256B.092, and 256B.49, consistent with the standards in Minnesota Statutes, section 256B.4912, subdivision 2.

**Sec. 42. RECOMMENDATIONS FOR FURTHER CASE MANAGEMENT REDESIGN.**

By February 1, 2012, the commissioner of human services shall develop a legislative report with specific recommendations and language for proposed legislation to be effective July 1, 2012, for the following:

(1) definitions of service and consolidation of standards and rates to the extent appropriate for all types of medical assistance case management services, including targeted case management under Minnesota Statutes, sections 256B.0621; 256B.0625, subdivision 20; and 256B.0924; mental health case management services for children and adults, all types of home and community-based waiver case management, and case management under Minnesota Rules, parts 9525.0004 to 9525.0036. This work shall be completed in collaboration with efforts under Minnesota Statutes, section 256B.4912;

(2) recommendations on county of financial responsibility requirements and quality assurance measures for case management;

(3) identification of county administrative functions that may remain entwined in case management service delivery models; and

(4) implementation of a methodology to fully fund county case management administrative functions.

**Sec. 43. MY LIFE, MY CHOICES TASK FORCE.**

Subdivision 1. **Establishment.** The My Life, My Choices Task Force is established to create a system of supports and services for people with disabilities governed by the following principles:

(1) freedom to act as a consumer of services in the marketplace;

(2) freedom to choose to take as much risk as any other citizen;

(3) more choices in levels of service that may vary throughout life;

(4) opportunity to work with a trusted advocate and fiscal support entity to manage a personal budget and to be accountable for reporting spending and personal outcomes;

(5) opportunity to live with minimal constraints instead of minimal freedoms; and

(6) ability to consolidate funding streams into an individualized budget.

Subd. 2. **Membership.** The My Life, My Choices Task Force shall consist of:

(1) the lieutenant governor;

(2) the commissioner of human services, or the commissioner's designee;

(3) a representative of the Minnesota Chamber of Commerce;

(4) a county representative appointed by the Association of Minnesota Counties;

(5) seven members appointed by the governor as follows: one administrative law judge, one labor representative, two family members of people with disabilities, and three individual members with different disabilities;

(6) two members appointed by the speaker of the house as follows: a representative of a disability advocacy organization, and a representative of a disability legal services advocacy organization; and

(7) three members appointed by the majority leader of the senate, including two representatives from nonprofit organizations, one of which serves all 87 counties and one that serves persons with disabilities and employs fewer than 50 people, and a representative of a philanthropic organization.

Appointed nongovernmental members of the task force shall serve as staff for the task force and take on responsibilities of coordinating meetings, reporting on committee recommendations, and providing other staff support as needed to meet the responsibilities of the task force as described in subdivision 3. The chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance shall serve as ex officio members.

Subd. 3. **Duties.** The task force shall make recommendations, including proposed legislation, and report to the legislative committees with jurisdiction over health and human services policy and finance by November 15, 2011, on creating a system of supports and services for people with disabilities by July 1, 2012, as governed by the principles under subdivision 1. In making recommendations and proposed legislation, the council shall work in conjunction with the Consumer-Directed Community Supports Task Force and shall include self-directed planning, individual budgeting, choice of trusted partner, self-directed purchasing of services and supports, reporting of outcomes, ability to share in any savings, and any additional rules or laws that may need to be waived.

Subd. 4. **Expense reimbursement.** The members of the task force shall not be reimbursed by the state for expenses related to the duties of the task force. The task force shall be independently staffed and coordinated by nongovernmental appointees who serve on the task force, and no state dollars shall be appropriated for expenses related to the task force under this section.

Subd. 5. **Expiration.** The task force expires on July 1, 2013.

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

Sec. 44. **DIRECTION TO OMBUDSMAN FOR LONG-TERM CARE.**

The Office of Ombudsman for Long-Term Care shall develop a work group to address issues about, but not limited to: housing with services fees, staffing, and quality assurance. The work group shall include, but not be limited to: consumers, relatives of consumers, advocates, and providers. The Office of Ombudsman for Long-Term Care shall present a report with recommendations related to housing with services fees, staffing, and quality assurance to the legislative committees with jurisdiction over health and human services policy and finance by January 15, 2012.

Sec. 45. **DIRECTION TO COUNTIES.**

Counties must inform individuals who have had a level of service reduction of their right to request an informal review conference with their case worker and any other relevant county staff.

Sec. 46. **NURSING FACILITY PILOT PROJECT.**

Subdivision 1. **Report.** The commissioner of human services, in consultation with the commissioner of health, stakeholders, and experts, shall provide to the legislature recommendations by November 15, 2011, on how to develop a project to demonstrate a new approach to caring for certain individuals in nursing facilities.

Subd. 2. **Contents of report.** The recommendations shall address the:

(1) nature of the demonstration in terms of timing, size, qualifications to participate, participation selection criteria and postdemonstration options for the demonstration and for participating facilities;

(2) nature of needed new form of licensure;

(3) characteristics of the individuals the new model is intended to serve and comparison of these characteristics with those individuals served by existing models of care;

(4) quality standards for licensure addressing management, types and amounts of staffing, safety, infection control, care processes, quality improvement, and resident rights;

(5) characteristics of inspection process;

(6) funding for inspection process;

(7) enforcement authorities;

(8) role of Medicare;

(9) participation in the elderly waiver program, including rate setting;

(10) nature of any federal approval or waiver requirements and the method and timing of obtaining them;

(11) consumer rights; and

(12) methods and resources needed to evaluate the effectiveness of the model with regards to cost and quality.

ARTICLE 7  
CHEMICAL AND MENTAL HEALTH

Section 1. Minnesota Statutes 2010, section 246B.10, is amended to read:

**246B.10 LIABILITY OF COUNTY; REIMBURSEMENT.**

The civilly committed sex offender's county shall pay to the state a portion of the cost of care provided in the Minnesota sex offender program to a civilly committed sex offender who has legally settled in that county. A county's payment must be made from the county's own sources of revenue and payments must equal ~~ten~~ 25 percent of the cost of care, as determined by the commissioner, for each day or portion of a day, that the civilly committed sex offender spends at the facility. If payments received by the state under this chapter exceed ~~90~~ 75 percent of the cost of care, the county is responsible for paying the state the remaining amount. The county is not entitled to reimbursement from the civilly committed sex offender, the civilly committed sex offender's estate, or from the civilly committed sex offender's relatives, except as provided in section 246B.07.

**EFFECTIVE DATE.** This section is effective for all individuals who are civilly committed to the Minnesota sex offender program on or after August 1, 2011.

Sec. 2. Minnesota Statutes 2010, section 252.025, subdivision 7, is amended to read:

Subd. 7. **Minnesota extended treatment options.** The commissioner shall develop by July 1, 1997, the Minnesota extended treatment options to serve Minnesotans who have developmental disabilities and exhibit severe behaviors which present a risk to public safety. This program is statewide and must provide specialized residential services in Cambridge and an array of community-based services with sufficient levels of care and a sufficient number of specialists to ensure that individuals referred to the program receive the appropriate care. The individuals working in the community-based services under this section are state employees supervised by the commissioner of human services. No midcontract layoffs shall occur as a result of restructuring under this section, but layoffs may occur as a normal consequence of a low census or closure of the facility due to decreased census.

Sec. 3. Minnesota Statutes 2010, section 253B.212, is amended to read:

**253B.212 COMMITMENT; RED LAKE BAND OF CHIPPEWA INDIANS; WHITE EARTH BAND OF OJIBWE.**

Subdivision 1. **Cost of care; commitment by tribal court order; Red Lake Band of Chippewa Indians.** The commissioner of human services may contract with and receive payment from the Indian Health Service of the United States Department of Health and Human Services for the care and treatment of those members of the Red Lake Band of Chippewa Indians who have been committed by tribal court order to the Indian Health Service for care and treatment of mental illness, developmental disability, or chemical dependency. The contract shall provide that the Indian Health Service may not transfer any person for admission to a regional center unless the commitment procedure utilized by the tribal court provided due process protections similar to those afforded by sections 253B.05 to 253B.10.

Subd. 1a. **Cost of care; commitment by tribal court order; White Earth Band of Ojibwe Indians.** The commissioner of human services may contract with and receive payment from the Indian Health Service of the United States Department of Health and Human Services for the care and treatment of those members of the White Earth Band of Ojibwe Indians who have been committed by tribal court order to the Indian Health Service for care and treatment of mental illness, developmental disability, or chemical dependency. The tribe may also contract directly with the commissioner for treatment of those members of the White Earth Band who have been committed by tribal court order to the White Earth Department of Health for care and treatment of mental illness.

developmental disability, or chemical dependency. The contract shall provide that the Indian Health Service and the White Earth Band shall not transfer any person for admission to a regional center unless the commitment procedure utilized by the tribal court provided due process protections similar to those afforded by sections 253B.05 to 253B.10.

Subd. 2. **Effect given to tribal commitment order.** When, under an agreement entered into pursuant to ~~subdivision 1~~ subdivisions 1 or 1a, the Indian Health Service applies to a regional center for admission of a person committed to the jurisdiction of the health service by the tribal court as a person who is mentally ill, developmentally disabled, or chemically dependent, the commissioner may treat the patient with the consent of the Indian Health Service.

A person admitted to a regional center pursuant to this section has all the rights accorded by section 253B.03. In addition, treatment reports, prepared in accordance with the requirements of section 253B.12, subdivision 1, shall be filed with the Indian Health Service within 60 days of commencement of the patient's stay at the facility. A subsequent treatment report shall be filed with the Indian Health Service within six months of the patient's admission to the facility or prior to discharge, whichever comes first. Provisional discharge or transfer of the patient may be authorized by the head of the treatment facility only with the consent of the Indian Health Service. Discharge from the facility to the Indian Health Service may be authorized by the head of the treatment facility after notice to and consultation with the Indian Health Service.

Sec. 4. Minnesota Statutes 2010, section 254B.03, subdivision 1, is amended to read:

Subdivision 1. **Local agency duties.** (a) Every local agency shall provide chemical dependency services to persons residing within its jurisdiction who meet criteria established by the commissioner for placement in a chemical dependency residential or nonresidential treatment service subject to the limitations on residential chemical dependency treatment in section 254B.04, subdivision 1. Chemical dependency money must be administered by the local agencies according to law and rules adopted by the commissioner under sections 14.001 to 14.69.

(b) In order to contain costs, the commissioner of human services shall select eligible vendors of chemical dependency services who can provide economical and appropriate treatment. Unless the local agency is a social services department directly administered by a county or human services board, the local agency shall not be an eligible vendor under section 254B.05. The commissioner may approve proposals from county boards to provide services in an economical manner or to control utilization, with safeguards to ensure that necessary services are provided. If a county implements a demonstration or experimental medical services funding plan, the commissioner shall transfer the money as appropriate.

(c) A culturally specific vendor that provides assessments under a variance under Minnesota Rules, part 9530.6610, shall be allowed to provide assessment services to persons not covered by the variance.

Sec. 5. Minnesota Statutes 2010, section 254B.03, subdivision 4, is amended to read:

Subd. 4. **Division of costs.** Except for services provided by a county under section 254B.09, subdivision 1, or services provided under section 256B.69 or 256D.03, subdivision 4, paragraph (b), the county shall, out of local money, pay the state for ~~46.14~~ 22.95 percent of the cost of chemical dependency services, including those services provided to persons eligible for medical assistance under chapter 256B and general assistance medical care under chapter 256D. Counties may use the indigent hospitalization levy for treatment and hospital payments made under this section. ~~46.14~~ 22.95 percent of any state collections from private or third-party pay, less 15 percent for the cost of payment and collections, must be distributed to the county that paid for a portion of the treatment under this section.

**EFFECTIVE DATE.** This section is effective for claims processed beginning July 1, 2011.

Sec. 6. Minnesota Statutes 2010, section 254B.04, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** (a) Persons eligible for benefits under Code of Federal Regulations, title 25, part 20, persons eligible for medical assistance benefits under sections 256B.055, 256B.056, and 256B.057, subdivisions 1, 2, 5, and 6, or who meet the income standards of section 256B.056, subdivision 4, and persons eligible for general assistance medical care under section 256D.03, subdivision 3, are entitled to chemical dependency fund services subject to the following limitations: (1) no more than three residential chemical dependency treatment episodes for the same person in a four-year period of time unless the person meets the criteria established by the commissioner of human services; and (2) no more than four residential chemical dependency treatment episodes in a lifetime unless the person meets the criteria established by the commissioner of human services. For purposes of this section, "episode" means a span of treatment without interruption of 30 days or more. State money appropriated for this paragraph must be placed in a separate account established for this purpose.

Persons with dependent children who are determined to be in need of chemical dependency treatment pursuant to an assessment under section 626.556, subdivision 10, or a case plan under section 260C.201, subdivision 6, or 260C.212, shall be assisted by the local agency to access needed treatment services. Treatment services must be appropriate for the individual or family, which may include long-term care treatment or treatment in a facility that allows the dependent children to stay in the treatment facility. The county shall pay for out-of-home placement costs, if applicable.

(b) A person not entitled to services under paragraph (a), but with family income that is less than 215 percent of the federal poverty guidelines for the applicable family size, shall be eligible to receive chemical dependency fund services within the limit of funds appropriated for this group for the fiscal year. If notified by the state agency of limited funds, a county must give preferential treatment to persons with dependent children who are in need of chemical dependency treatment pursuant to an assessment under section 626.556, subdivision 10, or a case plan under section 260C.201, subdivision 6, or 260C.212. A county may spend money from its own sources to serve persons under this paragraph. State money appropriated for this paragraph must be placed in a separate account established for this purpose.

(c) Persons whose income is between 215 percent and 412 percent of the federal poverty guidelines for the applicable family size shall be eligible for chemical dependency services on a sliding fee basis, within the limit of funds appropriated for this group for the fiscal year. Persons eligible under this paragraph must contribute to the cost of services according to the sliding fee scale established under subdivision 3. A county may spend money from its own sources to provide services to persons under this paragraph. State money appropriated for this paragraph must be placed in a separate account established for this purpose.

**EFFECTIVE DATE.** This section is effective for all chemical dependency residential treatment beginning on or after July 1, 2011.

Sec. 7. Minnesota Statutes 2010, section 254B.04, is amended by adding a subdivision to read:

**Subd. 2a. Eligibility for treatment in residential settings.** Notwithstanding provisions of Minnesota Rules, part 9530.6622, subparts 5 and 6, related to an assessor's discretion in making placements to residential treatment settings, a person eligible for services under this section must score at level 4 on assessment dimensions related to relapse, continued use, and recovery environment in order to be assigned to services with a room and board component reimbursed under this section.

Sec. 8. Minnesota Statutes 2010, section 254B.06, subdivision 2, is amended to read:

Subd. 2. **Allocation of collections.** The commissioner shall allocate all federal financial participation collections to a special revenue account. The commissioner shall allocate ~~83.86~~ 77.05 percent of patient payments and third-party payments to the special revenue account and ~~16.14~~ 22.95 percent to the county financially responsible for the patient.

**EFFECTIVE DATE.** This section is effective for claims processed beginning July 1, 2011.

Sec. 9. Minnesota Statutes 2010, section 256B.0625, subdivision 41, is amended to read:

Subd. 41. **Residential services for children with severe emotional disturbance.** Medical assistance covers rehabilitative services in accordance with section 256B.0945 that are provided by a county or an American Indian tribe through a residential facility, for children who have been diagnosed with severe emotional disturbance and have been determined to require the level of care provided in a residential facility.

**EFFECTIVE DATE.** This section is effective October 1, 2011.

Sec. 10. Minnesota Statutes 2010, section 256B.0945, subdivision 4, is amended to read:

Subd. 4. **Payment rates.** (a) Notwithstanding sections 256B.19 and 256B.041, payments to counties for residential services provided by a residential facility shall only be made of federal earnings for services provided under this section, and the nonfederal share of costs for services provided under this section shall be paid by the county from sources other than federal funds or funds used to match other federal funds. Payment to counties for services provided according to this section shall be a proportion of the per day contract rate that relates to rehabilitative mental health services and shall not include payment for costs or services that are billed to the IV-E program as room and board.

(b) Per diem rates paid to providers under this section by prepaid plans shall be the proportion of the per-day contract rate that relates to rehabilitative mental health services and shall not include payment for group foster care costs or services that are billed to the county of financial responsibility. Services provided in facilities located in bordering states are eligible for reimbursement on a fee-for-service basis only as described in paragraph (a) and are not covered under prepaid health plans.

(c) Payment for mental health rehabilitative services provided under this section by or under contract with an American Indian tribe or tribal organization or by agencies operated by or under contract with an American Indian tribe or tribal organization must be made according to section 256B.0625, subdivision 34, or other relevant federally approved rate-setting methodology.

(d) The commissioner shall set aside a portion not to exceed five percent of the federal funds earned for county expenditures under this section to cover the state costs of administering this section. Any unexpended funds from the set-aside shall be distributed to the counties in proportion to their earnings under this section.

**EFFECTIVE DATE.** This section is effective October 1, 2011.

Sec. 11. **COMMUNITY MENTAL HEALTH SERVICES; USE OF BEHAVIORAL HEALTH HOSPITALS.**

The commissioner shall issue a written report to the chairs and ranking minority members of the house and senate committees with jurisdiction of health and human services by December 31, 2011, on how the community behavioral health hospital facilities will be fully utilized to meet the mental health needs of regions in which the hospitals are located. The commissioner must consult with the regional planning work groups for adult mental health and must include the recommendations of the work groups in the legislative report. The report must address future use of community behavioral health hospitals that are not certified as Medicaid eligible by CMS or have a less than 65 percent licensed bed occupancy rate, and using the facilities for another purpose that will meet the mental health needs of residents of the region. The regional planning work groups shall work with the commissioner to prioritize the needs of their regions. These priorities, by region, must be included in the commissioner's report to the legislature.

Sec. 12. **INTEGRATED DUAL DIAGNOSIS TREATMENT.**

(a) The commissioner shall require individuals who perform chemical dependency assessments or mental health diagnostic assessments to use screening tools approved by the commissioner in order to identify whether an individual who is the subject of the assessment screens positive for co-occurring mental health or chemical dependency disorders. Screening for co-occurring disorders must begin no later than December 31, 2011.

(b) The commissioner shall adopt rules as necessary to implement this section. The commissioner shall ensure that the rules are effective on July 1, 2013, thereby establishing a certification process for integrated dual disorder treatment providers and a system through which individuals receive integrated dual diagnosis treatment if assessed as having both a substance use disorder and either a serious mental illness or emotional disturbance.

(c) The commissioner shall apply for any federal waivers necessary to secure, to the extent allowed by law, federal financial participation for the provision of integrated dual diagnosis treatment to persons with co-occurring disorders.

Sec. 13. **REGIONAL TREATMENT CENTERS; EMPLOYEES; REPORT.**

The commissioner shall issue a report to the legislative committees with jurisdiction over health and human services finance no later than December 31, 2011, which provides the number of employees in management positions at the Anoka-Metro Regional Treatment Center and the Minnesota Security Hospital at St. Peter and the ratio of management to direct-care staff for each facility.

Sec. 14. **COMMISSIONER'S CRITERIA FOR RESIDENTIAL TREATMENT.**

The commissioner shall develop specific criteria to approve treatment for individuals who require residential chemical dependency treatment in excess of the maximum allowed in section 254B.04, subdivision 1, due to co-occurring disorders, including disorders related to cognition, traumatic brain injury, or documented disability. Criteria shall be developed for use no later than October 1, 2011.

Sec. 15. **REPEALER.**

Laws 2009, chapter 79, article 3, section 18, as amended by Laws 2010, First Special Session chapter 1, article 19, section 19, is repealed.

ARTICLE 8  
REDESIGNING SERVICE DELIVERY

Section 1. Minnesota Statutes 2010, section 256.01, subdivision 14, is amended to read:

Subd. 14. **Child welfare reform pilots.** The commissioner of human services shall encourage local reforms in the delivery of child welfare services, within available appropriations, and is authorized to approve local pilot programs which focus on reforming the child protection and child welfare systems in Minnesota. Authority to approve pilots includes authority to waive existing state rules as needed to accomplish reform efforts. Notwithstanding section 626.556, subdivision 10, 10b, or 10d, the commissioner may authorize programs to use alternative methods of investigating and assessing reports of child maltreatment, provided that the programs comply with the provisions of section 626.556 dealing with the rights of individuals who are subjects of reports or investigations, including notice and appeal rights and data practices requirements. Pilot programs must be required to address responsibility for safety and protection of children, be time limited, and include evaluation of the pilot program.



Sec. 2. Minnesota Statutes 2010, section 256.01, subdivision 14b, is amended to read:

Subd. 14b. **American Indian child welfare projects.** (a) The commissioner of human services may authorize projects to test tribal delivery of child welfare services to American Indian children and their parents and custodians living on the reservation. The commissioner has authority to solicit and determine which tribes may participate in a project. Grants may be issued to Minnesota Indian tribes to support the projects. The commissioner may waive existing state rules as needed to accomplish the projects. Notwithstanding section 626.556, the commissioner may authorize projects to use alternative methods of investigating and assessing reports of child maltreatment, provided that the projects comply with the provisions of section 626.556 dealing with the rights of individuals who are subjects of reports or investigations, including notice and appeal rights and data practices requirements. The commissioner may seek any federal approvals necessary to carry out the projects as well as seek and use any funds available to the commissioner, including use of federal funds, foundation funds, existing grant funds, and other funds. The commissioner is authorized to advance state funds as necessary to operate the projects. Federal reimbursement applicable to the projects is appropriated to the commissioner for the purposes of the projects. The projects must be required to address responsibility for safety, permanency, and well-being of children.

(b) For the purposes of this section, "American Indian child" means a person under 18 years of age who is a tribal member or eligible for membership in one of the tribes chosen for a project under this subdivision and who is residing on the reservation of that tribe.

(c) In order to qualify for an American Indian child welfare project, a tribe must:

- (1) be one of the existing tribes with reservation land in Minnesota;
- (2) have a tribal court with jurisdiction over child custody proceedings;
- (3) have a substantial number of children for whom determinations of maltreatment have occurred;
- (4) have capacity to respond to reports of abuse and neglect under section 626.556;
- (5) provide a wide range of services to families in need of child welfare services; and
- (6) have a tribal-state title IV-E agreement in effect.

(d) Grants awarded under this section may be used for the nonfederal costs of providing child welfare services to American Indian children on the tribe's reservation, including costs associated with:

- (1) assessment and prevention of child abuse and neglect;
- (2) family preservation;
- (3) facilitative, supportive, and reunification services;
- (4) out-of-home placement for children removed from the home for child protective purposes; and
- (5) other activities and services approved by the commissioner that further the goals of providing safety, permanency, and well-being of American Indian children.

(e) When a tribe has initiated a project and has been approved by the commissioner to assume child welfare responsibilities for American Indian children of that tribe under this section, the affected county social service agency is relieved of responsibility for responding to reports of abuse and neglect under section 626.556 for those

children during the time within which the tribal project is in effect and funded. The commissioner shall work with tribes and affected counties to develop procedures for data collection, evaluation, and clarification of ongoing role and financial responsibilities of the county and tribe for child welfare services prior to initiation of the project. Children who have not been identified by the tribe as participating in the project shall remain the responsibility of the county. Nothing in this section shall alter responsibilities of the county for law enforcement or court services.

(f) Participating tribes may conduct children's mental health screenings under section 245.4874, subdivision 1, paragraph (a), clause (14), for children who are eligible for the initiative and living on the reservation and who meet one of the following criteria:

- (1) the child must be receiving child protective services;
- (2) the child must be in foster care; or
- (3) the child's parents must have had parental rights suspended or terminated.

Tribes may access reimbursement from available state funds for conducting the screenings. Nothing in this section shall alter responsibilities of the county for providing services under section 245.487.

(g) Participating tribes may establish a local child mortality review panel. In establishing a local child mortality review panel, the tribe agrees to conduct local child mortality reviews for child deaths or near-fatalities occurring on the reservation under subdivision 12. Tribes with established child mortality review panels shall have access to nonpublic data and shall protect nonpublic data under subdivision 12, paragraphs (c) to (e). The tribe shall provide written notice to the commissioner and affected counties when a local child mortality review panel has been established and shall provide data upon request of the commissioner for purposes of sharing nonpublic data with members of the state child mortality review panel in connection to an individual case.

(h) The commissioner shall collect information on outcomes relating to child safety, permanency, and well-being of American Indian children who are served in the projects. Participating tribes must provide information to the state in a format and completeness deemed acceptable by the state to meet state and federal reporting requirements.

(i) In consultation with the White Earth Band, the commissioner shall develop and submit to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services a plan to transfer legal responsibility for providing child protective services to White Earth Band member children residing in Hennepin County to the White Earth Band. The plan shall include a financing proposal, definitions of key terms, statutory amendments required, and other provisions required to implement the plan. The commissioner shall submit the plan by January 15, 2012.

Sec. 3. Minnesota Statutes 2010, section 256B.69, is amended by adding a subdivision to read:

Subd. 30. **Provision of required materials in alternative formats.** (a) For the purposes of this subdivision, "alternative format" means a medium other than paper and "prepaid health plan" means managed care plans and county-based purchasing plans.

(b) A prepaid health plan may provide in an alternative format a provider directory and certificate of coverage, or materials otherwise required to be available in writing under Code of Federal Regulations, title 42, section 438.10, or under the commissioner's contract with the prepaid health plan, if the following conditions are met:

- (1) the prepaid health plan, local agency, or commissioner, as applicable, informs the enrollee that:

(i) an alternative format is available and the enrollee affirmatively requests of the prepaid health plan that the provider directory, certificate of coverage, or materials otherwise required under Code of Federal Regulations, title 42, section 438.10, or under the commissioner's contract with the prepaid health plan be provided in an alternative format; and

(ii) a record of the enrollee request is retained by the prepaid health plan in the form of written direction from the enrollee or a documented telephone call followed by a confirmation letter to the enrollee from the prepaid health plan that explains that the enrollee may change the request at any time;

(2) the materials are sent to a secure electronic mailbox and are made available at a password-protected secure electronic Web site or on a data storage device if the materials contain enrollee data that is individually identifiable;

(3) the enrollee is provided a customer service number on the enrollee's membership card that may be called to request a paper version of the materials provided in an alternative format; and

(4) the materials provided in an alternative format meets all other requirements of the commissioner regarding content, size of the typeface, and any required time frames for distribution. "Required time frames for distribution" must permit sufficient time for prepaid health plans to distribute materials in alternative formats upon receipt of enrollees' requests for the materials.

(c) A prepaid health plan may provide in an alternative format its primary care network list to the commissioner and to local agencies within its service area. The commissioner or local agency, as applicable, shall inform a potential enrollee of the availability of a prepaid health plan's primary care network list in an alternative format. If the potential enrollee requests an alternative format of the prepaid health plan's primary care network list, a record of that request shall be retained by the commissioner or local agency. The potential enrollee is permitted to withdraw the request at any time.

The prepaid health plan shall submit sufficient paper versions of the primary care network list to the commissioner and to local agencies within its service area to accommodate potential enrollee requests for paper versions of the primary care network list.

(d) A prepaid health plan may provide in an alternative format materials otherwise required to be available in writing under Code of Federal Regulations, title 42, section 438.10, or under the commissioner's contract with the prepaid health plan, if the conditions of paragraphs (b), (c), and (e), are met for persons who are eligible for enrollment in managed care.

(e) The commissioner shall seek any federal Medicaid waivers within 90 days after the effective date of this subdivision that are necessary to provide alternative formats of required material to enrollees of prepaid health plans as authorized under this subdivision.

(f) The commissioner shall consult with managed care plans, county-based purchasing plans, counties, and other interested parties to determine how materials required to be made available to enrollees under Code of Federal Regulations, title 42, section 438.10, or under the commissioner's contract with a prepaid health plan may be provided in an alternative format on the basis that the enrollee has not opted in to receive the alternative format. The commissioner shall consult with managed care plans, county-based purchasing plans, counties, and other interested parties to develop recommendations relating to the conditions that must be met for an opt-out process to be granted.

Sec. 4. Minnesota Statutes 2010, section 256D.09, subdivision 6, is amended to read:

Subd. 6. **Recovery of overpayments.** (a) If an amount of general assistance or family general assistance is paid to a recipient in excess of the payment due, it shall be recoverable by the county agency. The agency shall give written notice to the recipient of its intention to recover the overpayment.

(b) Except as provided for interim assistance in section 256D.06, subdivision 5, when an overpayment occurs, the county agency shall recover the overpayment from a current recipient by reducing the amount of aid payable to the assistance unit of which the recipient is a member, for one or more monthly assistance payments, until the overpayment is repaid. All county agencies in the state shall reduce the assistance payment by three percent of the assistance unit's standard of need in nonfraud cases and ten percent where fraud has occurred, or the amount of the monthly payment, whichever is less, for all overpayments.

(c) In cases when there is both an overpayment and underpayment, the county agency shall offset one against the other in correcting the payment.

(d) Overpayments may also be voluntarily repaid, in part or in full, by the individual, in addition to the aid reductions provided in this subdivision, to include further voluntary reductions in the grant level agreed to in writing by the individual, until the total amount of the overpayment is repaid.

(e) The county agency shall make reasonable efforts to recover overpayments to persons no longer on assistance under standards adopted in rule by the commissioner of human services. The county agency need not attempt to recover overpayments of less than \$35 paid to an individual no longer on assistance if the individual does not receive assistance again within three years, unless the individual has been convicted of violating section 256.98.

(f) Establishment of an overpayment is limited to 12 months prior to the month of discovery due to agency error and six years prior to the month of discovery due to client error or an intentional program violation determined under section 256.046.

Sec. 5. Minnesota Statutes 2010, section 256D.49, subdivision 3, is amended to read:

Subd. 3. **Overpayment of monthly grants and recovery of ATM errors.** (a) When the county agency determines that an overpayment of the recipient's monthly payment of Minnesota supplemental aid has occurred, it shall issue a notice of overpayment to the recipient. If the person is no longer receiving Minnesota supplemental aid, the county agency may request voluntary repayment or pursue civil recovery. If the person is receiving Minnesota supplemental aid, the county agency shall recover the overpayment by withholding an amount equal to three percent of the standard of assistance for the recipient or the total amount of the monthly grant, whichever is less.

(b) Establishment of an overpayment is limited to 12 months from the date of discovery due to agency error. Establishment of an overpayment is limited to six years prior to the month of discovery due to client error or an intentional program violation determined under section 256.046.

(c) For recipients receiving benefits via electronic benefit transfer, if the overpayment is a result of an automated teller machine (ATM) dispensing funds in error to the recipient, the agency may recover the ATM error by immediately withdrawing funds from the recipient's electronic benefit transfer account, up to the amount of the error.

(d) Residents of ~~nursing homes, regional treatment centers, and licensed residential facilities with negotiated rates~~ shall not have overpayments recovered from their personal needs allowance.

Sec. 6. Minnesota Statutes 2010, section 256J.38, subdivision 1, is amended to read:

Subdivision 1. **Scope of overpayment.** (a) When a participant or former participant receives an overpayment due to agency, client, or ATM error, or due to assistance received while an appeal is pending and the participant or former participant is determined ineligible for assistance or for less assistance than was received, the county agency must recoup or recover the overpayment using the following methods:

- (1) reconstruct each affected budget month and corresponding payment month;
- (2) use the policies and procedures that were in effect for the payment month; and

(3) do not allow employment disregards in section 256J.21, subdivision 3 or 4, in the calculation of the overpayment when the unit has not reported within two calendar months following the end of the month in which the income was received.

(b) Establishment of an overpayment is limited to 12 months prior to the month of discovery due to agency error. Establishment of an overpayment is limited to six years prior to the month of discovery due to client error or an intentional program violation determined under section 256.046.

Sec. 7. Minnesota Statutes 2010, section 393.07, subdivision 10, is amended to read:

Subd. 10. **Food stamp program; Maternal and Child Nutrition Act.** (a) The local social services agency shall establish and administer the food stamp program according to rules of the commissioner of human services, the supervision of the commissioner as specified in section 256.01, and all federal laws and regulations. The commissioner of human services shall monitor food stamp program delivery on an ongoing basis to ensure that each county complies with federal laws and regulations. Program requirements to be monitored include, but are not limited to, number of applications, number of approvals, number of cases pending, length of time required to process each application and deliver benefits, number of applicants eligible for expedited issuance, length of time required to process and deliver expedited issuance, number of terminations and reasons for terminations, client profiles by age, household composition and income level and sources, and the use of phone certification and home visits. The commissioner shall determine the county-by-county and statewide participation rate.

(b) On July 1 of each year, the commissioner of human services shall determine a statewide and county-by-county food stamp program participation rate. The commissioner may designate a different agency to administer the food stamp program in a county if the agency administering the program fails to increase the food stamp program participation rate among families or eligible individuals, or comply with all federal laws and regulations governing the food stamp program. The commissioner shall review agency performance annually to determine compliance with this paragraph.

(c) A person who commits any of the following acts has violated section 256.98 or 609.821, or both, and is subject to both the criminal and civil penalties provided under those sections:

(1) obtains or attempts to obtain, or aids or abets any person to obtain by means of a willful statement or misrepresentation, or intentional concealment of a material fact, food stamps or vouchers issued according to sections 145.891 to 145.897 to which the person is not entitled or in an amount greater than that to which that person is entitled or which specify nutritional supplements to which that person is not entitled; or

(2) presents or causes to be presented, coupons or vouchers issued according to sections 145.891 to 145.897 for payment or redemption knowing them to have been received, transferred or used in a manner contrary to existing state or federal law; or

(3) willfully uses, possesses, or transfers food stamp coupons, authorization to purchase cards or vouchers issued according to sections 145.891 to 145.897 in any manner contrary to existing state or federal law, rules, or regulations; or

(4) buys or sells food stamp coupons, authorization to purchase cards, other assistance transaction devices, vouchers issued according to sections 145.891 to 145.897, or any food obtained through the redemption of vouchers issued according to sections 145.891 to 145.897 for cash or consideration other than eligible food.

(d) A peace officer or welfare fraud investigator may confiscate food stamps, authorization to purchase cards, or other assistance transaction devices found in the possession of any person who is neither a recipient of the food stamp program nor otherwise authorized to possess and use such materials. Confiscated property shall be disposed of as the commissioner may direct and consistent with state and federal food stamp law. The confiscated property must be retained for a period of not less than 30 days to allow any affected person to appeal the confiscation under section 256.045.

~~(e) Food stamp overpayment claims which are due in whole or in part to client error shall be established by the county agency for a period of six years from the date of any resultant overpayment~~ Establishment of an overpayment is limited to 12 months prior to the month of discovery due to agency error. Establishment of an overpayment is limited to six years prior to the month of discovery due to client error or an intentional program violation determined under section 256.046.

(f) With regard to the federal tax revenue offset program only, recovery incentives authorized by the federal food and consumer service shall be retained at the rate of 50 percent by the state agency and 50 percent by the certifying county agency.

(g) A peace officer, welfare fraud investigator, federal law enforcement official, or the commissioner of health may confiscate vouchers found in the possession of any person who is neither issued vouchers under sections 145.891 to 145.897, nor otherwise authorized to possess and use such vouchers. Confiscated property shall be disposed of as the commissioner of health may direct and consistent with state and federal law. The confiscated property must be retained for a period of not less than 30 days.

(h) The commissioner of human services may seek a waiver from the United States Department of Agriculture to allow the state to specify foods that may and may not be purchased in Minnesota with benefits funded by the federal Food Stamp Program. The commissioner shall consult with the members of the house of representatives and senate policy committees having jurisdiction over food support issues in developing the waiver. The commissioner, in consultation with the commissioners of health and education, shall develop a broad public health policy related to improved nutrition and health status. The commissioner must seek legislative approval prior to implementing the waiver.

Sec. 8. Minnesota Statutes 2010, section 402A.10, subdivision 4, is amended to read:

Subd. 4. **Essential human services or essential services.** "Essential human services" or "essential services" means assistance and services to recipients or potential recipients of public welfare and other services delivered by counties or tribes that are mandated in federal and state law that are to be available in all counties of the state.

Sec. 9. Minnesota Statutes 2010, section 402A.10, subdivision 5, is amended to read:

Subd. 5. **Service delivery authority.** "Service delivery authority" means a single county, or ~~group~~ consortium of counties operating by execution of a joint powers agreement under section 471.59 or other contractual agreement, that has voluntarily chosen by resolution of the county board of commissioners to participate in the redesign under this chapter or has been assigned by the commissioner pursuant to section 402A.18. A service delivery authority includes an Indian tribe or group of tribes that have voluntarily chosen by resolution of tribal government to participate in redesign under this chapter.

Sec. 10. Minnesota Statutes 2010, section 402A.15, is amended to read:

**402A.15 STEERING COMMITTEE ON PERFORMANCE AND OUTCOME REFORMS.**

Subdivision 1. **Duties.** (a) The Steering Committee on Performance and Outcome Reforms shall develop a uniform process to establish and review performance and outcome standards for all essential human services based on the current level of resources available, and ~~to~~ shall develop appropriate reporting measures and a uniform accountability process for responding to a county's or ~~human~~ service delivery authority's failure to make adequate progress on achieving performance measures. The accountability process shall focus on the performance measures rather than inflexible implementation requirements.

(b) The steering committee shall:

(1) by November 1, 2009, establish an agreed-upon list of essential services;

(2) by February 15, 2010, develop and recommend to the legislature a uniform, graduated process, in addition to the remedies identified in section 402A.18, for responding to a county's failure to make adequate progress on achieving performance measures; and

(3) by December 15, 2012, for each essential service, make recommendations to the legislature regarding ~~(1)~~ (i) performance measures and goals based on those measures for each essential service, ~~(2)~~ and (ii) a system for reporting on the performance measures and goals, ~~and (3) appropriate resources, including funding, needed to achieve those performance measures and goals. The resource recommendations shall take into consideration program demand and the unique differences of local areas in geography and the populations served. Priority shall be given to services with the greatest variation in availability and greatest administrative demands.~~ By January 15 of each year starting January 15, 2011, the steering committee shall report its recommendations to the governor and legislative committees with jurisdiction over health and human services. As part of its report, the steering committee shall, as appropriate, recommend statutory provisions, rules and requirements, and reports that should be repealed or eliminated.

(c) As far as possible, the performance measures, reporting system, and funding shall be consistent across program areas. The development of performance measures shall consider the manner in which data will be collected and performance will be reported. The steering committee shall consider state and local administrative costs related to collecting data and reporting outcomes when developing performance measures. ~~The steering committee shall correlate the performance measures and goals to available levels of resources, including state and local funding. The steering committee shall also identify and incorporate federal performance measures in its recommendations for those program areas where federal funding is contingent on meeting federal performance standards.~~ The steering committee shall take into consideration that the goal of implementing changes to program monitoring and reporting the progress toward achieving outcomes is to significantly minimize the cost of administrative requirements and to allow funds freed by reduced administrative expenditures to be used to provide additional services, allow flexibility in service design and management, and focus energies on achieving program and client outcomes.

(d) In making its recommendations, the steering committee shall consider input from the council established in section 402A.20. ~~The steering committee shall review the measurable goals established in a memorandum of understanding entered into under section 402A.30, subdivision 2, paragraph (b), and consider whether they may be applied as statewide performance outcomes.~~

(e) The steering committee shall form work groups that include persons who provide or receive essential services and representatives of organizations who advocate on behalf of those persons.

(f) By December 15, 2009, the steering committee shall establish a three-year schedule for completion of its work. The schedule shall be published on the Department of Human Services Web site and reported to the legislative committees with jurisdiction over health and human services. In addition, the commissioner shall post quarterly updates on the progress of the steering committee on the Department of Human Services Web site.

Subd. 2. **Composition.** (a) The steering committee shall include:

- (1) the commissioner of human services, or designee, and two additional representatives of the department;
- (2) two county commissioners, representative of rural and urban counties, selected by the Association of Minnesota Counties;
- (3) two county directors of human services, representative of rural and urban counties, selected by the Minnesota Association of County Social Service Administrators; and
- (4) three clients or client advocates representing different populations receiving services from the Department of Human Services, who are appointed by the commissioner.

(b) The commissioner, or designee, and a county commissioner shall serve as cochairs of the committee. The committee shall be convened within 60 days of May 15, 2009.

(c) State agency staff shall serve as informational resources and staff to the steering committee. Statewide county associations may assemble county program data as required.

~~(d) To promote information sharing and coordination between the steering committee and council, one of the county representatives from paragraph (a), clause (2), and one of the county representatives from paragraph (a), clause (3), must also serve as a representative on the council under section 402A.20, subdivision 1, paragraph (b), clause (5) or (6).~~

Sec. 11. Minnesota Statutes 2010, section 402A.18, is amended to read:

**402A.18 COMMISSIONER POWER TO REMEDY FAILURE TO MEET PERFORMANCE OUTCOMES.**

Subdivision 1. **Underperforming county; specific service.** If the commissioner determines that a county or service delivery authority is deficient in achieving minimum performance outcomes for a specific essential service, the commissioner may impose the following remedies and adjust state and federal program allocations accordingly:

- (1) voluntary incorporation of the administration and operation of the specific essential service with an existing service delivery authority or another county. A service delivery authority or county incorporating an underperforming county shall not be financially liable for the costs associated with remedying performance outcome deficiencies;
- (2) mandatory incorporation of the administration and operation of the specific essential service with an existing service delivery authority or another county. A service delivery authority or county incorporating an underperforming county shall not be financially liable for the costs associated with remedying performance outcome deficiencies; or
- (3) transfer of authority for program administration and operation of the specific essential service to the commissioner.



Subd. 2. **Underperforming county; more than one-half of service services.** If the commissioner determines that a county or service delivery authority is deficient in achieving minimum performance outcomes for more than one-half of the defined essential ~~service~~ services, the commissioner may impose the following remedies:

(1) voluntary incorporation of the administration and operation of ~~the specific essential service~~ services with an existing service delivery authority or another county. A service delivery authority or county incorporating an underperforming county shall not be financially liable for the costs associated with remedying performance outcome deficiencies;

(2) mandatory incorporation of the administration and operation of ~~the specific essential service~~ services with an existing service delivery authority or another county. A service delivery authority or county incorporating an underperforming county shall not be financially liable for the costs associated with remedying performance outcome deficiencies; or

(3) transfer of authority for program administration and operation of ~~the specific essential service~~ services to the commissioner.

Subd. 2a. **Financial responsibility of underperforming county.** A county subject to remedies under subdivision 1 or 2 shall provide to the entity assuming administration of the essential service or essential services the amount of nonfederal and nonstate funding needed to remedy performance outcome deficiencies.

Subd. 3. **Conditions prior to imposing remedies.** Before the commissioner may impose the remedies authorized under this section, the following conditions must be met:

(1) the county or service delivery authority determined by the commissioner to be deficient in achieving minimum performance outcomes has the opportunity, in coordination with the council, to develop a program outcome improvement plan. The program outcome improvement plan must be developed no later than six months from the date of the deficiency determination; and

(2) the council has conducted an assessment of the program outcome improvement plan to determine if the county or service delivery authority has made satisfactory progress toward performance outcomes and has made a recommendation about remedies to the commissioner. The ~~review~~ assessment and recommendation must be made to the commissioner within 12 months from the date of the deficiency determination.

Sec. 12. Minnesota Statutes 2010, section 402A.20, is amended to read:

#### **402A.20 COUNCIL.**

Subdivision 1. **Council.** (a) The State-County Results, Accountability, and Service Delivery Redesign Council is established. Appointed council members must be appointed by their respective agencies, associations, or governmental units by November 1, 2009. The council shall be cochaired by the commissioner of human services, or designee, and a county representative from paragraph (b), clause (4) or (5), appointed by the Association of Minnesota Counties. Recommendations of the council must be approved by a majority of the voting council members. The provisions of section 15.059 do not apply to this council, and this council does not expire.

(b) The council must consist of the following members:

(1) two legislators appointed by the speaker of the house, one from the minority and one from the majority;

(2) two legislators appointed by the Senate Rules Committee, one from the majority and one from the minority;

- (3) the commissioner of human services, or designee, and three employees from the department;
- (4) two county commissioners appointed by the Association of Minnesota Counties;
- (5) two county representatives appointed by the Minnesota Association of County Social Service Administrators;
- (6) one representative appointed by AFSCME as a nonvoting member; and
- (7) one representative appointed by the Teamsters as a nonvoting member.

(c) Administrative support to the council may be provided by the Association of Minnesota Counties and affiliates.

(d) Member agencies and associations are responsible for initial and subsequent appointments to the council.

Subd. 2. **Council duties.** The council shall:

(1) provide review of the service delivery redesign process, including proposed memoranda of understanding to establish a service delivery authority to conduct and administer experimental projects to test new methods and procedures of delivering services;

~~(2) certify, in accordance with section 402A.30, subdivision 4, the formation of a service delivery authority, including the memorandum of understanding in section 402A.30, subdivision 2, paragraph (b);~~

~~(3) ensure the consistency of the memorandum of understanding entered into under section 402A.30, subdivision 2, paragraph (b), with the performance standards recommended by the steering committee and enacted by the legislature;~~

~~(4) (2) ensure the consistency of the memorandum of understanding, to the extent appropriate, ~~or~~ with other memorandum of understanding entered into by other service delivery authorities;~~

~~(3) review and make recommendations on applications from a service delivery authority for waivers of statutory or rule program requirements that are needed for flexibility to determine the most cost-effective means of achieving specified measurable goals in a redesign of human services delivery;~~

~~(5) (4) establish a process to take public input on the service delivery framework specified in the memorandum of understanding in section 402A.30, subdivision 2, paragraph (b) scope of essential services over which a service delivery authority has jurisdiction;~~

~~(6) (5) form work groups as necessary to carry out the duties of the council under the redesign;~~

~~(7) (6) serve as a forum for resolving conflicts among participating counties and tribes or between participating counties or tribes and the commissioner of human services, provided nothing in this section is intended to create a formal binding legal process;~~

~~(8) (7) engage in the program improvement process established in section 402A.18, subdivision 3; and~~

~~(9) (8) identify and recommend incentives for counties and tribes to participate in ~~human services~~ service delivery authorities.~~

Subd. 3. **Program evaluation.** By December 15, 2014, the council shall request consideration by the legislative auditor for a reevaluation under section 3.971, subdivision 7, of those aspects of the program evaluation of human services administration reported in January 2007 affected by this chapter.

Sec. 13. **[402A.35] DESIGNATION OF SERVICE DELIVERY AUTHORITY.**

Subdivision 1. **Requirements for establishing a service delivery authority.** (a) A county, tribe, or consortium of counties is eligible to establish a service delivery authority if:

(1) the county, tribe, or consortium of counties is:

(i) a single county with a population of 55,000 or more;

(ii) a consortium of counties with a total combined population of 55,000 or more;

(iii) a consortium of four or more counties in reasonable geographic proximity without regard to population; or

(iv) one or more tribes with a total combined population of 25,000 or more.

The council may recommend that the commissioner of human services exempt a single county, tribe, or consortium of counties from the minimum population standard if the county, tribe, or consortium of counties can demonstrate that it can otherwise meet the requirements of this chapter.

(b) A service delivery authority shall:

(1) comply with current state and federal law, including any existing federal or state performance measures and performance measures under section 402A.15 when they are enacted into law, except where waivers are approved by the commissioner. Nothing in this subdivision requires the establishment of performance measures under section 402A.15 prior to a service delivery authority participating in the service delivery redesign under this chapter;

(2) define the scope of essential services over which the service delivery authority has jurisdiction;

(3) designate a single administrative structure to oversee the delivery of those services included in a proposal for a redesigned service or services and identify a single administrative agent for purposes of contact and communication with the department;

(4) identify the waivers from statutory or rule program requirements that are needed to ensure greater local control and flexibility to determine the most cost-effective means of achieving specified measurable goals that the participating service delivery authority is expected to achieve;

(5) set forth a reasonable level of targeted reductions in overhead and administrative costs for each service delivery authority participating in the service delivery redesign;

(6) set forth the terms under which a county, tribe, or consortium of counties may withdraw from participation. In the case of withdrawal of any or all parties or the dissolution of the service delivery authority, the employees shall continue to be represented by the same exclusive representative or representatives and continue to be covered by the same collective bargaining union agreement until a new agreement is negotiated or the collective bargaining agreement term ends; and

(7) set forth a structure for managing the terms and conditions of employment of the employees as provided in section 402A.40.

(c) Once a county, tribe, or consortium of counties establishes a service delivery authority, no county, tribe, or consortium of counties that is a member of the service delivery authority may participate as a member of any other service delivery authority. The service delivery authority may allow an additional county, a tribe, or a consortium of counties to join the service delivery authority subject to the approval of the council and the commissioner.

(d) Nothing in this chapter precludes local governments from using sections 465.81 and 465.82 to establish procedures for local governments to merge, with the consent of the voters. Nothing in this chapter limits the authority of a county board or tribal council to enter into contractual agreements for services not covered by the provisions of a memorandum of understanding establishing a service delivery authority with other agencies or with other units of government.

**Subd. 2. Relief from statutory requirements.** (a) Unless otherwise identified in the memorandum of understanding, any county, tribe, or consortium of counties forming a service delivery authority is exempt from the provisions of sections 245.465; 245.4835; 245.4874; 245.492, subdivision 2; 245.4932; 256F.13; 256J.626, subdivision 2, paragraph (b); and 256M.30.

(b) This subdivision does not preclude any county, tribe, or consortium of counties forming a service delivery authority from requesting additional waivers from statutory and rule requirements to ensure greater local control and flexibility.

**Subd. 3. Duties.** The service delivery authority shall:

(1) within the scope of essential services set forth in the memorandum of understanding establishing the authority, carry out the responsibilities required of local agencies under chapter 393 and human services boards under chapter 402;

(2) manage the public resources devoted to human services and other public services delivered or purchased by the counties or tribes that are subsidized or regulated by the Department of Human Services under chapters 245 to 261;

(3) employ staff to assist in carrying out its duties;

(4) develop and maintain a continuity of operations plan to ensure the continued operation or resumption of essential human services functions in the event of any business interruption according to local, state, and federal emergency planning requirements;

(5) receive and expend funds received for the redesign process under the memorandum of understanding;

(6) plan and deliver services directly or through contract with other governmental, tribal, or nongovernmental providers;

(7) rent, purchase, sell, and otherwise dispose of real and personal property as necessary to carry out the redesign; and

(8) carry out any other service designated as a responsibility of a county.

**Subd. 4. Process for establishing a service delivery authority.** (a) The county, tribe, or consortium of counties meeting the requirements of section 402A.30 and proposing to establish a service delivery authority shall present to the council:

(1) in conjunction with the commissioner, a proposed memorandum of understanding meeting the requirements of subdivision 1, paragraph (b), and outlining:

(i) the details of the proposal;

(ii) the state, tribal, and local resources, which may include, but are not limited to, funding, administrative and technology support, and other requirements necessary for the service delivery authority; and

(iii) the relief available to the service delivery authority if the resource commitments identified in item (ii) are not met; and

(2) a board resolution from the board of commissioners of each participating county stating the county's intent to participate, or in the case of a tribe, a resolution from tribal government, stating the tribe's intent to participate.

(b) After the council has considered and recommended approval of a proposed memorandum of understanding, the commissioner may finalize and execute the memorandum of understanding.

Subd. 5. **Commissioner authority to seek waivers.** The commissioner may use the authority under section 256.01, subdivision 2, paragraph (1), to grant waivers identified as part of a proposed service delivery authority under subdivision 1, paragraph (b), clause (4), except that waivers granted under this section must be approved by the council under section 402A.20 rather than the Legislative Advisory Committee.

Sec. 14. **[402A.40] TRANSITION TO NEW BARGAINING UNIT STRUCTURE.**

Subdivision 1. **Application of section.** Notwithstanding the provisions of section 179A.12 or any other law, this section governs, where contrary to other law, the initial certification and decertification, if any, of exclusive representatives for service delivery authorities. Employees of a service delivery authority are public employees under section 179A.03, subdivision 14. Service delivery authorities are public employers under section 179A.03, subdivision 15.

Subd. 2. **Existing majority.** The commissioner of the Minnesota Bureau of Mediation Services shall certify an employee organization for employees of a service delivery authority as exclusive representative for an appropriate unit upon a petition filed with the commissioner by the organization demonstrating that the petitioner is certified pursuant to section 179A.12 as the exclusive representative of a majority of the employees included within the unit as of that date. Two or more employee organizations that represent the employees in a unit may petition jointly under this subdivision, provided that any organization may withdraw from a joint certification in favor of the remaining organizations on 30 days' notice to the remaining organizations, the employer, and the commissioner, without affecting the rights and obligations of the remaining organizations or the employer. The commissioner shall make a determination on a timely petition within 45 days of its receipt.

Subd. 3. **No existing majority.** (a) If no exclusive representative is certified under subdivision 2, the commissioner shall certify an employee organization as exclusive representative for an appropriate unit established upon a petition filed by the organization within the time period provided in subdivision 2 demonstrating that the petitioner is certified under section 179A.12 as the exclusive representative of fewer than a majority of the employees included within the unit if no other employee organization so certified has filed a petition within the time period provided in subdivision 2 and a majority of the employees in the unit are represented by employee organizations under section 179A.12 on the date of the petition. Two or more employee organizations, each of which represents employees included in the unit may petition jointly under this paragraph, provided that any organization may withdraw from a joint certification in favor of the remaining organizations on 30 days' notice to the remaining organizations, the employer, and the commissioner without affecting the rights and obligations of the remaining organizations or the employer. The commissioner shall make a determination on a timely petition within 45 days of its receipt.

(b) If no exclusive representative is certified under paragraph (a) or subdivision 2, and an employee organization petitions the commissioner within 90 days of the creation of the service delivery authority demonstrating that a majority of the employees included within an appropriate unit wish to be represented by the petitioner, where this majority is evidenced by current dues deduction rights, signed statements from employees in counties within the service delivery authority that are not currently represented by any employee organization plainly indicating that the signatories wish to be represented for collective bargaining purposes by the petitioner rather than by any other organization, or a combination of those, the commissioner shall certify the petitioner as exclusive representative of the employees in the unit. The commissioner shall make a determination on a timely petition within 45 days of its receipt.

(c) If no exclusive representative is certified under paragraph (a) or (b) or subdivision 2, and an employee organization petitions the commissioner subsequent to the creation of the service delivery authority demonstrating that at least 30 percent of the employees included within an appropriate unit wish to be represented by the petitioner, where this 30 percent is evidenced by current dues deduction rights, signed statements from employees in counties within the service delivery authority that are not currently represented by any employee organization plainly indicating that the signatories wish to be represented for collective bargaining purposes by the petitioner rather than by any other organization, or a combination of those, the commissioner shall conduct a secret ballot election to determine the wishes of the majority. The election must be conducted within 45 days of receipt or final decision on any petitions filed pursuant to subdivision 2, whichever is later. The election is governed by section 179A.12, where not inconsistent with other provisions of this section.

Subd. 4. **Decertification.** The commissioner may not consider a petition for decertification of an exclusive representative certified under this section for one year after certification, unless section 179A.20, subdivision 6, applies.

Subd. 5. **Continuing contract.** (a) The terms and conditions of collective bargaining agreements covering the employees of service delivery authorities remain in effect until a successor agreement becomes effective or, if no employee organization petitions to represent the employees of the service delivery authority, until six months after the establishment of the service delivery authority.

(b) Any accrued leave, including but not limited to sick leave, vacation time, compensatory leave or paid time off, or severance pay benefits accumulated under policies of the previously employing county or a collective bargaining agreement between the previously employing county and an exclusive representative shall continue to apply in the newly created service delivery authority for the employees of the previously employing county. An employee who was eligible for the benefits of the Family and Medical Leave Act at the previously employing county shall continue to be eligible at the newly created service delivery authority.

(c) If it is necessary, prior to the negotiation of a new collective bargaining agreement, to lay off an employee of a service delivery authority and if two or more employees previously performed the work, seniority based on continuous length of service with a service delivery authority member county shall be the determining factor in determining which qualified employee shall be offered the job by the service delivery authority. An employee whose work is being transferred to the service delivery authority shall have the option of being laid off.

Subd. 6. **Contract and representation responsibilities.** (a) The exclusive representatives of units of employees certified prior to the creation of the service delivery authority remain responsible for administration of their contracts and for other contractual duties and have the right to dues and fair share fee deduction and other contractual privileges and rights until a contract is agreed upon with the service delivery authority. Exclusive representatives of service delivery authority employees certified after the creation of the service delivery authority are immediately upon certification responsible for bargaining on behalf of employees within the unit. They are also responsible for administering grievances arising under previous contracts covering employees included within the unit that remain unresolved upon agreement with the service delivery authority on a contract. Where the employer

does not object, these responsibilities may be varied by agreement between the outgoing and incoming exclusive representatives. All other rights and duties of representation begin upon the creation of a service delivery authority, except that exclusive representatives certified upon or after the creation of the service delivery authority shall immediately, upon certification, have the right to all employer information and all forms of access to employees within the bargaining unit which would be permitted to the current contract holder, including the rights in section 179A.07, subdivision 6. This section does not affect an existing collective bargaining contract. Incoming exclusive representatives are immediately, upon certification, responsible for bargaining on behalf of all previously unrepresented employees assigned to their units.

(b) Nothing in this section prevents an exclusive representative certified after the effective dates of these provisions from assessing fair share or dues deductions immediately upon certification if the employees were unrepresented for collective bargaining purposes before that certification.

Sec. 15. **COUNTY ELECTRONIC VERIFICATION PROCEDURES.**

The commissioner of human services shall define which public assistance program requirements may be electronically verified for the purposes of determining eligibility, and shall also define procedures for electronic verification. The commissioner of human services shall report back to the chairs and ranking minority members of the legislative committees with jurisdiction over these issues by January 15, 2012, with draft legislation to implement the procedures if legislation is necessary for purposes of implementation.

Sec. 16. **ALIGNMENT OF PROGRAM POLICY AND PROCEDURES.**

The commissioner of human services, in consultation with counties and other key stakeholders, shall analyze and develop recommendations to align program policy and procedures across all public assistance programs to simplify and streamline program eligibility and access. The commissioner shall report back to the chairs and ranking minority members of the legislative committees with jurisdiction over these issues by January 15, 2013, with draft legislation to implement the recommendations.

Sec. 17. **ALTERNATIVE STRATEGIES FOR CERTAIN REDETERMINATIONS.**

The commissioner of human services shall develop and implement by January 15, 2012, a simplified process to redetermine eligibility for recipient populations in the medical assistance, Minnesota supplemental aid, food support, and group residential housing programs who are eligible based upon disability, age, or chronic medical conditions, and who are expected to experience minimal change in income or assets from month to month. The commissioner shall apply for any federal waivers needed to implement this section.

Sec. 18. **SIMPLIFICATION OF ELIGIBILITY AND ENROLLMENT PROCESS.**

(a) The commissioner of human services shall issue a request for information for an integrated service delivery system for health care programs, food support, cash assistance, and child care. The commissioner shall determine, in consultation with partners in paragraph (c), if the products meet departments' and counties' functions. The request for information may incorporate a performance-based vendor financing option in which the vendor shares the risk of the project's success. The health care system must be developed in phases with the capacity to integrate food support, cash assistance, and child care programs as funds are available. The request for information must require that the system:

(1) streamline eligibility determinations and case processing to support statewide eligibility processing;

(2) enable interested persons to determine eligibility for each program, and to apply for programs online in a manner that the applicant will be asked only those questions relevant to the programs for which the person is applying;

(3) leverage technology that has been operational in other state environments with similar requirements; and

(4) include Web-based application, worker application processing support, and the opportunity for expansion.

(b) The commissioner shall issue a final report, including the implementation plan, to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services no later than October 31, 2011.

(c) The commissioner shall partner with counties, a service delivery authority established under Minnesota Statutes, chapter 402A, the Office of Enterprise Technology, other state agencies, and service partners to develop an integrated service delivery framework, which will simplify and streamline human services eligibility and enrollment processes. The primary objectives for the simplification effort include significantly improved eligibility processing productivity resulting in reduced time for eligibility determination and enrollment, increased customer service for applicants and recipients of services, increased program integrity, and greater administrative flexibility.

(d) The commissioner, along with a county representative appointed by the Association of Minnesota Counties, shall report specific implementation progress to the legislature annually beginning May 15, 2012.

(e) The commissioner shall work with the Minnesota Association of County Social Service Administrators and the Office of Enterprise Technology to develop collaborative task forces, as necessary, to support implementation of the service delivery components under this paragraph. The commissioner must evaluate, develop, and include as part of the integrated eligibility and enrollment service delivery framework, the following minimum components:

(1) screening tools for applicants to determine potential eligibility as part of an online application process;

(2) the capacity to use databases to electronically verify application and renewal data as required by law;

(3) online accounts accessible by applicants and enrollees;

(4) an interactive voice response system, available statewide, that provides case information for applicants, enrollees, and authorized third parties;

(5) an electronic document management system that provides electronic transfer of all documents required for eligibility and enrollment processes; and

(6) a centralized customer contact center that applicants, enrollees, and authorized third parties can use statewide to receive program information, application assistance, and case information, report changes, make cost-sharing payments, and conduct other eligibility and enrollment transactions.

(f) Subject to a legislative appropriation, the commissioner of human services shall issue a request for proposal for the appropriate phase of an integrated service delivery system for health care programs, food support, cash assistance, and child care.

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



Sec. 19. **WHITE EARTH BAND OF OJIBWE HUMAN SERVICES PROJECT.**

(a) The commissioner of human services, in consultation with the White Earth Band of Ojibwe, shall transfer legal responsibility to the tribe for providing human services to tribal members and their families who reside on or off the reservation in Mahnomen County. The transfer shall include:

(1) financing, including federal and state funds, grants, and foundation funds; and

(2) services to eligible tribal members and families defined as it applies to state programs being transferred to the tribe.

(b) The determination as to which programs will be transferred to the tribe and the timing of the transfer of the programs shall be made by a consensus decision of the governing body of the tribe and the commissioner. The commissioner shall waive existing rules and seek all federal approvals and waivers as needed to carry out the transfer.

(c) When the commissioner approves transfer of programs and the tribe assumes responsibility under this section, Mahnomen County is relieved of responsibility for providing program services to tribal members and their families who live on or off the reservation while the tribal project is in effect and funded, except that a family member who is not a White Earth member may choose to receive services through the tribe or the county. The commissioner shall have authority to redirect funds provided to Mahnomen County for these services, including administrative expenses, to the White Earth Band of Ojibwe Indians.

(d) Upon the successful transfer of legal responsibility for providing human services for tribal members and their families who reside on and off the reservation in Mahnomen County, the commissioner and the White Earth Band of Ojibwe shall develop a plan to transfer legal responsibility for providing human services for tribal members and their families who reside on or off reservation in Clearwater and Becker Counties.

(e) No later than January 15, 2012, the commissioner shall submit a written report detailing the transfer progress to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services. If legislation is needed to fully complete the transfer of legal responsibility for providing human services, the commissioner shall submit proposed legislation along with the written report.

Sec. 20. **REPEALER.**

(a) Minnesota Statutes 2010, sections 402A.30; and 402A.45, are repealed.

(b) Minnesota Rules, part 9500.1243, subpart 3, is repealed.

ARTICLE 9  
HUMAN SERVICES FORECAST ADJUSTMENTS

Section 1. **DEPARTMENT OF HUMAN SERVICES FORECAST ADJUSTMENT APPROPRIATIONS.**

The sums shown are added to, or if shown in parentheses, are subtracted from the appropriations in Laws 2009, chapter 79, article 13, as amended by Laws 2009, chapter 173, article 2; Laws 2010, First Special Session chapter 1, articles 15, 23, and 25; and Laws 2010, Second Special Session chapter 1, article 3, to the commissioner of human services and for the purposes specified in this article. The appropriations are from the general fund or another named fund and are available for the fiscal year indicated for each purpose. The figure "2011" used in this article means that the appropriation or appropriations listed are available for the fiscal year ending June 30, 2011.

Sec. 2. **COMMISSIONER OF HUMAN SERVICES**

**Subdivision 1. Total Appropriation**

**\$(235,463,000)**

Appropriations by Fund

2011

<u>General</u>	<u>(381,869,000)</u>
<u>Health Care Access</u>	<u>169,514,000</u>
<u>Federal TANF</u>	<u>(23,108,000)</u>

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

**Subd. 2. Revenue and Pass-through**

**732,000**

This appropriation is from the federal TANF fund.

**Subd. 3. Children and Economic Assistance Grants**

Appropriations by Fund

<u>General</u>	<u>(7,098,000)</u>
<u>Federal TANF</u>	<u>(23,840,000)</u>

**(a) MFIP/DWP Grants**

Appropriations by Fund

<u>General</u>	<u>18,715,000</u>
<u>Federal TANF</u>	<u>(23,840,000)</u>

**(b) MFIP Child Care Assistance Grants**

**(24,394,000)**

**(c) General Assistance Grants**

**(664,000)**

**(d) Minnesota Supplemental Aid Grants**

**793,000**

**(e) Group Residential Housing Grants**

**(1,548,000)**

**Subd. 4. Basic Health Care Grants**

Appropriations by Fund

<u>General</u>	<u>(335,050,000)</u>
<u>Health Care Access</u>	<u>169,514,000</u>

**(a) MinnesotaCare Grants**

**169,514,000**

This appropriation is from the health care access fund.

<b><u>(b) Medical Assistance Basic Health Care - Families and Children</u></b>		<b><u>(49,368,000)</u></b>
<b><u>(c) Medical Assistance Basic Health Care - Elderly and Disabled</u></b>		<b><u>(43,258,000)</u></b>
<b><u>(d) Medical Assistance Basic Health Care - Adults without Children</u></b>		<b><u>(242,424,000)</u></b>
<b>Subd. 5. <u>Continuing Care Grants</u></b>		<b><u>(39,721,000)</u></b>
<b><u>(a) Medical Assistance Long-Term Care Facilities</u></b>		<b><u>(14,627,000)</u></b>
<b><u>(b) Medical Assistance Long-Term Care Waivers</u></b>		<b><u>(44,718,000)</u></b>
<b><u>(c) Chemical Dependency Entitlement Grants</u></b>		<b><u>19,624,000</u></b>

Sec. 3. Laws 2010, First Special Session chapter 1, article 25, section 3, subdivision 6, is amended to read:

**Subd. 6. Health Care Grants**

<b>(a) MinnesotaCare Grants</b>	998,000	<b>(13,376,000)</b>
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This appropriation is from the health care access fund.

**Health Care Access Fund Transfer to General Fund.** The commissioner of management and budget shall transfer the following amounts in the following years from the health care access fund to the general fund: ~~\$998,000~~ \$0 in fiscal year 2010; ~~\$176,704,000~~ \$59,901,000 in fiscal year 2011; \$141,041,000 in fiscal year 2012; and \$286,150,000 in fiscal year 2013. If at any time the governor issues an executive order not to participate in early medical assistance expansion, no funds shall be transferred from the health care access fund to the general fund until early medical assistance expansion takes effect. This paragraph is effective the day following final enactment.

**MinnesotaCare Ratable Reduction.** Effective for services rendered on or after July 1, 2010, to December 31, 2013, MinnesotaCare payments to managed care plans under Minnesota Statutes, section 256L.12, for single adults and households without children whose income is greater than 75 percent of federal poverty guidelines shall be reduced by 15 percent. Effective for services provided from July 1, 2010, to June 30, 2011, this reduction shall apply to all services. Effective for services provided from July 1, 2011, to December 31, 2013, this reduction shall apply to all services except inpatient hospital services. Notwithstanding any contrary provision of this article, this paragraph shall expire on December 31, 2013.

<b>(b) Medical Assistance Basic Health Care Grants - Families and Children</b>	-0-	<b>295,512,000</b>
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**Critical Access Dental.** Of the general fund appropriation, \$731,000 in fiscal year 2011 is to the commissioner for critical access dental provider reimbursement payments under Minnesota Statutes, section 256B.76 subdivision 4. This is a onetime appropriation.

**Nonadministrative Rate Reduction.** For services rendered on or after July 1, 2010, to December 31, 2013, the commissioner shall reduce contract rates paid to managed care plans under Minnesota Statutes, sections 256B.69 and 256L.12, and to county-based purchasing plans under Minnesota Statutes, section 256B.692, by three percent of the contract rate attributable to nonadministrative services in effect on June 30, 2010. Notwithstanding any contrary provision in this article, this rider expires on December 31, 2013.

(c) <b>Medical Assistance Basic Health Care Grants - Elderly and Disabled</b>	-0-	(30,265,000)
(d) <b>General Assistance Medical Care Grants</b>	-0-	<del>(75,389,000)</del> <u>(59,583,000)</u>

The reduction to general assistance medical care grants is contingent upon the effective date in Laws 2010, First Special Session chapter 1, article 16, section 48. The reduction shall be reestimated based upon the actual effective date of the law. The commissioner of management and budget shall make adjustments in fiscal year 2011 to general assistance medical care appropriations to conform to the total expected expenditure reductions specified in this section.

(e) <b>Other Health Care Grants</b>	-0-	(7,000,000)
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**Cobra Carryforward.** Unexpended funds appropriated in fiscal year 2010 for COBRA grants under Laws 2009, chapter 79, article 5, section 78, do not cancel and are available to the commissioner for fiscal year 2011 COBRA grant expenditures. Up to \$111,000 of the fiscal year 2011 appropriation for COBRA grants provided in Laws 2009, chapter 79, article 13, section 3, subdivision 6, may be used by the commissioner for costs related to administration of the COBRA grants.

Sec. 4. **EFFECTIVE DATE.**

This article is effective the day following final enactment.

ARTICLE 10  
HEALTH AND HUMAN SERVICES APPROPRIATIONS

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

	<u>2012</u>	<u>2013</u>	<u>Total</u>
<u>General</u>	\$5,564,457,000	\$5,407,093,000	\$10,971,550,000
<u>State Government Special Revenue</u>	63,700,000	63,475,000	127,175,000
<u>Health Care Access</u>	317,467,000	306,733,000	624,200,000
<u>Federal TANF</u>	286,744,000	258,466,000	545,210,000
<u>Lottery Prize Fund</u>	1,665,000	1,665,000	3,330,000
<b><u>Total</u></b>	<b><u>\$6,234,032,000</u></b>	<b><u>\$6,037,432,000</u></b>	<b><u>\$12,271,464,000</u></b>

Sec. 2. **HUMAN SERVICES 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 "2012" and "2013" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2012, or June 30, 2013, respectively. "The first year" is fiscal year 2012. "The second year" is fiscal year 2013. "The biennium" is fiscal years 2012 and 2013.

**APPROPRIATIONS**  
**Available for the Year**  
**Ending June 30**

**2012**                      **2013**

Sec. 3. **COMMISSIONER OF HUMAN SERVICES**

Subdivision 1. **Total Appropriation**                      **\$6,078,510,000**                      **\$5,891,475,000**

Appropriations by Fund

	<u>2012</u>	<u>2013</u>
<u>General</u>	5,489,816,000	5,337,566,000
<u>State Government</u>		
<u>Special Revenue</u>	565,000	565,000
<u>Health Care Access</u>	306,086,000	299,578,000
<u>Federal TANF</u>	280,378,000	252,101,000
<u>Lottery Prize Fund</u>	1,665,000	1,665,000

**Receipts for Systems Projects.** Appropriations and federal receipts for information systems projects for MAXIS, PRISM, MMIS, and SSIS must be deposited in the state systems account authorized in Minnesota Statutes, section 256.014. Money appropriated for computer projects approved by the Minnesota Office of Enterprise Technology, funded by the legislature, and approved by the commissioner of management and budget, may be transferred from one project to another and from development to operations as the commissioner of human services considers necessary. Any unexpended balance in the appropriation for these projects does not cancel but is available for ongoing development and operations.

**Nonfederal Share Transfers.** The nonfederal share of activities for which federal administrative reimbursement is appropriated to the commissioner may be transferred to the special revenue fund.

**TANF Maintenance of Effort.**

(a) In order to meet the basic maintenance of effort (MOE) requirements of the TANF block grant specified under Code of Federal Regulations, title 45, section 263.1, the commissioner may only report nonfederal money expended for allowable activities listed in the following clauses as TANF/MOE expenditures:

(1) MFIP cash, diversionary work program, and food assistance benefits under Minnesota Statutes, chapter 256J;

(2) the child care assistance programs under Minnesota Statutes, sections 119B.03 and 119B.05, and county child care administrative costs under Minnesota Statutes, section 119B.15;

(3) state and county MFIP administrative costs under Minnesota Statutes, chapters 256J and 256K;

(4) state, county, and tribal MFIP employment services under Minnesota Statutes, chapters 256J and 256K;

(5) qualifying working family credit expenditures under Minnesota Statutes, section 290.0671; and

(6) qualifying Minnesota education credit expenditures under Minnesota Statutes, section 290.0674.

(b) The commissioner shall ensure that sufficient qualified nonfederal expenditures are made each year to meet the state's TANF/MOE requirements. For the activities listed in paragraph (a), clauses (2) to (6), the commissioner may only report expenditures that are excluded from the definition of assistance under Code of Federal Regulations, title 45, section 260.31.

(c) For fiscal years beginning with state fiscal year 2003, the commissioner shall assure that the maintenance of effort used by the commissioner of management and budget for the February and November forecasts required under Minnesota Statutes, section 16A.103, contains expenditures under paragraph (a), clause (1), equal to at least 16 percent of the total required under Code of Federal Regulations, title 45, section 263.1.

(d) Minnesota Statutes, section 256.011, subdivision 3, which requires that federal grants or aids secured or obtained under that subdivision be used to reduce any direct appropriations provided by law, do not apply if the grants or aids are federal TANF funds.

(e) For the federal fiscal years beginning on or after October 1, 2007, the commissioner may not claim an amount of TANF/MOE in excess of the 75 percent standard in Code of Federal Regulations, title 45, section 263.1(a)(2), except:

(1) to the extent necessary to meet the 80 percent standard under Code of Federal Regulations, title 45, section 263.1(a)(1), if it is determined by the commissioner that the state will not meet the TANF work participation target rate for the current year;

(2) to provide any additional amounts under Code of Federal Regulations, title 45, section 264.5, that relate to replacement of TANF funds due to the operation of TANF penalties; and

(3) to provide any additional amounts that may contribute to avoiding or reducing TANF work participation penalties through the operation of the excess MOE provisions of Code of Federal Regulations, title 45, section 261.43(a)(2).

For the purposes of clauses (1) to (3), the commissioner may supplement the MOE claim with working family credit expenditures or other qualified expenditures to the extent such expenditures are otherwise available after considering the expenditures allowed in this subdivision.

(f) Notwithstanding any contrary provision in this article, paragraphs (a) to (e) expire June 30, 2015.

**Working Family Credit Expenditures as TANF/MOE.** The commissioner may claim as TANF maintenance of effort up to \$6,707,000 per year of working family credit expenditures for fiscal years 2012 and 2013.

**Working Family Credit Expenditures to be Claimed for TANF/MOE.** The commissioner may count the following amounts of working family credit expenditures as TANF/MOE:

(1) fiscal year 2012, \$37,517,000;

(2) fiscal year 2013, \$28,171,000;

(3) fiscal year 2014, \$34,097,000; and

(4) fiscal year 2015, \$34,100,000.

Notwithstanding any contrary provision in this article, this rider expires June 30, 2015.

**TANF Transfer to Federal Child Care and Development Fund.**

(a) The following TANF fund amounts are appropriated to the commissioner for purposes of MFIP/Transition Year Child Care Assistance under Minnesota Statutes, section 119B.05:

(1) fiscal year 2012, \$25,020,000;

(2) fiscal year 2013, \$12,020,000;

(3) fiscal year 2014, \$15,818,000; and

(4) fiscal year 2015, \$15,818,000.

(b) The commissioner shall authorize the transfer of sufficient TANF funds to the federal child care and development fund to meet this appropriation and shall ensure that all transferred funds are expended according to federal child care and development fund regulations.

**Food Stamps Employment and Training Funds.** (a) Notwithstanding Minnesota Statutes, sections 256D.051, subdivisions 1a, 6b, and 6c, and 256J.626, federal food stamps employment and training funds received as reimbursement for child care assistance program expenditures must be deposited in the general fund. The amount of funds must be limited to \$500,000 per year in fiscal years 2012 through 2015, contingent upon approval by the federal Food and Nutrition Service.

(b) Consistent with the receipt of these federal funds, the commissioner may adjust the level of working family credit expenditures claimed as TANF maintenance of effort. Notwithstanding any contrary provision in this article, this rider expires June 30, 2015.

**ARRA Food Support Benefit Increases.** The funds provided for food support benefit increases under the Supplemental Nutrition Assistance Program provisions of the American Recovery and Reinvestment Act (ARRA) of 2009 must be used for benefit increases beginning July 1, 2009.

**Supplemental Security Interim Assistance Reimbursement Funds.** \$2,800,000 of uncommitted revenue available to the commissioner of human services for SSI advocacy and outreach services must be transferred to and deposited into the general fund by October 1, 2011.

**Transfer.** By June 30, 2012, the commissioner of management and budget must transfer \$49,694,000 from the health care access fund to the general fund. By June 30, 2013, the commissioner of management and budget must transfer \$5,000,000 from the health care access fund to the general fund.

Subd. 2. **Central Office Operations**

The amounts that may be spent from this appropriation for each purpose are as follows:



**(a) Operations**Appropriations by Fund

<u>General</u>	<u>72,547,000</u>	<u>71,077,000</u>
<u>Health Care Access</u>	<u>11,508,000</u>	<u>11,508,000</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>440,000</u>	<u>440,000</u>
<u>Federal TANF</u>	<u>222,000</u>	<u>222,000</u>

**DHS Receipt Center Accounting.** The commissioner is authorized to transfer appropriations to, and account for DHS receipt center operations in, the special revenue fund.

**Administrative Recovery; Set-Aside.** The commissioner may invoice local entities through the SWIFT accounting system as an alternative means to recover the actual cost of administering the following provisions:

- (1) Minnesota Statutes, section 125A.744, subdivision 3;
- (2) Minnesota Statutes, section 245.495, paragraph (b);
- (3) Minnesota Statutes, section 256B.0625, subdivision 20, paragraph (k);
- (4) Minnesota Statutes, section 256B.0924, subdivision 6, paragraph (g);
- (5) Minnesota Statutes, section 256B.0945, subdivision 4, paragraph (d); and
- (6) Minnesota Statutes, section 256F.10, subdivision 6, paragraph (b).

**Payments for Cost Settlements.** The commissioner is authorized to use amounts repaid to the general assistance medical care program under Minnesota Statutes 2009 Supplement, section 256D.03, subdivision 3, to pay cost settlements for claims for services provided prior to June 1, 2010. Notwithstanding any contrary provision in this article, this provision does not expire.

**Base Adjustment.** The general fund base for fiscal year 2014 shall be increased by \$68,000 and decreased by \$11,000 in fiscal year 2015.

**(b) Children and Families**Appropriations by Fund

<u>General</u>	<u>9,457,000</u>	<u>9,337,000</u>
<u>Federal TANF</u>	<u>2,160,000</u>	<u>2,160,000</u>

**Financial Institution Data Match and Payment of Fees.** The commissioner is authorized to allocate up to \$310,000 each year in fiscal years 2012 and 2013 from the PRISM special revenue account to make payments to financial institutions in exchange for performing data matches between account information held by financial institutions and the public authority's database of child support obligors as authorized by Minnesota Statutes, section 13B.06, subdivision 7.

**Base Adjustment.** The general fund base is decreased by \$47,000 in fiscal years 2014 and 2015.

(c) **Health Care**

Appropriations by Fund

<u>General</u>	<u>16,376,000</u>	<u>16,278,000</u>
<u>Health Care Access</u>	<u>22,623,000</u>	<u>26,926,000</u>

**Minnesota Senior Health Options Reimbursement.** Federal administrative reimbursement resulting from the Minnesota senior health options project is appropriated to the commissioner for this activity.

**Utilization Review.** Federal administrative reimbursement resulting from prior authorization and inpatient admission certification by a professional review organization shall be dedicated to the commissioner for these purposes. A portion of these funds must be used for activities to decrease unnecessary pharmaceutical costs in medical assistance.

**Base Adjustment.** The general fund base shall be decreased by \$2,000 in fiscal year 2014 and \$114,000 in fiscal year 2015.

The health care access fund base is decreased by \$411,000 in fiscal year 2014 and \$880,000 in fiscal year 2015.

(d) **Continuing Care**

Appropriations by Fund

<u>General</u>	<u>18,078,000</u>	<u>17,864,000</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>125,000</u>	<u>125,000</u>

**Region 10 Administrative Expenses.** \$100,000 is appropriated each fiscal year, beginning in fiscal year 2012, for the administration of the State Quality Improvement and Licensing System under Minnesota Statutes, section 256B.0961.

**Base Adjustment.** The general fund base is decreased by \$662,000 in fiscal year 2014 and \$762,000 in fiscal year 2015.

**(e) Chemical and Mental Health**

Appropriations by Fund

General	<u>4,194,000</u>	<u>4,194,000</u>
Lottery Prize	<u>157,000</u>	<u>157,000</u>

**Subd. 3. Forecasted Programs**

The amounts that may be spent from this appropriation for each purpose are as follows:

**(a) MFIP/DWP Grants**

Appropriations by Fund

General	<u>83,986,000</u>	<u>88,187,000</u>
Federal TANF	<u>84,425,000</u>	<u>75,417,000</u>

**(b) MFIP Child Care Assistance Grants** 39,012,000 44,805,000

**(c) General Assistance Grants and Adult Assistance** 48,774,000 44,003,000

**General Assistance Standard.** The commissioner shall set the monthly standard of assistance for general assistance units consisting of an adult recipient who is childless and unmarried or living apart from parents or a legal guardian at \$203. The commissioner may reduce this amount according to Laws 1997, chapter 85, article 3, section 54. This paragraph expires September 30, 2012.

**Emergency General Assistance.** The amount appropriated for emergency general assistance funds is limited to no more than \$7,089,812 in fiscal year 2012 and \$1,682,453 in fiscal year 2013. Funds to counties shall be allocated by the commissioner using the allocation method specified in Minnesota Statutes, section 256D.06. This paragraph expires September 30, 2012.

**Base Adjustment.** The general fund base for adult assistance is \$44,512,000 in fiscal years 2014 and 2015.

**(d) Minnesota Supplemental Aid Grants** 34,460,000 33,532,000

**Emergency Minnesota Supplemental Aid Funds.** The amount appropriated for emergency Minnesota supplemental aid funds is limited to no more than \$367,000 in fiscal year 2012. Funds to counties shall be allocated by the commissioner using the allocation method specified in Minnesota Statutes, section 256D.46. This paragraph expires September 30, 2012.

<u>(e) <b>Group Residential Housing Grants</b></u>	<u>121,080,000</u>	<u>129,238,000</u>
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<u>(f) <b>MinnesotaCare Grants</b></u>	<u>271,430,000</u>	<u>260,619,000</u>
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This appropriation is from the health care access fund.

<u>(g) <b>GAMC Grants</b></u>	<u>174,150,000</u>	<u>232,200,000</u>
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**General Assistance Medical Care Payments.** For general assistance medical care payments under Minnesota Statutes, section 256D.031:

\$120,150,000 in fiscal year 2012 and \$160,200,000 in fiscal year 2013 are for payments to coordinated care delivery systems under Minnesota Statutes, section 256D.031, subdivision 7; and

\$54,000,000 in fiscal year 2012 and \$72,000,000 in fiscal year 2013 are for payments for prescription drugs under Minnesota Statutes, section 256D.031, subdivision 9.

Any amount under paragraph (g) that is not spent in the first year does not cancel and is available for payments in the second year.

The commissioner may transfer any unexpended amount under Minnesota Statutes, section 256D.031, subdivision 9, after the final allocation in fiscal year 2011 to make payments under Minnesota Statutes, section 256D.031, subdivision 7.

<u>(h) <b>Medical Assistance Grants</b></u>	<u>4,175,592,000</u>	<u>3,938,873,000</u>
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**Managed Care Incentive Payments.** The commissioner shall not make managed care incentive payments for expanding preventive services. This provision does not expire.

**Capitation Payment Delay.** The commissioner shall delay 71 percent of the medical assistance capitation payment for families with children to managed care plans and county-based purchasing plans due in May of 2013 until July of 2013.

**Reduction of Rates for Congregate Living for Individuals with Lower Needs.** Beginning October 1, 2011, lead agencies must reduce rates in effect on January 1, 2011, by ten percent for individuals with lower needs living in foster care settings where the license holder does not share the residence with recipients on the CADI, DD, and TBI waivers and customized living settings for CADI and TBI. Lead agencies must adjust contracts within 60 days of the effective date.

**Reduction of Lead Agency Waiver Allocations to Implement Rate Reductions for Congregate Living for Individuals with Lower Needs.** Beginning October 1, 2011, the commissioner shall reduce lead agency waiver allocations to implement the reduction

of rates for individuals with lower needs living in foster care settings where the license holder does not share the residence with recipients on the CADI, DD, and TBI waivers and customized living settings for CADI and TBI.

**Manage Elderly Waiver Growth.** Beginning July 1, 2011, and ending on June 30, 2013, the commissioner shall manage the elderly waiver so that the number of people does not exceed the number on June 30, 2011.

**Reduce customized living and 24-hour customized living component rates.** Effective July 1, 2011, the commissioner shall reduce elderly waiver customized living and 24-hour customized living component service spending by ten percent through reductions in component rates and service rate limits. The commissioner shall adjust the elderly waiver capitation payment rates for managed care organizations paid under Minnesota Statutes, section 256B.69, subdivisions 6a and 23, to reflect reductions in component spending for customized living services and 24-hour customized living services under Minnesota Statutes, section 256B.0915, subdivisions 3e and 3h, for the contract period beginning January 1, 2012. To implement the reduction specified in this provision, capitation rates paid by the commissioner to managed care organizations under Minnesota Statutes, section 256B.69, shall reflect a 20 percent reduction for the specified services for the period January 1, 2012, to June 30, 2012, and a ten percent reduction for those services on or after July 1, 2012.

**Limit Growth in the Developmental Disability Waiver.** For the biennium beginning July 1, 2011, the commissioner shall limit the developmental disability waiver to the number of recipients served in March 2010. If necessary to achieve this level, the commissioner shall not refill waiver openings until the number of waiver recipients reaches the March 2010 level. Once the March 2010 enrollment level is reached, the commissioner shall refill vacated openings to maintain the March 2010 enrollment level. To the extent possible, waiver allocations shall be available to individuals who meet the priorities for accessing waiver services described in Minnesota Statutes, section 256B.092, subdivision 12. The limits do not include conversions from intermediate care facilities for persons with developmental disabilities. When implementing the waiver enrollment limits under this provision, it is an absolute defense to an appeal under Minnesota Statutes, section 256.045, if the commissioner or lead agency proves that it followed the established written procedures and criteria and determined that home and community-based services could not be provided to the person within the appropriations or lead agency's allocation of home and community-based services money.

**Limit Growth in the Community Alternatives for Disabled**

**Individuals Waiver.** For the biennium beginning July 1, 2011, the commissioner shall limit the community alternatives for disabled individuals waiver to the number of recipients served in March 2010. If necessary to achieve this level, the commissioner shall not refill waiver openings until the number of waiver recipients reaches the March 2010 level. Once the March 2010 enrollment level is reached, the commissioner shall refill vacated openings to maintain the March 2010 enrollment level. To the extent possible, waiver allocations shall be available to individuals who meet the priorities for accessing waiver services described in Minnesota Statutes, section 256B.49, subdivision 11a. The limits include conversions and diversions, unless the commissioner has approved a plan to convert funding due to the closure or downsizing of a residential facility or nursing facility to serve directly affected individuals on the community alternatives for disabled individuals waiver. When implementing the waiver enrollment limits under this provision, it is an absolute defense to an appeal under Minnesota Statutes, section 256.045, if the commissioner or lead agency proves that it followed the established written procedures and criteria and determined that home and community-based services could not be provided to the person within the appropriations or lead agency's allocation of home and community-based services money.

**Limit Growth in the Waiver for Individuals with Traumatic**

**Brain Injury.** For the biennium beginning July 1, 2011, the commissioner shall limit the traumatic brain injury waiver to the number of recipients served in March 2010. If necessary to achieve this level, the commissioner shall not refill waiver openings until the number of waiver recipients reaches the March 2010 level. Once the March 2010 enrollment level is reached, the commissioner shall refill vacated openings to maintain the March 2010 enrollment level. To the extent possible, waiver allocations shall be available to individuals who meet the priorities for accessing waiver services described in Minnesota Statutes, section 256B.49, subdivision 11a. The limits include conversions and diversions, unless the commissioner has approved a plan to convert funding due to the closure or downsizing of a residential facility or nursing facility to serve directly affected individuals on the traumatic brain injury waiver. When implementing the waiver enrollment limits under this provision, it is an absolute defense to an appeal under Minnesota Statutes, section 256.045, if the commissioner or lead agency proves that it followed the established written procedures and criteria and determined that home and community-based services could not be provided to the person within the appropriations or lead agency's allocation of home and community-based services money.

**Personal Care Assistance Relative Care.** The commissioner shall adjust the capitation payment rates for managed care organizations paid under Minnesota Statutes, section 256B.69, to

reflect the rate reductions for personal care assistance provided by a relative pursuant to Minnesota Statutes, section 256B.0659, subdivision 11.

(i) **Alternative Care Grants** 45,727,000 47,877,000

**Alternative Care Transfer.** Any money allocated to the alternative care program that is not spent for the purposes indicated does not cancel but shall be transferred to the medical assistance account.

(j) **Chemical Dependency Entitlement Grants** 108,568,000 123,095,000

Subd. 4. **Grant Programs**

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) **Support Services Grants**

Appropriations by Fund

<u>General</u>	<u>8,715,000</u>	<u>8,715,000</u>
<u>Federal TANF</u>	<u>100,525,000</u>	<u>94,611,000</u>

**MFIP Consolidated Fund Grants.** The TANF fund base is reduced by \$10,000,000 each year beginning in fiscal year 2012.

**Subsidized Employment Funding Through ARRA.** The commissioner is authorized to apply for TANF emergency fund grants for subsidized employment activities. Growth in expenditures for subsidized employment within the supported work program and the MFIP consolidated fund over the amount expended in the calendar year quarters in the TANF emergency fund base year shall be used to leverage the TANF emergency fund grants for subsidized employment and to fund supported work. The commissioner shall develop procedures to maximize reimbursement of these expenditures over the TANF emergency fund base year quarters, and may contract directly with employers and providers to maximize these TANF emergency fund grants.

(b) **Basic Sliding Fee Child Care Assistance Grants** 36,067,000 37,342,000

**Base Adjustment.** The general fund base is decreased by \$1,490,000 in fiscal year 2014 and \$867,000 in fiscal year 2015.

**Child Care and Development Fund Unexpended Balance.** In addition to the amount provided in this section, the commissioner shall expend \$5,000,000 in fiscal year 2012 from the federal child care and development fund unexpended balance for basic sliding fee child care under Minnesota Statutes, section 119B.03. The

commissioner shall ensure that all child care and development funds are expended according to the federal child care and development fund regulations.

(c) **Child Care Development Grants** 232,000 232,000

**Base Adjustment.** The general fund base is increased by \$1,255,000 in fiscal years 2014 and 2015.

(d) **Child Support Enforcement Grants** 50,000 50,000

**Federal Child Support Demonstration Grants.** Federal administrative reimbursement resulting from the federal child support grant expenditures authorized under section 1115a of the Social Security Act is appropriated to the commissioner for this activity.

(e) **Children's Services Grants**

Appropriations by Fund

General	<u>45,654,000</u>	<u>45,654,000</u>
Federal TANF	<u>140,000</u>	<u>140,000</u>

**Adoption Assistance and Relative Custody Assistance Payments.** \$1,661,000 each year is for continuation of current payments for adoption assistance and relative custody assistance.

**Adoption Assistance and Relative Custody Assistance Transfer.** The commissioner may transfer unencumbered appropriation balances for adoption assistance and relative custody assistance between fiscal years and between programs.

**Privatized Adoption Grants.** Federal reimbursement for privatized adoption grant and foster care recruitment grant expenditures is appropriated to the commissioner for adoption grants and foster care and adoption administrative purposes.

**Adoption Assistance Incentive Grants.** Federal funds available during fiscal year 2012 and fiscal year 2013 for adoption incentive grants are appropriated to the commissioner for these purposes.

**Base Adjustment.** The general fund base is increased by \$1,134,000 in fiscal years 2014 and 2015.

(f) **Children and Community Services Grants** 54,301,000 52,301,000

(g) **Children and Economic Support Grants**

Appropriations by Fund

General	<u>15,770,000</u>	<u>15,772,000</u>
Federal TANF	<u>700,000</u>	<u>0</u>



**Long-Term Homeless Services.** \$700,000 is appropriated from the federal TANF fund for the biennium beginning July 1, 2011, to the commissioner of human services for long-term homeless services for low-income homeless families under Minnesota Statutes, section 256K.26. This is a onetime appropriation and is not added to the base.

**Base Adjustment.** The general fund base is increased by \$42,000 in fiscal year 2014 and \$43,000 in fiscal year 2015.

<b><u>(h) Health Care Grants</u></b>	<u>150,000</u>	<u>150,000</u>
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This appropriation is from the health care access fund.

**Surplus Appropriation Canceled.** Of the health care access fund appropriation in Laws 2009, chapter 79, article 13, section 3, subdivision 6, paragraph (e), for the COBRA premium state subsidy program, \$11,750,000 must be canceled in fiscal year 2011. This provision is effective the day following final enactment.

<b><u>(i) Aging and Adult Services Grants</u></b>	<u>18,734,000</u>	<u>18,910,000</u>
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**Aging Grants Reduction.** Effective July 1, 2011, funding for grants made under Minnesota Statutes, sections 256.9754 and 256B.0917, subdivision 13, is reduced by \$3,600,000 for each year of the biennium. These reductions are onetime and do not affect base funding for the 2014-2015 biennium. Grants made during the 2012-2013 biennium under Minnesota Statutes, section 256B.9754, must not be used for new construction or building renovation.

**Base Level Adjustment.** The general fund base is increased by \$3,600,000 in fiscal year 2014 and increased by \$3,600,000 in fiscal year 2015.

<b><u>(j) Deaf and Hard-of-Hearing Grants</u></b>	<u>1,936,000</u>	<u>1,767,000</u>
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<b><u>(k) Disabilities Grants</u></b>	<u>15,438,000</u>	<u>18,432,000</u>
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**HIV Grants.** The general fund appropriation for the HIV drug and insurance grant program shall be reduced by \$2,425,000 in fiscal year 2012 and increased by \$2,425,000 in fiscal year 2014. These adjustments are onetime and shall not be applied to the base. Notwithstanding any contrary provision, this provision expires June 30, 2014. Money appropriated for the HIV drug and insurance grant program in fiscal year 2014 may be used in either year of the biennium.

**Region 10.** Any unspent allocation for Region 10 Quality Assurance from the biennium beginning on July 1, 2009, may be carried over into the biennium beginning on July 1, 2011.

**Base Level Adjustment.** The general fund base is increased by \$2,425,000 in fiscal year 2014 only.

**Local Planning Grants for Creating Alternatives to Congregate Living for Individuals with Lower Needs.** The commissioner shall make available a total of \$250,000 per year in local planning grants, beginning July 1, 2011, to assist lead agencies and provider organizations in developing alternatives to congregate living within the available level of resources for the home and community-based services waivers for persons with disabilities.

**(l) Adult Mental Health Grants**

Appropriations by Fund

General	<u>69,957,000</u>	<u>69,957,000</u>
Health Care Access	<u>375,000</u>	<u>375,000</u>
Lottery Prize Fund	<u>1,508,000</u>	<u>1,508,000</u>

**Funding Usage.** Up to 75 percent of a fiscal year's appropriation for adult mental health grants may be used to fund allocations in that portion of the fiscal year ending December 31.

**Base Adjustment.** The general fund base is increased by \$813,000 in fiscal years 2014 and 2015. The health care access fund base is increased by \$375,000 in fiscal years 2014 and 2015.

**(m) Children's Mental Health Grants**

14,251,000

14,251,000

**Funding Usage.** Up to 75 percent of a fiscal year's appropriation for children's mental health grants may be used to fund allocations in that portion of the fiscal year ending December 31.

**Base Adjustment.** The general fund base is increased by \$2,431,000 in fiscal years 2014 and 2015.

**(n) Chemical Dependency Nonentitlement Grants**

1,336,000

1,336,000

**Subd. 5. State-Operated Services**

**Transfer Authority Related to State-Operated Services.** Money appropriated for state-operated services may be transferred between fiscal years of the biennium with the approval of the commissioner of management and budget.

<b>(a) <u>State-Operated Services Mental Health</u></b>	<u>115,286,000</u>	<u>115,135,000</u>
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The commissioner shall close the Community Behavioral Health Hospital-Willmar on or before June 30, 2011. The commissioner shall relocate the Child and Adolescent Behavioral Health Hospital located in the former Willmar Regional Treatment Center to the facility previously housing the Community Behavioral Health Hospital-Willmar.

<b>(b) <u>Minnesota Security Hospital</u></b>	<u>69,582,000</u>	<u>69,582,000</u>
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<b>Subd. 6. <u>Sex Offender Program</u></b>	<u>70,416,000</u>	<u>67,570,000</u>
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**Transfer Authority Related to Minnesota Sex Offender Program.** Money appropriated for the Minnesota sex offender program may be transferred between fiscal years of the biennium with the approval of the commissioner of management and budget.

**Minnesota Sex Offender Program Reduction.** The fiscal year 2011 general fund appropriation for Minnesota sex offender services under Laws 2009, chapter 79, article 13, section 3, subdivision 10, paragraph (b), is reduced by \$3,000,000. This paragraph is effective the day following final enactment.

<b>Subd. 7. <u>Technical Activities</u></b>	<u>92,206,000</u>	<u>79,551,000</u>
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This appropriation is from the federal TANF fund.

**Base Level Adjustment.** The TANF fund base is increased by \$4,155,000 in fiscal year 2014 and increased by \$4,582,000 in fiscal year 2015.

Sec. 4. **COMMISSIONER OF HEALTH**

<b>Subdivision 1. <u>Total Appropriation</u></b>	<b><u>\$132,589,000</u></b>	<b><u>\$123,237,000</u></b>
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Appropriations by Fund

	<u>2012</u>	<u>2013</u>
General	<u>69,455,000</u>	<u>64,341,000</u>
State Government		
Special Revenue	<u>45,387,000</u>	<u>45,376,000</u>
Health Care Access	<u>11,381,000</u>	<u>7,155,000</u>
Federal TANF	<u>6,366,000</u>	<u>6,365,000</u>

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

**Subd. 2. Community and Family Health Promotion**Appropriations by Fund

<u>General</u>	<u>43,539,000</u>	<u>38,799,000</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>1,033,000</u>	<u>1,033,000</u>
<u>Health Care Access</u>	<u>1,719,000</u>	<u>1,719,000</u>
<u>Federal TANF</u>	<u>6,366,000</u>	<u>6,365,000</u>

**TANF Appropriations.** (1) \$578,000 of the TANF funds is appropriated each year to the commissioner for family planning grants under Minnesota Statutes, section 145.925.

(2) \$1,790,000 of the TANF funds is appropriated each year to the commissioner for home visiting and nutritional services listed under Minnesota Statutes, section 145.882, subdivision 7, clauses (6) and (7). Funds must be distributed to community health boards according to Minnesota Statutes, section 145A.131, subdivision 1.

(3) \$1,000,000 of the TANF funds is appropriated each year to the commissioner for decreasing infant mortality rates under Minnesota Statutes, section 145.928, subdivision 7.

(4) \$2,998,000 of the TANF funds is appropriated each year to the commissioner for the family home visiting grant program according to Minnesota Statutes, section 145A.17. \$2,000,000 of the funding must be distributed to community health boards according to Minnesota Statutes, section 145A.131, subdivision 1. \$998,000 of the funding must be distributed to tribal governments based on Minnesota Statutes, section 145A.14, subdivision 2a.

(5) The commissioner may use up to 7.06 percent of the funds appropriated each fiscal year to conduct the ongoing evaluations required under Minnesota Statutes, section 145A.17, subdivision 7, and training and technical assistance as required under Minnesota Statutes, section 145A.17, subdivisions 4 and 5.

**TANF Carryforward.** Any unexpended balance of the TANF appropriation in the first year of the biennium does not cancel but is available for the second year.

**Base Level Adjustment.** The general fund base is decreased by \$5,000 in fiscal years 2014 and 2015.

**Subd. 3. Policy Quality and Compliance**Appropriations by Fund

<u>General</u>	<u>10,395,000</u>	<u>10,023,000</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>14,026,000</u>	<u>14,083,000</u>
<u>Health Care Access</u>	<u>9,662,000</u>	<u>5,436,000</u>

**Medical Education and Research Costs (MERC) Fund**

**Transfers.** The commissioner of management and budget shall transfer \$9,800,000 from the MERC fund to the general fund by October 1, 2011.

**White Earth Clinic.** Of the general fund appropriation, \$500,000 in the first year and \$200,000 in the second year is for a grant to the White Earth Band of Ojibwe Indians. If the White Earth Band of Ojibwe Indians accepts this grant, funds must be used for the White Earth Clinic under Minnesota Statutes, section 145.9271. The base for this program is \$200,000 for each of fiscal years 2014 and 2015.

**Comprehensive Advanced Life Support.** Of the general fund appropriation, \$31,000 each year is added to the base of the comprehensive advanced life support (CALs) program under Minnesota Statutes, section 144.6062.

**Unused Federal Match Funds.** Of the funds appropriated in Laws 2009, chapter 79, article 13, section 4, subdivision 3, for state matching funds for the federal Health Information Technology for Economic and Clinical Health Act, \$2,800,000 is transferred to the health care access fund by October 1, 2011.

**Loan Forgiveness.** \$1,014,000 is appropriated from the health care access fund in fiscal year 2012 for the department to fulfill existing obligations of loan forgiveness agreements. This funding is available through fiscal year 2014. In addition, prior year funds appropriated for loan forgiveness and required to fulfill existing obligations do not expire and are available until expended.

**Administrative Reports.** Of the general fund appropriation, \$82,000 in fiscal year 2012 and \$10,000 in fiscal year 2013 are for transfer to the commissioner of management and budget for the reduction of the administrative report study.

**Base Level Adjustment.** The state government special revenue fund base shall be reduced by \$141,000 in fiscal years 2014 and 2015. The health care access base shall be increased by \$600,000 in fiscal year 2014.

Subd. 4. **Health Protection**Appropriations by Fund

<u>General</u>	<u>9,370,000</u>	<u>9,370,000</u>
<u>State Government Special Revenue</u>	<u>30,328,000</u>	<u>30,260,000</u>

Subd. 5. <b><u>Administrative Support Services</u></b>	6,151,000	6,149,000
Sec. 5. <b><u>COUNCIL ON DISABILITY</u></b>	<b><u>\$524,000</u></b>	<b><u>\$524,000</u></b>
Sec. 6. <b><u>OMBUDSMAN FOR MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES</u></b>	<b><u>\$1,655,000</u></b>	<b><u>\$1,655,000</u></b>

Funds appropriated for fiscal year 2011 are available until expended.

Sec. 7. <b><u>OMBUDSPERSON FOR FAMILIES</u></b>	<b><u>\$265,000</u></b>	<b><u>\$265,000</u></b>
Sec. 8. <b><u>HEALTH-RELATED BOARDS</u></b>		
Subdivision 1. <b><u>Total Appropriation</u></b>	<b><u>\$17,748,000</u></b>	<b><u>\$17,534,000</u></b>

This appropriation is from the state government special revenue fund. The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. <b><u>Board of Chiropractic Examiners</u></b>	469,000	469,000
Subd. 3. <b><u>Board of Dentistry</u></b>	1,829,000	1,814,000

**Health Professional Services Program.** Of this appropriation, \$704,000 in fiscal year 2012 and \$704,000 in fiscal year 2013 from the state government special revenue fund are for the health professional services program.

Subd. 4. <b><u>Board of Dietetic and Nutrition Practice</u></b>	110,000	110,000
Subd. 5. <b><u>Board of Marriage and Family Therapy</u></b>	192,000	167,000

**Rulemaking.** Of this appropriation, \$25,000 in fiscal year 2012 is for rulemaking. This is a onetime appropriation.

Subd. 6. <b><u>Board of Medical Practice</u></b>	3,866,000	3,866,000
Subd. 7. <b><u>Board of Nursing</u></b>	3,694,000	3,551,000
Subd. 8. <b><u>Board of Nursing Home Administrators</u></b>	2,153,000	2,145,000

**Rulemaking.** Of this appropriation, \$44,000 in fiscal year 2012 is for rulemaking. This is a onetime appropriation.

**Electronic Licensing System Adaptors.** Of this appropriation, \$761,000 in fiscal year 2013 from the state government special revenue fund is to the administrative services unit to cover the costs to connect to the e-licensing system. Minnesota Statutes, section 16E.22. Base level funding for this activity in fiscal year 2014 shall be \$100,000. Base level funding for this activity in fiscal year 2015 shall be \$50,000.

**Development and Implementation of a Disciplinary, Regulatory, Licensing and Information Management System.**

Of this appropriation, \$800,000 in fiscal year 2012 and \$300,000 in fiscal year 2013 are for the development of a shared system. Base level funding for this activity in fiscal year 2014 shall be \$50,000.

**Administrative Services Unit - Operating Costs.** Of this appropriation, \$526,000 in fiscal year 2012 and \$526,000 in fiscal year 2013 are for operating costs of the administrative services unit. The administrative services unit may receive and expend reimbursements for services performed by other agencies.

**Administrative Services Unit - Retirement Costs.** Of this appropriation in fiscal year 2012, \$225,000 is for onetime retirement costs in the health-related boards. This funding may be transferred to the health boards incurring those costs for their payment. These funds are available either year of the biennium.

**Administrative Services Unit - Volunteer Health Care Provider Program.** Of this appropriation, \$150,000 in fiscal year 2012 and \$150,000 in fiscal year 2013 are to pay for medical professional liability coverage required under Minnesota Statutes, section 214.40.

**Administrative Services Unit - Contested Cases and Other Legal Proceedings.** Of this appropriation, \$200,000 in fiscal year 2012 and \$200,000 in fiscal year 2013 are for costs of contested case hearings and other unanticipated costs of legal proceedings involving health-related boards funded under this section. Upon certification of a health-related board to the administrative services unit that the costs will be incurred and that there is insufficient money available to pay for the costs out of money currently available to that board, the administrative services unit is authorized to transfer money from this appropriation to the board for payment of those costs with the approval of the commissioner of management and budget. This appropriation does not cancel. Any unencumbered and unspent balances remain available for these expenditures in subsequent fiscal years.

**Base Adjustment.** The State Government Special Revenue Fund base is decreased by \$911,000 in fiscal year 2014 and \$1,011,000 in fiscal year 2015.

Subd. 9. <b><u>Board of Optometry</u></b>	<u>106,000</u>	<u>106,000</u>
Subd. 10. <b><u>Board of Pharmacy</u></b>	<u>2,341,000</u>	<u>2,344,000</u>

**Prescription Electronic Reporting.** Of this appropriation, \$356,000 in fiscal year 2012 and \$356,000 in fiscal year 2013 from the state government special revenue fund are to the board to operate the prescription electronic reporting system in Minnesota Statutes, section 152.126. Base level funding for this activity in fiscal year 2014 shall be \$356,000.

<u>Subd. 11. <b>Board of Physical Therapy</b></u>	<u>389,000</u>	<u>345,000</u>
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**Rulemaking.** Of this appropriation, \$44,000 in fiscal year 2012 is for rulemaking. This is a onetime appropriation.

<u>Subd. 12. <b>Board of Podiatry</b></u>	<u>75,000</u>	<u>75,000</u>
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<u>Subd. 13. <b>Board of Psychology</b></u>	<u>846,000</u>	<u>846,000</u>
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<u>Subd. 14. <b>Board of Social Work</b></u>	<u>1,036,000</u>	<u>1,053,000</u>
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<u>Subd. 15. <b>Board of Veterinary Medicine</b></u>	<u>228,000</u>	<u>229,000</u>
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<u>Subd. 16. <b>Board of Behavioral Health and Therapy</b></u>	<u>414,000</u>	<u>414,000</u>
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<u>Sec. 9. <b>EMERGENCY MEDICAL SERVICES REGULATORY BOARD</b></u>	<u>\$2,742,000</u>	<u>\$2,742,000</u>
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**Regional Grants.** \$585,000 in fiscal year 2012 and \$585,000 in fiscal year 2013 are for regional emergency medical services programs, to be distributed equally to the eight emergency medical service regions. Notwithstanding Minnesota Statutes, section 144E.50, 100 percent of the appropriation shall be granted to the emergency medical service regions.

**Cooper/Sams Volunteer Ambulance Program.** \$700,000 in fiscal year 2012 and \$700,000 in fiscal year 2013 are for the Cooper/Sams volunteer ambulance program under Minnesota Statutes, section 144E.40.

(a) Of this amount, \$611,000 in fiscal year 2012 and \$611,000 in fiscal year 2013 are for the ambulance service personnel longevity award and incentive program, under Minnesota Statutes, section 144E.40.

(b) Of this amount, \$89,000 in fiscal year 2012 and \$89,000 in fiscal year 2013 are for the operations of the ambulance service personnel longevity award and incentive program, under Minnesota Statutes, section 144E.40.

**Ambulance Training Grant.** \$361,000 in fiscal year 2012 and \$361,000 in fiscal year 2013 are for training grants.

**EMSRB Board Operations.** \$1,096,000 in fiscal year 2012 and \$1,096,000 in fiscal year 2013 are for operations.

Sec. 10. Minnesota Statutes 2010, section 256.01, is amended by adding a subdivision to read:

Subd. 33. **Federal administrative reimbursement dedicated.** Federal administrative reimbursement resulting from the following activities is appropriated to the commissioner for the designated purposes:



(1) reimbursement for the Minnesota senior health options project; and

(2) reimbursement related to prior authorization and inpatient admission certification by a professional review organization. A portion of these funds must be used for activities to decrease unnecessary pharmaceutical costs in medical assistance.

Sec. 11. Laws 2010, First Special Session chapter 1, article 15, section 3, subdivision 6, is amended to read:

Subd. 6. **Continuing Care Grants**

(a) **Aging and Adult Services Grants** (3,600,000) (3,600,000)

**Community Service/Service Development Grants Reduction.**

Effective retroactively from July 1, 2009, funding for grants made under Minnesota Statutes, sections 256.9754 and 256B.0917, subdivision 13, is reduced by ~~\$5,807,000~~ \$3,600,000 for each year of the biennium. Grants made during the biennium under Minnesota Statutes, section 256.9754, shall not be used for new construction or building renovation.

**Aging Grants Delay.** Aging grants must be reduced by \$917,000 in fiscal year 2011 and increased by \$917,000 in fiscal year 2012. These adjustments are onetime and must not be applied to the base. This provision expires June 30, 2012.

(b) **Medical Assistance Long-Term Care Facilities Grants** (3,827,000) (2,745,000)

**ICF/MR Variable Rates Suspension.** Effective retroactively from July 1, 2009, to June 30, 2010, no new variable rates shall be authorized for intermediate care facilities for persons with developmental disabilities under Minnesota Statutes, section 256B.5013, subdivision 1.

**ICF/MR Occupancy Rate Adjustment Suspension.** Effective retroactively from July 1, 2009, to June 30, 2011, approval of new applications for occupancy rate adjustments for unoccupied short-term beds under Minnesota Statutes, section 256B.5013, subdivision 7, is suspended.

(c) **Medical Assistance Long-Term Care Waivers and Home Care Grants** (2,318,000) (5,807,000)

**Developmental Disability Waiver Acuity Factor.** Effective retroactively from January 1, 2010, the January 1, 2010, one percent growth factor in the developmental disability waiver allocations under Minnesota Statutes, section 256B.092, subdivisions 4 and 5, that is attributable to changes in acuity, is ~~suspended to June 30, 2011~~ eliminated. Effective January 1, 2012, the one percent growth factor in the developmental disability waiver allocations is eliminated. Notwithstanding any law to the contrary, this provision does not expire.

(d) <b>Adult Mental Health Grants</b>	(5,000,000)	-0-
(e) <b>Chemical Dependency Entitlement Grants</b>	(3,622,000)	(3,622,000)
(f) <b>Chemical Dependency Nonentitlement Grants</b>	(393,000)	(393,000)
(g) <b>Other Continuing Care Grants</b>	-0-	<del>(2,500,000)</del> (1,414,000)

**Other Continuing Care Grants Delay.** Other continuing care grants must be reduced by \$1,414,000 in fiscal year 2011 and increased by \$1,414,000 in fiscal year 2012. These adjustments are onetime and must not be applied to the base. This provision expires June 30, 2012.

(h) <b><u>Deaf and Hard-of-Hearing Grants</u></b>	-0-	<u>(169,000)</u>
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**Deaf and Hard-of-Hearing Grants Delay.** Effective retroactively from July 1, 2010, deaf and hard-of-hearing grants must be reduced by \$169,000 in fiscal year 2011 and increased by \$169,000 in fiscal year 2012. These adjustments are onetime and must not be applied to the base. This provision expires June 30, 2012.

Sec. 12. **TRANSFERS.**

**Subdivision 1. Grants.** The commissioner of human services, with the approval of the commissioner of management and budget, and after notification of the chairs of the senate health and human services budget and policy committee and the house of representatives health and human services finance committee, may transfer unencumbered appropriation balances for the biennium ending June 30, 2013, within fiscal years among the MFIP; general assistance; general assistance medical care under Minnesota Statutes, section 256D.03, subdivision 3; medical assistance; MFIP child care assistance under Minnesota Statutes, section 119B.05; Minnesota supplemental aid; MinnesotaCare, and group residential housing programs, and the entitlement portion of the chemical dependency consolidated treatment fund, and between fiscal years of the biennium.

**Subd. 2. Administration.** Positions, salary money, and nonsalary administrative money may be transferred within the Departments of Health and Human Services as the commissioners consider necessary, with the advance approval of the commissioner of management and budget. The commissioner shall inform the chairs of the senate health and human services budget and policy committee and the house of representatives health and human services finance committee quarterly about transfers made under this provision.

Sec. 13. **INDIRECT COSTS NOT TO FUND PROGRAMS.**

The commissioners of health and human services shall not use indirect cost allocations to pay for the operational costs of any program for which they are responsible.

Sec. 14. **EXPIRATION OF UNCODIFIED LANGUAGE.**

All uncodified language contained in this article expires on June 30, 2013, unless a different expiration date is explicit.

Sec. 15. **EFFECTIVE DATE.**

The provisions in this article are effective July 1, 2011, unless a different effective date is specified."

Delete the title and insert:

"A bill for an act relating to state government; establishing the health and human services budget; making changes to children and family services, Department of Health, miscellaneous provisions, health licensing fees, health care, and continuing care; redesigning service delivery; making changes to chemical and mental health; modifying fee schedules; modifying program eligibility requirements; authorizing rulemaking; imposing criminal penalties; requiring reports; appropriating money for the Departments of Health and Human Services and other health-related boards and councils; making forecast adjustments; amending Minnesota Statutes 2010, sections 8.31, subdivisions 1, 3a; 62D.08, subdivision 7; 62E.08, subdivision 1; 62E.14, by adding a subdivision; 62J.04, subdivisions 3, 9; 62J.17, subdivision 4a; 62J.495, by adding a subdivision; 62J.692; 62Q.32; 62U.04, subdivisions 3, 9; 62U.06, subdivision 2; 119B.011, subdivision 13; 119B.035, subdivision 4; 119B.09, subdivision 10, by adding subdivisions; 119B.125, by adding a subdivision; 119B.13, subdivisions 1, 1a, 7; 144.1501, subdivision 1; 144.396, subdivisions 5, 6; 144.98, subdivisions 2a, 7, by adding subdivisions; 144A.102; 144A.61, by adding a subdivision; 144E.123; 145.925, subdivisions 1, 2; 145.928, subdivisions 7, 8; 145A.17, subdivision 3; 148.07, subdivision 1; 148.108, by adding a subdivision; 148.191, subdivision 2; 148.212, subdivision 1; 148.231; 148B.17; 148B.33, subdivision 2; 148B.52; 150A.091, subdivisions 2, 3, 4, 5, 8, by adding a subdivision; 151.07; 151.101; 151.102, by adding a subdivision; 151.12; 151.13, subdivision 1; 151.19; 151.25; 151.47, subdivision 1; 151.48; 152.12, subdivision 3; 157.15, by adding a subdivision; 157.20, by adding a subdivision; 245A.14, subdivision 4; 245C.03, by adding a subdivision; 245C.10, by adding a subdivision; 246B.10; 252.025, subdivision 7; 252.27, subdivision 2a; 253B.212; 254B.03, subdivisions 1, 4; 254B.04, subdivision 1, by adding a subdivision; 254B.06, subdivision 2; 256.01, subdivisions 2b, 14, 14b, 24, 29, by adding a subdivision; 256.969, subdivision 2b; 256B.04, subdivisions 14a, 18, by adding a subdivision; 256B.05, by adding a subdivision; 256B.056, subdivisions 3, 4; 256B.057, subdivision 9; 256B.06, subdivision 4; 256B.0625, subdivisions 8, 8a, 8b, 8c, 8e, 13e, 13h, 17, 17a, 18, 31a, 41, by adding subdivisions; 256B.0631, subdivisions 1, 2, 3; 256B.0644; 256B.0659, subdivisions 11, 28; 256B.0751, subdivision 4, by adding a subdivision; 256B.0911, subdivisions 1a, 3a; 256B.0913, subdivision 4; 256B.0915, subdivisions 3a, 3b, 3e, 3h, 10; 256B.0916, subdivision 6a; 256B.092, subdivisions 1b, 1e, 1g, 3, 8; 256B.0943, by adding a subdivision; 256B.0945, subdivision 4; 256B.14, by adding a subdivision; 256B.431, subdivisions 2r, 32; 256B.434, subdivision 4; 256B.437, subdivision 6; 256B.441, subdivision 50a, by adding a subdivision; 256B.48, subdivision 1; 256B.49, subdivisions 13, 14, 15; 256B.5012, by adding subdivisions; 256B.69, subdivisions 5a, 5c, 28, by adding subdivisions; 256B.76, subdivision 4; 256D.02, subdivision 12a; 256D.03, subdivision 3; 256D.031, subdivisions 1, 6, 7, 9, 10; 256D.05, subdivision 1; 256D.06, subdivision 2; 256D.09, subdivision 6; 256D.44, subdivision 5; 256D.46, subdivision 1; 256D.47; 256D.49, subdivision 3; 256E.35, subdivisions 5, 6; 256G.02, subdivision 6; 256I.03, by adding a subdivision; 256I.04, subdivisions 1, 2b; 256I.05, subdivision 1a; 256J.12, subdivisions 1a, 2; 256J.20, subdivision 3; 256J.37, by adding a subdivision; 256J.38, subdivision 1; 256J.49, subdivision 13; 256J.53, subdivision 2; 256L.01, subdivision 4a; 256L.02, subdivision 3; 256L.03, subdivision 5; 256L.04, subdivisions 1, 7, 10; 256L.05, subdivisions 2, 3a, by adding a subdivision; 256L.07, subdivision 1; 256L.11, subdivision 7; 256L.12, subdivision 9; 256L.15, subdivision 1a; 260C.157, subdivision 3; 260D.01; 297F.10, subdivision 1; 326B.175; 393.07, subdivisions 10, 10a; 402A.10, subdivisions 4, 5; 402A.15; 402A.18; 402A.20; 518A.51; Laws 2009, chapter 79, article 13, section 3, subdivision 8, as amended; Laws 2010, First Special Session chapter 1, article 15, section 3, subdivision 6; article 25, section 3, subdivision 6; proposing coding for new law in Minnesota Statutes, chapters 1; 15; 62E; 62J; 62U; 145; 148; 151; 214; 256; 256B; 256L; 326B; 402A; proposing coding for new law as Minnesota Statutes, chapter 256N; repealing Minnesota Statutes 2010, sections 62J.07, subdivisions 1, 2, 3; 62J.17, subdivisions 1, 3, 5a, 6a, 8; 62J.321, subdivision 5a; 62J.381; 62J.41, subdivisions 1, 2; 144.1464; 144.147; 144.1499; 256.979, subdivisions 5, 6, 7, 10; 256.9791; 256.9862, subdivision 2; 256B.055, subdivision 15; 256B.057, subdivision 2c; 256B.0756; 256D.01, subdivisions 1, 1a, 1b, 1e, 2; 256D.03, subdivisions 1, 2, 2a; 256D.05, subdivisions 1, 2, 4, 5, 6, 7, 8; 256D.0513; 256D.06, subdivisions 1, 1b, 2, 5, 7, 8; 256D.09, subdivisions 1, 2, 2a, 2b, 5, 6; 256D.10; 256D.13; 256D.15; 256D.16; 256D.35, subdivision 8b; 256D.46; 256L.07, subdivision 7; 402A.30; 402A.45; Laws 2008, chapter 358, article 3, sections 8; 9; Laws 2009,

chapter 79, article 3, section 18, as amended; article 5, sections 55, as amended; 56; 57; 60; 61; 62; 63; 64; 65; 66; 68; 69; 79; Minnesota Rules, parts 3400.0130, subpart 8; 4651.0100, subparts 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15, 16, 16a, 18, 19, 20, 20a, 21, 22, 23; 4651.0110, subparts 2, 2a, 3, 4, 5; 4651.0120; 4651.0130; 4651.0140; 4651.0150; 9500.1243, subpart 3; 9500.1261, subparts 3, items D, E, 4, 5."

We request the adoption of this report and repassage of the bill.

Senate Conferees: DAVID W. HANN, MICHELLE R. BENSON, GRETCHEN HOFFMAN, SCOTT J. NEWMAN and SEAN NIENOW.

House Conferees: JIM ABELER, STEVE GOTTWALT, MARY KIFFMEYER and KATHY LOHMER.

Abeler moved that the report of the Conference Committee on S. F. No. 760 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

The Speaker resumed the Chair.

S. F. No. 760, A bill for an act relating to state government; establishing the health and human services budget; modifying provisions related to continuing care, chemical and mental health, children and family services, human services licensing, health care programs, the Department of Health, and health licensing boards; appropriating money to the departments of health and human services and other health-related boards and councils; making forecast adjustments; requiring reports; imposing fees; imposing criminal penalties; amending Minnesota Statutes 2010, sections 8.31, subdivisions 1, 3a; 62E.14, by adding a subdivision; 62J.04, subdivision 3; 62J.17, subdivision 4a; 62J.692, subdivisions 4, 7; 103I.005, subdivisions 2, 8, 12, by adding a subdivision; 103I.101, subdivisions 2, 5; 103I.105; 103I.111, subdivision 8; 103I.205, subdivision 4; 103I.208, subdivision 2; 103I.501; 103I.531, subdivision 5; 103I.535, subdivision 6; 103I.641; 103I.711, subdivision 1; 103I.715, subdivision 2; 119B.011, subdivision 13; 119B.09, subdivision 10, by adding subdivisions; 119B.125, by adding a subdivision; 119B.13, subdivisions 1, 1a, 7; 144.125, subdivisions 1, 3; 144.128; 144.396, subdivisions 5, 6; 145.925, subdivision 1; 145.928, subdivisions 7, 8; 148.108, by adding a subdivision; 148.191, subdivision 2; 148.212, subdivision 1; 148.231; 151.07; 151.101; 151.102, by adding a subdivision; 151.12; 151.13, subdivision 1; 151.19; 151.25; 151.47, subdivision 1; 151.48; 152.12, subdivision 3; 245A.10, subdivisions 1, 3, 4, by adding subdivisions; 245A.11, subdivision 2b; 245A.143, subdivision 1; 245C.10, by adding a subdivision; 254B.03, subdivision 4; 254B.04, by adding a subdivision; 254B.06, subdivision 2; 256.01, subdivisions 14, 24, 29, by adding a subdivision; 256.969, subdivision 2b; 256B.04, subdivision 18; 256B.056, subdivisions 1a, 3; 256B.057, subdivision 9; 256B.06, subdivision 4; 256B.0625, subdivisions 8, 8a, 8b, 8c, 12, 13e, 17, 17a, 18, 19a, 25, 31a, by adding subdivisions; 256B.0651, subdivision 1; 256B.0652, subdivision 6; 256B.0653, subdivisions 2, 6; 256B.0911, subdivision 3a; 256B.0913, subdivision 4; 256B.0915, subdivisions 3a, 3b, 3e, 3h, 6, 10; 256B.14, by adding a subdivision; 256B.431, subdivisions 2r, 32, 42, by adding a subdivision; 256B.437, subdivision 6; 256B.441, subdivisions 50a, 59; 256B.48, subdivision 1; 256B.49, subdivision 16a; 256B.69, subdivisions 4, 5a, by adding a subdivision; 256B.76, subdivision 4; 256D.02, subdivision 12a; 256D.031, subdivisions 6, 7, 9; 256D.44, subdivision 5; 256D.47; 256D.49, subdivision 3; 256E.30, subdivision 2; 256E.35, subdivisions 5, 6; 256J.12, subdivisions 1a, 2; 256J.37, by adding a subdivision; 256J.38, subdivision 1; 256L.04, subdivision 7; 256L.05, by adding a subdivision; 256L.11, subdivision 7; 256L.12, subdivision 9; 297F.10, subdivision 1; 393.07, subdivision 10; 402A.10, subdivisions 4, 5; 402A.15; 518A.51; Laws 2008, chapter 363, article 18, section 3, subdivision 5; Laws 2010, First Special Session chapter 1, article 15, section 3, subdivision 6; article 25, section 3, subdivision 6; proposing coding for new law in Minnesota Statutes, chapters 1; 145; 148; 151; 214; 256; 256B; 256L; proposing coding for new law as Minnesota Statutes, chapter 256N; repealing Minnesota Statutes 2010, sections 62J.17, subdivisions 1, 3, 5a, 6a, 8; 62J.321, subdivision 5a; 62J.381; 62J.41, subdivisions 1, 2; 103I.005, subdivision 20; 144.1464; 144.147;

144.1487; 144.1488, subdivisions 1, 3, 4; 144.1489; 144.1490; 144.1491; 144.1499; 144.1501; 144.6062; 145.925; 145A.14, subdivisions 1, 2a; 245A.10, subdivision 5; 256.979, subdivisions 5, 6, 7, 10; 256.9791; 256B.055, subdivision 15; 256B.0625, subdivision 8e; 256B.0653, subdivision 5; 256B.0756; 256D.01, subdivisions 1, 1a, 1b, 1e, 2; 256D.03, subdivisions 1, 2, 2a; 256D.031, subdivisions 5, 8; 256D.05, subdivisions 1, 2, 4, 5, 6, 7, 8; 256D.0513; 256D.053, subdivisions 1, 2, 3; 256D.06, subdivisions 1, 1b, 2, 5, 7, 8; 256D.09, subdivisions 1, 2, 2a, 2b, 5, 6; 256D.10; 256D.13; 256D.15; 256D.16; 256D.35, subdivision 8b; 256D.46; Laws 2010, First Special Session chapter 1, article 16, sections 6; 7; Minnesota Rules, parts 3400.0130, subpart 8; 4651.0100, subparts 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15, 16, 16a, 18, 19, 20, 20a, 21, 22, 23; 4651.0110, subparts 2, 2a, 3, 4, 5; 4651.0120; 4651.0130; 4651.0140; 4651.0150; 9500.1243, subpart 3.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 69 yeas and 63 nays as follows:

Those who voted in the affirmative were:

Abeler	Daudt	Gruenhagen	Lanning	Murray	Stensrud
Anderson, B.	Dauids	Gunther	Leidiger	Nornes	Swedzinski
Anderson, D.	Dean	Hamilton	LeMieur	O'Driscoll	Torkelson
Anderson, P.	Dettmer	Hancock	Lohmer	Peppin	Urdahl
Anderson, S.	Doepke	Holberg	Loon	Petersen, B.	Vogel
Banaian	Downey	Hoppe	Mack	Quam	Wardlow
Barrett	Drazkowski	Howes	Mazorol	Runbeck	Westrom
Beard	Erickson	Kelly	McDonald	Sanders	Woodard
Benson, M.	Fabian	Kieffer	McElfrack	Schomacker	Spk. Zellers
Bills	Franson	Kiel	McFarlane	Scott	
Cornish	Garofalo	Kiffmeyer	McNamara	Shimanski	
Crawford	Gottwalt	Kriesel	Murdock	Smith	

Those who voted in the negative were:

Anzelc	Eken	Hornstein	Liebling	Murphy, M.	Simon
Atkins	Falk	Hortman	Lillie	Myhra	Slawik
Benson, J.	Gauthier	Hosch	Loeffler	Nelson	Slocum
Brynaert	Greene	Huntley	Mahoney	Norton	Thissen
Buesgens	Greiling	Johnson	Mariani	Paymar	Tillberry
Carlson	Hackbarth	Kahn	Marquart	Pelowski	Wagenius
Champion	Hansen	Kath	Melin	Persell	Ward
Clark	Hausman	Knuth	Moran	Peterson, S.	Winkler
Davnie	Hayden	Koenen	Morrow	Poppe	
Dill	Hilstrom	Lenczewski	Mullery	Rukavina	
Dittrich	Hilty	Lesch	Murphy, E.	Scalze	

The bill was repassed, as amended by Conference, and its title agreed to.

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 42, A bill for an act relating to the financing and operation of state and local government; making changes to individual income, corporate franchise, property, aids, credits, payments, refunds, sales and use, tax increment financing, aggregate material, minerals, local, and other taxes and tax-related provisions; making changes

to the green acres and rural preserve programs; authorizing border city development zone powers and local taxes; extending levy limits; modifying regional railroad authority provisions; repealing sustainable forest resource management incentive; authorizing grants to local governments for cooperation, consolidation, and service innovation; providing a science and technology program; reducing certain income rates; allowing capital equipment exemption at time of purchase; directing commissioner of revenue to negotiate a reciprocity agreement with state of Wisconsin and permitting its termination only by law; requiring studies; requiring reports; canceling amounts in the cash flow account; appropriating money; amending Minnesota Statutes 2010, sections 97A.061, subdivisions 1, 3; 126C.01, subdivision 3; 270A.03, subdivision 7; 270B.12, by adding a subdivision; 270C.13, subdivision 1; 272.02, by adding a subdivision; 273.111, subdivision 9, by adding a subdivision; 273.114, subdivisions 2, 5, 6; 273.121, subdivision 1; 273.13, subdivisions 21b, 25, 34; 273.1384, subdivisions 1, 3, 4; 273.1393; 273.1398, subdivision 3; 275.025, subdivisions 1, 3, 4; 275.066; 275.08, subdivisions 1a, 1d; 275.70, subdivision 5; 275.71, subdivisions 2, 4, 5; 276.04, subdivision 2; 279.01, subdivision 1; 289A.20, subdivision 4; 289A.50, subdivision 1; 290.01, subdivisions 6, 19b; 290.06, subdivision 2c; 290.068, subdivision 1; 290.081; 290.091, subdivision 2; 290A.03, subdivisions 11, 13; 297A.61, subdivision 3; 297A.62, by adding a subdivision; 297A.63, by adding a subdivision; 297A.668, subdivision 7, by adding a subdivision; 297A.68, subdivision 5; 297A.70, subdivision 3; 297A.75; 297A.99, subdivision 1; 298.01, subdivision 3; 298.015, subdivision 1; 298.018, subdivision 1; 298.28, subdivision 3; 298.75, by adding a subdivision; 398A.04, subdivision 8; 398A.07, subdivision 2; 469.1763, subdivision 2; 473.757, subdivisions 2, 11; 477A.011, by adding a subdivision; 477A.0124, by adding a subdivision; 477A.013, subdivisions 8, 9, by adding a subdivision; 477A.03; 477A.11, subdivision 1; 477A.12, subdivision 1; 477A.14, subdivision 1; 477A.17; Laws 1996, chapter 471, article 2, section 29, subdivision 1, as amended; Laws 1998, chapter 389, article 8, section 43, subdivisions 3, as amended, 4, as amended, 5, as amended; Laws 2008, chapter 366, article 7, section 19, subdivision 3; Laws 2010, chapter 389, article 7, section 22; proposing coding for new law in Minnesota Statutes, chapters 116W; 275; 373; repealing Minnesota Statutes 2010, sections 10A.322, subdivision 4; 13.4967, subdivision 2; 273.114, subdivision 1; 273.1384, subdivision 6; 279.01, subdivision 4; 289A.60, subdivision 31; 290.06, subdivision 23; 290C.01; 290C.02; 290C.03; 290C.04; 290C.05; 290C.055; 290C.06; 290C.07; 290C.08; 290C.09; 290C.10; 290C.11; 290C.12; 290C.13; 477A.145.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

CAL R. LUDEMAN, Secretary of the Senate

### CALENDAR FOR THE DAY

Dean moved that the Calendar for the Day be continued. The motion prevailed.

### MOTIONS AND RESOLUTIONS

Davids moved that the name of Sanders be added as an author on H. F. No. 42. The motion prevailed.

Scott moved that the name of Erickson be added as an author on H. F. No. 322. The motion prevailed.

McDonald moved that his name be stricken as an author on H. F. No. 497. The motion prevailed.

McElpatrick moved that her name be stricken as an author on H. F. No. 497. The motion prevailed.

Davids moved that the name of Laine be added as an author on H. F. No. 799. The motion prevailed.

Kriesel moved that the name of Anderson, P., be added as an author on H. F. No. 1485. The motion prevailed.

Wardlow moved that the name of McDonald be added as an author on H. F. No. 1552. The motion prevailed.

Smith moved that his name be added as an author on H. F. No. 1578. The motion prevailed.

Benson, J., moved that the name of Clark be added as an author on H. F. No. 1701. The motion prevailed.

Marquart moved that the name of Simon be added as an author on H. F. No. 1707. The motion prevailed.

Daudt moved that the names of Franson; Scott; Gottwalt; Lohmer; Holberg; Drazkowski; Benson, M.; Woodard; Sanders; Rukavina; Anzalc and Dill be added as authors on H. F. No. 1717. The motion prevailed.

Beard moved that S. F. No. 1197 be recalled from the Committee on Environment, Energy and Natural Resources Policy and Finance and together with H. F. No. 1025, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

#### ADJOURNMENT

Dean moved that when the House adjourns today it adjourn until 3:00 p.m., Thursday, May 19, 2011. The motion prevailed.

Dean moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 3:00 p.m., Thursday, May 19, 2011.

ALBIN A. MATHIOWETZ, Chief Clerk, House of Representatives

