

STATE OF MINNESOTA

EIGHTY-NINTH SESSION — 2016

EIGHTY-SIXTH DAY

SAINT PAUL, MINNESOTA, THURSDAY, APRIL 21, 2016

The House of Representatives convened at 9:00 a.m. and was called to order by Kurt Daudt, Speaker of the House.

Prayer was offered by the Reverend Dennis Morreim, Cloquet, 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:

Albright	Dean, M.	Heintzeman	Loeffler	Newton	Scott
Anderson, C.	Dehn, R.	Hertaus	Lohmer	Nornes	Simonson
Anderson, M.	Dettmer	Hilstrom	Loon	Norton	Slocum
Anderson, P.	Drazkowski	Hoppe	Loonan	O'Driscoll	Smith
Anderson, S.	Ecklund	Hornstein	Lucero	O'Neill	Sundin
Anzelc	Erhardt	Hortman	Lueck	Pelowski	Swedzinski
Applebaum	Erickson	Howe	Mack	Peppin	Theis
Atkins	Fabian	Isaacson	Mahoney	Persell	Thissen
Backer	Fenton	Johnson, B.	Mariani	Petersburg	Torkelson
Baker	Fischer	Johnson, C.	Marquart	Peterson	Uglen
Barrett	Flanagan	Johnson, S.	Masin	Pierson	Urdahl
Bennett	Franson	Kahn	McDonald	Pinto	Vogel
Bernardy	Freiberg	Kelly	McNamara	Poppe	Wagenius
Bly	Green	Kiel	Metsa	Pugh	Ward
Carlson	Gruenhagen	Knoblach	Miller	Quam	Whelan
Christensen	Gunther	Koznick	Moran	Rarick	Wills
Clark	Hackbarth	Kresha	Mullery	Rosenthal	Yarusso
Considine	Halverson	Laine	Murphy, E.	Runbeck	Youakim
Cornish	Hamilton	Lesch	Murphy, M.	Sanders	Zerwas
Daniels	Hancock	Liebling	Nash	Schoen	Spk. Daudt
Davids	Hansen	Lien	Nelson	Schomacker	
Davnie	Hausman	Lillie	Newberger	Schultz	

A quorum was present.

Garofalo, Melin and Selcer were excused.

Allen was excused until 10:20 a.m.

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

REPORTS OF STANDING COMMITTEES AND DIVISIONS

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

H. F. No. 2749, A bill for an act relating to state finances; conforming buyback level for the budget reserve with the most recent forecast; eliminating obsolete language; amending Minnesota Statutes 2015 Supplement, section 16A.152, subdivision 2.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1 STATE FINANCES

Section 1. Minnesota Statutes 2015 Supplement, section 16A.152, subdivision 2, is amended to read:

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

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

(2) the budget reserve account established in subdivision 1a until that account reaches ~~\$810,992,000~~ \$1,596,522,000;

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

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

~~(5) the closed landfill investment fund established in section 115B.421 until \$63,215,000 has been transferred into the account. This clause expires after the entire amount of the transfer has been made; and~~

~~(6) the metropolitan landfill contingency action trust account established in section 473.845 until \$8,100,000 has been transferred into the account. This clause expires after the entire amount of the transfer has been made.~~

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

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

ARTICLE 2
OFFICE OF HIGHER EDUCATION

Section 1. Minnesota Statutes 2014, section 136A.01, is amended by adding a subdivision to read:

Subd. 4. **Management of programs.** (a) The commissioner may retain up to five percent of the amount appropriated to the office for a program or pass-through grant if:

(1) the program or grant is first established on or after January 1, 2016; and

(2) the appropriation does not specify an amount for administrative costs.

(b) The amount retained under paragraph (a) is appropriated to the commissioner and must be used for the costs of administering and monitoring programs and pass-through grants established on or after January 1, 2016.

Sec. 2. [136A.0412] RECEIPT OF DONATIONS; MONEY; GRANTS.

The commissioner may accept donations, grants, bequests, and other funds to carry out the purposes of section 136A.01. A donation, nonfederal grant, bequest, or other fund received by the commissioner is deposited in an account in the special revenue fund. Funds in the account are appropriated to the commissioner for the purpose for which they were granted and are available until expended.

Sec. 3. Minnesota Statutes 2015 Supplement, section 136A.121, subdivision 7a, is amended to read:

Subd. 7a. **Surplus appropriation.** If the amount appropriated is determined by the office to be more than sufficient to fund projected grant demand in the second year of the biennium, the office may increase the living and miscellaneous expense allowance ~~or the tuition and fee maximums~~ in the second year of the biennium by up to an amount that retains sufficient appropriations to fund the projected grant demand. The adjustment may be made one or more times. In making the determination that there are more than sufficient funds, the office shall balance the need for sufficient resources to meet the projected demand for grants with the goal of fully allocating the appropriation for state grants. An increase in the living and miscellaneous expense allowance under this subdivision does not carry forward into a subsequent biennium.

Sec. 4. Minnesota Statutes 2015 Supplement, section 136A.125, subdivision 2, is amended to read:

Subd. 2. **Eligible students.** (a) An applicant is eligible for a child care grant if the applicant:

(1) is a resident of the state of Minnesota or the applicant's spouse is a resident of the state of Minnesota;

(2) has a child 12 years of age or younger, or 14 years of age or younger who is disabled as defined in section 125A.02, and who is receiving or will receive care on a regular basis from a licensed or legal, nonlicensed caregiver;

(3) is income eligible as determined by the office's policies and rules, but is not a recipient of assistance from the Minnesota family investment program;

(4) either has not earned a baccalaureate degree and has been enrolled full time less than eight semesters or the equivalent, or has earned a baccalaureate degree and has been enrolled full time less than eight semesters or the equivalent in a graduate or professional degree program;

(5) is pursuing a nonsectarian program or course of study that applies to an undergraduate, graduate, or professional degree, diploma, or certificate;

(6) is enrolled in at least ~~half-time~~ six credits in an undergraduate program or one credit in a graduate or professional program in an eligible institution; and

(7) is in good academic standing and making satisfactory academic progress.

(b) A student who withdraws from enrollment for active military service after December 31, 2002, because the student was ordered to active military service as defined in section 190.05, subdivision 5b or 5c, or for a major illness, while under the care of a medical professional, that substantially limits the student's ability to complete the term is entitled to an additional semester or the equivalent of grant eligibility and will be considered to be in continuing enrollment status upon return.

Sec. 5. Minnesota Statutes 2015 Supplement, section 136A.125, subdivision 4, is amended to read:

Subd. 4. **Amount and length of grants.** (a) The amount of a child care grant must be based on:

- (1) the income of the applicant and the applicant's spouse;
- (2) the number in the applicant's family, as defined by the office; and
- (3) the number of eligible children in the applicant's family.

(b) The maximum award to the applicant shall be \$2,800 for each eligible child per academic year, except that the campus financial aid officer may apply to the office for approval to increase grants by up to ten percent to compensate for higher market charges for infant care in a community. The office shall develop policies to determine community market costs and review institutional requests for compensatory grant increases to ensure need and equal treatment. The office shall prepare a chart to show the amount of a grant that will be awarded per child based on the factors in this subdivision. The chart shall include a range of income and family size.

(c) Applicants with family incomes at or below a percentage of the federal poverty level, as determined by the commissioner, will qualify for the maximum award. The commissioner shall attempt to set the percentage at a level estimated to fully expend the available appropriation for child care grants. Applicants with family incomes exceeding that threshold will receive the maximum award minus ten percent of their income exceeding that threshold. If the result is less than zero, the grant is zero.

(d) The academic year award amount must be disbursed by academic term using the following formula:

- (1) the academic year amount described in paragraph (b);
- (2) divided by the number of terms in the academic year;
- (3) divided by 15 for undergraduate students and six for graduate and professional students; and
- (4) multiplied by the number of credits for which the student is enrolled that academic term, up to 15 credits for undergraduate students and six for graduate and professional students.

(e) Payments shall be made each academic term to the student or to the child care provider, as determined by the institution. Institutions may make payments more than once within the academic term.

Sec. 6. Minnesota Statutes 2015 Supplement, section 136A.1791, subdivision 4, is amended to read:

Subd. 4. **Application for loan forgiveness.** Each applicant for loan forgiveness, according to rules adopted by the commissioner, shall:

(1) apply for teacher shortage loan forgiveness and promptly submit any additional information required by the commissioner; and

~~(2) annually reapply for up to five consecutive school years and submit information the commissioner requires to determine the applicant's continued eligibility for loan forgiveness; and~~

~~(3)~~ (2) submit to the commissioner a completed affidavit, prescribed by the commissioner, affirming the teacher is teaching in: (i) a licensure field and in identified by the commissioner as experiencing a teacher shortage; or (ii) an economic development region identified by the commissioner as experiencing a teacher shortage.

Sec. 7. Minnesota Statutes 2015 Supplement, section 136A.1791, subdivision 5, is amended to read:

Subd. 5. **Amount of loan forgiveness.** (a) To the extent funding is available, the annual amount of teacher shortage loan forgiveness for an approved applicant shall not exceed \$1,000 or the cumulative balance of the applicant's qualified educational loans, including principal and interest, whichever amount is less.

(b) Recipients must secure their own qualified educational loans. Teachers who graduate from an approved teacher preparation program or teachers who add a licensure field, consistent with the teacher shortage requirements of this section, are eligible to apply for the loan forgiveness program.

(c) No teacher shall receive more than five annual awards.

Sec. 8. Minnesota Statutes 2015 Supplement, section 136A.1791, subdivision 6, is amended to read:

Subd. 6. **Disbursement.** (a) The commissioner must make annual disbursements directly to the participant of the amount for which a participant is eligible, for each year that a participant is eligible.

(b) Within 60 days of ~~receipt of a~~ the disbursement date, the participant must provide the commissioner with verification that the full amount of loan repayment disbursement has been applied toward the designated loans. A participant that previously received funds under this section but has not provided the commissioner with such verification is not eligible to receive additional funds.

Sec. 9. **[136A.1792] PROMOTION OF FEDERAL LOAN FORGIVENESS PROGRAMS.**

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

(b) "Federal loan forgiveness program" means a loan forgiveness program offered under Code of Federal Regulations, title 34, part 685.

(c) "Public service loan forgiveness program" means the loan forgiveness program offered under Code of Federal Regulations, title 34, part 685, section 219.

(d) "Public service organization" means a public service organization under Code of Federal Regulations, title 34, part 685, section 219.

Subd. 2. **Promotion of federal loan forgiveness programs.** (a) The commissioner must develop and distribute informational materials designed to increase awareness of federal loan forgiveness programs among Minnesota residents who are eligible for such programs. At a minimum, the commissioner must develop and distribute informational materials that public service organizations may use to promote awareness of the federal public service loan forgiveness program, including:

(1) a one-page letter addressed to individuals who may be eligible for the public service loan forgiveness program that briefly summarizes the program, provides information on what an eligible individual must do in order to participate, and recommends that they contact their student loan servicer or servicers for additional information;

(2) a detailed fact sheet describing the public service loan forgiveness program; and

(3) a document containing answers to frequently asked questions about the public service loan forgiveness program.

(b) In place of developing and publishing an informational document required under paragraph (a), the commissioner may distribute a document published by a federal agency that meets the requirements of paragraph (a).

Subd. 3. **Publication of informational materials.** The commissioner must make the informational materials required under subdivision 2 available on the office's Web site and must verify each biennium that the informational materials contain current information. The commissioner must update and correct any informational materials that the commissioner finds to be inaccurate or outdated.

Sec. 10. Minnesota Statutes 2015 Supplement, section 136A.87, is amended to read:

136A.87 PLANNING INFORMATION FOR POSTSECONDARY EDUCATION.

(a) The office shall make available to all residents beginning in 7th grade through adulthood information about planning and preparing for postsecondary opportunities. Information must be provided to all 7th grade students and their parents annually by September 30 about planning for their postsecondary education. The office may also provide information to high school students and their parents, to adults, and to out-of-school youth.

(b) The office shall gather and share information with students and parents about the dual credit acceptance policies of each Minnesota public and private college and university. The office shall gather and share information related to the acceptance policies for concurrent enrollment courses, postsecondary enrollment options courses, advanced placement courses, and international baccalaureate courses. This information must be shared on the office's Web site and included in the information under paragraph (a).

(c) The information provided under paragraph (a) may include the following:

(1) the need to start planning early;

(2) the availability of assistance in educational planning from educational institutions and other organizations;

(3) suggestions for studying effectively during high school;

(4) high school courses necessary to be adequately prepared for postsecondary education;

(5) encouragement to involve parents actively in planning for all phases of education;

(6) information about postsecondary education and training opportunities existing in the state, their respective missions and expectations for students, their preparation requirements, admission requirements, and student placement;

(7) ways to evaluate and select postsecondary institutions;

(8) the process of transferring credits among Minnesota postsecondary institutions and systems;

(9) the costs of postsecondary education and the availability of financial assistance in meeting these costs, including specific information about the Minnesota Promise;

(10) the interrelationship of assistance from student financial aid, public assistance, and job training programs; and

(11) financial planning for postsecondary education.

EFFECTIVE DATE. This section is effective for the 2016-2017 school year and later.

Sec. 11. **[181.987] DISCLOSURE OF ELIGIBILITY FOR STUDENT LOAN FORGIVENESS.**

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

(b) "Employer" means an organization, agency, or entity that is a public service organization under Code of Federal Regulations, title 34, part 685, section 219, provided that the following are not employers:

(1) a federal or tribal government organization, agency, or entity; and

(2) a tribal college or university.

(c) "Employment certification form" means the form used by the United States Department of Education to certify an individual's employment at a public service organization for the purposes of the federal public service loan forgiveness program.

(d) "Federal public service loan forgiveness program" means the program offered under Code of Federal Regulations, title 34, part 685, section 219.

Subd. 2. Disclosure of eligibility for student loan forgiveness. (a) An employer must provide an employee with information about the employee's potential eligibility for the federal public service loan forgiveness program. An employer must annually provide to each employee in written or electronic form the one-page letter, fact sheet, and frequently asked questions required under section 136A.1792, subdivision 2. An employer must provide a newly hired employee with that information within two weeks of the employee's first day of employment.

(b) At an employee's request, an employer must provide the employee with a copy of the employment certification form.

EFFECTIVE DATE. This section is effective January 1, 2017. An employer must provide information to current employees, as required by subdivision 2, by January 15, 2017.

Sec. 12. Laws 2015, chapter 69, article 3, section 20, subdivision 15, is amended to read:

Subd. 15. **Reporting.** (a) A college must report to the commissioner the following information:

(1) the number of grantees and their race, gender, and ethnicity;

- (2) grantee persistence and completion;
- (3) employment outcomes; and
- (4) other information requested by the commissioner.

(b) The commissioner shall report ~~annually~~ by January 15, 2017, and January 15, 2018, to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education finance by college and in aggregate on the information submitted to the commissioner under paragraph (a). The commissioner may include in the report recommendations for changes in the grant program.

Sec. 13. **MNSCU TWO-YEAR COLLEGE PROGRAM; ADMINISTRATIVE COSTS.**

The appropriation made by Laws 2015, chapter 69, article 1, section 3, subdivision 18, paragraph (c), for fiscal year 2017 for information technology and administrative costs is available on the effective date of this section and until June 30, 2017.

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

ARTICLE 3
MNSCU PILOT PROGRAM; STUDENTS WITH DISABILITIES

Section 1. Minnesota Statutes 2014, section 136A.101, subdivision 10, is amended to read:

Subd. 10. **Satisfactory academic progress.** "Satisfactory academic progress" means satisfactory academic progress as defined under Code of Federal Regulations, title 34, sections 668.16(e), 668.32(f), and 668.34, except that a student with an intellectual disability as defined in Code of Federal Regulations, title 34, section 668.231, enrolled in an approved comprehensive transition and postsecondary program under that section is subject to the institution's published satisfactory academic process standards for that program as approved by the Office of Higher Education.

Sec. 2. **MNSCU PROGRAM FOR STUDENTS WITH INTELLECTUAL AND DEVELOPMENTAL DISABILITIES; PLAN REQUIRED.**

Subdivision 1. **Development of plan required.** The Board of Trustees of the Minnesota State Colleges and Universities must develop a plan for offering an academic program for students with intellectual and developmental disabilities, consistent with the principles established in subdivisions 2 to 4.

Subd. 2. **Program locations.** The plan developed must assume the program will be offered at up to four college or university campuses chosen based on (1) their ability to offer a robust program using existing facilities and resources and (2) a goal to provide the program in diverse geographic regions of the state.

Subd. 3. **Enrollment and admission.** The plan developed must assume an enrollment goal for each campus's program of at least ten incoming students per academic year. The plan may allow for students to be admitted based on an application process that includes an in-person interview; an independent assessment of an applicant's interest, motivation, and likelihood of success in the program; and any other eligibility requirements established by the board. Upon successful completion, a student must be awarded a certificate, diploma, or other appropriate academic credential.

Subd. 4. **Curriculum and activities.** (a) The plan developed must assume a program that provides an inclusive, two-year full-time residential college experience for students with intellectual and developmental disabilities. The required curriculum must include core courses that develop life skills, financial literacy, and the ability to live independently; rigorous academic work in a student's chosen field of study; and an internship, apprenticeship, or other skills-based experience to prepare for meaningful employment upon completion of the program.

(b) In addition to academic requirements, the plan developed must allow participating students the opportunity to engage fully in campus life. Program activities must include but are not limited to (1) the establishment of on-campus mentoring and peer support communities and (2) opportunities for personal growth through leadership development and other community engagement activities.

(c) A participating campus may tailor its program curriculum and activities to highlight academic programs, student and community life experiences, and employment opportunities unique to that campus or the region of the state where the campus is located.

Subd. 5. **Report to legislature.** The board must submit a report on the plan required to be developed by this section to the chairs and ranking minority members of the committees of the legislature with jurisdiction over higher education finance and policy and human services finance and policy no later than January 15, 2017. The report must describe program plans, including strategies for recruitment of applicants, and strategies to address anticipated program needs that cannot be filled using existing campus or system resources.

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

ARTICLE 4 FETAL TISSUE RESEARCH

Section 1. [137.45] FETAL TISSUE RESEARCH PRACTICES.

Subdivision 1. **Institutional review board; approval of research.** An individual conducting research at the University of Minnesota must obtain approval from the university's institutional review board or stem cell oversight committee before conducting research using fetal tissue. The institutional review board or oversight committee must, in its approval process, consider whether nonhuman tissue would be sufficient for the study.

Subd. 2. **Identification of fetal tissue available due to natural death.** The dean of the university's medical school shall attempt to identify sources for procurement of fetal tissues that are available due to the natural death of the fetus and are suitable for use in academic research. The dean shall consider engaging an outside consultant to attempt to identify such sources. When appropriate sources are identified, the dean must make recommendations to the Board of Regents for updates to university policies and procedures to encourage use of these sources in all university research activities where fetal tissue is requested to be used. Sources that are identified shall be submitted to the Association of American Medical Colleges.

Subd. 3. **Legislative report.** (a) No later than January 15, 2017, the Board of Regents must submit a report to the legislature. The report must be submitted to the chairs and ranking minority members of the committees of the legislature with jurisdiction over higher education policy and finance and health and human services policy and finance and must describe:

(1) all suitable sources for procurement of fetal tissue that are identified under subdivision 2;

(2) any recommended updates to university policies and procedures after identification of suitable sources under subdivision 2, and if so, whether those recommended updates were adopted by the Board of Regents; and

(3) a list of:

(i) all approvals made in the previous year by an institutional review board or stem cell oversight committee for the use of fetal tissue; and

(ii) all research continuing on fetal tissue from research that began in a previous year.

(b) The list provided under paragraph (a), clause (3), must identify, for each research activity, the source of funding for the research; the goal or purpose of the research; the source of the fetal tissue used in the research; references to any publicly available information about the research, including but not limited to grant award information from the National Institutes of Health; and references to any publications resulting from the research.

Subd. 4. **Definition.** As used in this section and section 137.46, "fetal tissue" means any part of an unborn child or fetus, including a body part, cell, tissue, or organ.

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

Sec. 2. [137.46] INSTITUTIONAL REVIEW BOARD OVERSIGHT ACTIVITIES.

The Board of Regents shall:

(1) further develop and clarify existing university policies and procedures related to the lawful and ethical treatment of human subjects and fetal tissue in research activities, including enhancement of applicable penalties for violation of these policies and procedures;

(2) institute a system of frequent, random, unannounced inspections and audits of research activities involving fetal tissue to verify compliance with applicable federal and state laws, university policies and procedures, and other professional standards related to purchasing, handling, and disposing of fetal tissue;

(3) conduct education and outreach programs, including instituting a required comprehensive training program, on applicable federal and state laws, university policies and procedures, and other professional standards related to the respectful, humane, and ethical treatment of human subjects and fetal tissue in research, for all students and employees engaged in these activities; and

(4) establish an anonymous reporting system to receive complaints of activities that may violate applicable federal and state laws, university policies and procedures, and other professional standards in research involving human subjects and fetal tissue by the university, university students or employees, or any other person engaged in research activities in university facilities.

Sec. 3. UNIVERSITY OF MINNESOTA FETAL TISSUE RESEARCH; LEGISLATIVE AUDITOR REVIEW.

(a) The legislative auditor is requested to complete a comprehensive review of the use of fetal tissue in research activities at the University of Minnesota. The review must include:

(1) the total number of research activities in which fetal tissue is currently or has been previously used, including those that are in progress and those that have been completed;

(2) the cost of acquiring fetal tissues for use in research activities, itemized by the source of funds used for procurement, including funds from federal, state, and other public sources, and funds derived from student tuition and fees;

(3) the extent to which the conduct of the research activities complies with applicable federal and state laws related to acquisition, sale, handling, and disposition of human tissues, including fetal tissues;

(4) the extent to which the conduct of the research activities complies with applicable Board of Regents policies and procedures related to acquisition, sale, handling, and disposition of human tissues, including fetal tissues; and

(5) whether applicable Board of Regents policies include provisions to ensure fetal tissue is used in research activities only when necessary, and to ensure that the research activities are conducted in an ethical manner, including whether procedures and protocols for oversight have been implemented to verify compliance with these policies.

(b) As used in this section, "research activities" include any academic fetal tissue research or fetal tissue transplantation research activity or program conducted in a University of Minnesota facility, or that is supported, directly or indirectly, by University of Minnesota funds.

EFFECTIVE DATE. This section is effective the day following final enactment. The legislative auditor is requested to complete the review no later than 60 days following final enactment.

ARTICLE 5 MONITORING OF PSYCHIATRIC DRUG TRIALS

Section 1. Minnesota Statutes 2014, section 245.92, is amended to read:

245.92 OFFICE OF OMBUDSMAN; CREATION; QUALIFICATIONS; FUNCTION.

The ombudsman for persons receiving services or treatment for mental illness, developmental disabilities, chemical dependency, or emotional disturbance shall promote the highest attainable standards of treatment, competence, efficiency, and justice. The ombudsman may gather information and data about decisions, acts, and other matters of an agency, facility, or program, and shall monitor the treatment of individuals participating in a University of Minnesota Department of Psychiatry clinical drug trial. The ombudsman is appointed by the governor, serves in the unclassified service, and may be removed only for just cause. The ombudsman must be selected without regard to political affiliation and must be a person who has knowledge and experience concerning the treatment, needs, and rights of clients, and who is highly competent and qualified. No person may serve as ombudsman while holding another public office.

Sec. 2. Minnesota Statutes 2014, section 245.94, is amended to read:

245.94 POWERS OF OMBUDSMAN; REVIEWS AND EVALUATIONS; RECOMMENDATIONS.

Subdivision 1. **Powers.** (a) The ombudsman may prescribe the methods by which complaints to the office are to be made, reviewed, and acted upon. The ombudsman may not levy a complaint fee.

(b) The ombudsman may mediate or advocate on behalf of a client.

(c) The ombudsman may investigate the quality of services provided to clients and determine the extent to which quality assurance mechanisms within state and county government work to promote the health, safety, and welfare of clients, other than clients in acute care facilities who are receiving services not paid for by public funds. The ombudsman is a health oversight agency as defined in Code of Federal Regulations, title 45, section 164.501.

(d) At the request of a client, or upon receiving a complaint or other information affording reasonable grounds to believe that the rights of a client who is not capable of requesting assistance have been adversely affected, the ombudsman may gather information and data about and analyze, on behalf of the client, the actions of an agency, facility, or program.

(e) The ombudsman may gather, on behalf of a client, records of an agency, facility, or program, or records related to clinical drug trials from the University of Minnesota Department of Psychiatry, if the records relate to a matter that is within the scope of the ombudsman's authority. If the records are private and the client is capable of providing consent, the ombudsman shall first obtain the client's consent. The ombudsman is not required to obtain consent for access to private data on clients with developmental disabilities. The ombudsman is not required to obtain consent for access to private data on decedents who were receiving services for mental illness, developmental disabilities, or emotional disturbance. All data collected, created, received, or maintained by the ombudsman are governed by chapter 13 and other applicable law.

(f) Notwithstanding any law to the contrary, the ombudsman may subpoena a person to appear, give testimony, or produce documents or other evidence that the ombudsman considers relevant to a matter under inquiry. The ombudsman may petition the appropriate court in Ramsey County to enforce the subpoena. A witness who is at a hearing or is part of an investigation possesses the same privileges that a witness possesses in the courts or under the law of this state. Data obtained from a person under this paragraph are private data as defined in section 13.02, subdivision 12.

(g) The ombudsman may, at reasonable times in the course of conducting a review, enter and view premises within the control of an agency, facility, or program.

(h) The ombudsman may attend Department of Human Services Review Board and Special Review Board proceedings; proceedings regarding the transfer of patients or residents, as defined in section 246.50, subdivisions 4 and 4a, between institutions operated by the Department of Human Services; and, subject to the consent of the affected client, other proceedings affecting the rights of clients. The ombudsman is not required to obtain consent to attend meetings or proceedings and have access to private data on clients with developmental disabilities.

(i) The ombudsman shall gather data of agencies, facilities, or programs classified as private or confidential as defined in section 13.02, subdivisions 3 and 12, regarding services provided to clients with developmental disabilities.

(j) To avoid duplication and preserve evidence, the ombudsman shall inform relevant licensing or regulatory officials before undertaking a review of an action of the facility or program.

(k) The ombudsman shall monitor the treatment of individuals participating in a University of Minnesota Department of Psychiatry clinical drug trial and ensure that all protections for human subjects required by federal law and the Institutional Review Board are provided.

(l) Sections 245.91 to 245.97 are in addition to other provisions of law under which any other remedy or right is provided.

Subd. 2. **Matters appropriate for review.** (a) In selecting matters for review by the office, the ombudsman shall give particular attention to unusual deaths or injuries of a client or reports of emergency use of manual restraint as identified in section 245D.061, served by an agency, facility, or program, or actions of an agency, facility, or program that:

(1) may be contrary to law or rule;

(2) may be unreasonable, unfair, oppressive, or inconsistent with a policy or order of an agency, facility, or program;

(3) may be mistaken in law or arbitrary in the ascertainment of facts;

- (4) may be unclear or inadequately explained, when reasons should have been revealed;
- (5) may result in abuse or neglect of a person receiving treatment;
- (6) may disregard the rights of a client or other individual served by an agency or facility;
- (7) may impede or promote independence, community integration, and productivity for clients; or
- (8) may impede or improve the monitoring or evaluation of services provided to clients.

(b) The ombudsman shall, in selecting matters for review and in the course of the review, avoid duplicating other investigations or regulatory efforts.

(c) The ombudsman shall give particular attention to the death or unusual injury of any individual who is participating in a University of Minnesota Department of Psychiatry clinical drug trial.

Subd. 2a. **Mandatory reporting.** Within 24 hours after a client suffers death or serious injury, the agency, facility, ~~or~~ program director, or lead investigator of a clinical drug trial at the University of Minnesota Department of Psychiatry shall notify the ombudsman of the death or serious injury. The emergency use of manual restraint must be reported to the ombudsman as required under section 245D.061, subdivision 8. The ombudsman is authorized to receive identifying information about a deceased client according to Code of Federal Regulations, title 42, section 2.15, paragraph (b).

Subd. 3. **Complaints.** (a) The ombudsman may receive a complaint from any source concerning an action of an agency, facility, or program. After completing a review, the ombudsman shall inform the complainant and the agency, facility, or program. No client may be punished nor may the general condition of the client's treatment be unfavorably altered as a result of an investigation, a complaint by the client, or by another person on the client's behalf. An agency, facility, or program shall not retaliate or take adverse action against a client or other person, who in good faith makes a complaint or assists in an investigation. The ombudsman may classify as confidential, the identity of a complainant, upon request of the complainant.

(b) The ombudsman shall receive a complaint from any source concerning an action or inaction of the University of Minnesota Department of Psychiatry related to an individual who is enrolled in a department-approved clinical drug trial. No individual participating in the trial may be punished, nor may the general condition of the individual's treatment be unfavorably altered, as a result of an investigation or a complaint by the individual or the individual's advocate. The university shall not retaliate or take adverse action against any person who in good faith makes a complaint or assists in an investigation. The ombudsman may classify the identity of the complainant as confidential, upon request of the complainant.

Subd. 4. **Recommendations to agency.** (a) If, after reviewing a complaint or conducting an investigation and considering the response of an agency, facility, or program and any other pertinent material, the ombudsman determines that the complaint has merit or the investigation reveals a problem, the ombudsman may recommend that the agency, facility, or program:

- (1) consider the matter further;
- (2) modify or cancel its actions;
- (3) alter a rule, order, or internal policy;
- (4) explain more fully the action in question; or

(5) take other action.

(b) At the ombudsman's request, the agency, facility, or program shall, within a reasonable time, inform the ombudsman about the action taken on the recommendation or the reasons for not complying with it.

Subd. 5. **Recommendations to University of Minnesota.** If, after reviewing a complaint or conducting an investigation and considering the response of the clinical drug trial's primary investigator or the Department of Psychiatry, the ombudsman determines that the complaint has merit or the investigation reveals noncompliance with the federal protection of human subjects requirements or the requirements of the Institutional Review Board, the ombudsman shall recommend that the Board of Regents of the University of Minnesota take corrective action to remedy the violations.

Sec. 3. Minnesota Statutes 2014, section 245.945, is amended to read:

245.945 REIMBURSEMENT TO OMBUDSMAN FOR MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES.

(a) The commissioner shall obtain federal financial participation for eligible activity by the ombudsman for mental health and developmental disabilities. The ombudsman shall maintain and transmit to the Department of Human Services documentation that is necessary in order to obtain federal funds.

(b) The Board of Regents of the University of Minnesota shall reimburse the Office of the Ombudsman for Mental Health and Developmental Disabilities for the oversight costs incurred in monitoring participants in Department of Psychiatry clinical drug trials. The ombudsman shall maintain and transmit documentation of costs incurred to the Board of Regents of the University of Minnesota.

Sec. 4. Minnesota Statutes 2014, section 245.95, subdivision 1, is amended to read:

Subdivision 1. **Specific reports.** The ombudsman may send conclusions and suggestions concerning any matter reviewed to the governor. Before making public a conclusion or recommendation that expressly or implicitly criticizes an agency, facility, program, or any person, the ombudsman shall consult with the governor and the agency, facility, program, or person concerning the conclusion or recommendation. When sending a conclusion or recommendation to the governor that is adverse to an agency, facility, program, or any person, the ombudsman shall include any statement of reasonable length made by that agency, facility, program, or person in defense or mitigation of the office's conclusion or recommendation. For purposes of this subdivision, "agency, facility, program, or any person" includes the University of Minnesota Department of Psychiatry and its employees working in clinical drug trials.

Sec. 5. Minnesota Statutes 2014, section 245.97, subdivision 5, is amended to read:

Subd. 5. **Medical Review Subcommittee.** At least five members of the committee, including at least three physicians, one of whom is a psychiatrist, must be designated by the governor to serve as a Medical Review Subcommittee. Terms of service, vacancies, and compensation are governed by subdivision 2. The governor shall designate one of the members to serve as chair of the subcommittee. The Medical Review Subcommittee may have access to private and confidential data collected or created by the ombudsman that are necessary to fulfill the duties of the Medical Review Subcommittee under this section and may:

(1) make a preliminary determination of whether the death of a client that has been brought to its attention is unusual or reasonably appears to have resulted from causes other than natural causes and warrants investigation;

(2) review the causes of and circumstances surrounding the death;

(3) request the county coroner or medical examiner to conduct an autopsy;

(4) assist an agency in its investigations of unusual deaths and deaths from causes other than natural causes; ~~and~~

(5) make a preliminary determination of whether the death of a participant in a clinical drug trial conducted by the University of Minnesota Department of Psychiatry appears to have resulted from causes other than natural causes and warrants investigation and reporting as required by federal laws on the protection of human subjects; and

(6) submit a report regarding the death of a client to the committee, the ombudsman, the client's next-of-kin, and the facility where the death occurred and, where appropriate, make recommendations to prevent recurrence of similar deaths to the head of each affected agency or facility, or the Board of Regents of the University of Minnesota.

ARTICLE 6 COLLEGIATE RECOVERY PROGRAM

Section 1. [137.175] ROCHESTER CAMPUS; COLLEGIATE RECOVERY PROGRAM.

(a) The Board of Regents is requested to establish a collegiate recovery program on its Rochester campus. The purpose of the program must be to provide structured support for students in recovery from alcohol or chemical addiction or other addictive behaviors. Program activities may include, but are not limited to, specialized professional support through academic, career, and financial advising; establishment of on-campus or residential peer support communities; and opportunities for personal growth through leadership development and other community engagement activities.

(b) No later than January 1, 2020, the Board of Regents must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education finance and policy on campus recovery program outcomes, if the program is established. Based on available data, the report must describe, in summary form, the number of students participating in the program and the success rate of participants, including retention and graduation rates and long-term recovery and relapse rates.

Sec. 2. Laws 2015, chapter 69, article 1, section 5, subdivision 2, is amended to read:

Subd. 2. Operations and Maintenance	559,111,000	559,111,000
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This appropriation includes funding for operation and maintenance of the system. Of the amount appropriated in this subdivision:

\$11,100,000 in fiscal year 2016 and \$11,100,000 in fiscal year 2017 are to minimize any increase in a student's cost of attendance; for research to solve the challenges facing our state, nation, and world; to educate a diverse population of Minnesotans from every community who show the greatest promise; and for public service that builds lasting partnerships with communities across the state to address our most complex and pressing issues. The Board of Regents is requested to:

(1) maintain a low cost of mission and advance operational excellence;

(2) increase the diversity of the university's students, faculty, and staff; and

(3) strengthen the university's relationships with the agriculture industry and the communities of greater Minnesota.

\$15,000,000 in fiscal year 2016 and \$15,000,000 in fiscal year 2017 are to:

- (1) increase the medical school's research capacity;
- (2) improve the medical school's ranking in National Institutes of Health funding;
- (3) ensure the medical school's national prominence by attracting and retaining world-class faculty, staff, and students;
- (4) invest in physician training programs in rural and underserved communities; and
- (5) translate the medical school's research discoveries into new treatments and cures to improve the health of Minnesotans.

The Board of Regents is requested to consider hiring additional faculty to conduct research related to regenerative medicine.

\$257,200 in fiscal year 2017 is for design and implementation of a collegiate recovery program on the University of Minnesota, Rochester campus consistent with Minnesota Statutes, section 137.175. This is a onetime appropriation and is available until June 30, 2019. Beginning in fiscal year 2020, \$179,000 is added to the base to support operation and growth of the program.

Five percent of the fiscal year 2017 appropriation specified in this subdivision is available according to the schedule in clauses (1) to (5) in fiscal year 2017 when the Board of Regents of the University of Minnesota demonstrates to the commissioner of management and budget that the board has met the following specified number of performance goals:

- (1) 100 percent if the board meets three, four, or five goals;
- (2) 67 percent if two of the goals are met;
- (3) 33 percent if one of the goals are met; and
- (4) zero percent if none of the goals are met.

The performance goals are:

(1) increase by at least one percent the four-year, five-year, or six-year undergraduate graduation rates, averaged over three years, for students of color systemwide at the University of Minnesota reported in fall 2016 over fall 2014. The average rate for fall 2014 is calculated with the graduation rates reported in fall 2012, 2013, and 2014;

(2) increase by at least two percent the total number of undergraduate STEM degrees, averaged over three years, conferred systemwide by the University of Minnesota reported in fiscal year 2016 over fiscal year 2014. The averaged number for fiscal year 2014 is calculated with the fiscal year 2012, 2013, and 2014 numbers;

(3) increase by at least one percent the four-year undergraduate graduation rate at the University of Minnesota reported in fall 2016 over fall 2014. The average rate for fall 2014 is calculated with the graduation rates reported in fall 2012, 2013, and 2014. The averaged number for fiscal year 2014 is calculated with the fiscal year 2012, 2013, and 2014 numbers;

(4) for fiscal year 2016, reallocate \$15,000,000 of administrative costs. The Board of Regents is requested to redirect those funds to invest in direct mission activities, stem growth in cost of attendance, and to programs that benefit students; and

(5) increase licensing disclosures by three percent for fiscal year 2016 over fiscal year 2015.

By August 1, 2015, the Board of Regents and the Office of Higher Education must agree on specific numerical indicators and definitions for each of the five goals that will be used to demonstrate the University of Minnesota's attainment of each goal. On or before April 1, 2016, the Board of Regents must report to the legislative committees with primary jurisdiction over higher education finance and policy the progress of the University of Minnesota toward attaining the goals. The appropriation base for the next biennium shall include appropriations not made available under this subdivision for failure to meet performance goals. All of the appropriation that is not available due to failure to meet performance goals is appropriated to the commissioner of the Office of Higher Education for fiscal year 2017 for the purpose of the state grant program under Minnesota Statutes, section 136A.121.

Performance metrics are intended to facilitate progress towards the attainment goal under Minnesota Statutes, section 135A.012.

Beginning in fiscal year 2018, the operations and maintenance base appropriation is \$559,111,000.

ARTICLE 7
GENERAL EDUCATION

Section 1. Minnesota Statutes 2014, section 123A.24, subdivision 2, is amended to read:

Subd. 2. **Cooperative unit defined.** For the purposes of this section, a cooperative unit is:

(1) an education district organized under sections 123A.15 to 123A.19;

(2) a cooperative vocational center organized under section 123A.22;

(3) an intermediate district organized under chapter 136D;

(4) a service cooperative organized under section 123A.21; ~~or~~

(5) a regional management information center organized under section 123A.23 or as a joint powers district according to section 471.59; or

(6) a special education cooperative organized under section 471.59.

Sec. 2. Minnesota Statutes 2014, section 124D.111, is amended by adding a subdivision to read:

Subd. 2a. Federal child and adult care food program; financial viability. (a) A nonprofit organization with fewer than three years of experience and performance data that is applying for approval as a multisite sponsoring organization under the federal child and adult care food program may demonstrate its financial viability by submitting to the commissioner a written statement from a certified public accountant indicating, based on generally accepted accounting principles, that the nonprofit organization has the financial resources needed to sponsor the program on a daily basis and to withstand temporary interruptions in program payments. The statement from a certified public accountant satisfies the requirement for a nonprofit organization to demonstrate its financial viability under the federal child and adult care food program in Minnesota. Consistent with this paragraph, the commissioner must post on the department's Web site criteria for interested nonprofit organizations, those with fewer than three years of experience and performance data, and those with three or more years of experience and performance data, to demonstrate financial viability for the Minnesota program.

(b) The commissioner must use an expedited process to reconsider any application by a nonprofit organization under paragraph (a) applying for approval as a multisite sponsoring organization under the federal child and adult care food program submitted to the commissioner after July 1, 2015, if the commissioner denied the application, in whole or in part, based upon the applicant's inability to demonstrate financial viability.

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

Sec. 3. Minnesota Statutes 2015 Supplement, section 126C.10, subdivision 1, is amended to read:

Subdivision 1. **General education revenue.** (a) Notwithstanding any law to the contrary, a school board in any school year may adopt a resolution declaring an urgent educational need for that school year and resolve to reallocate the district's general education revenue under this section to provide more effective education programs and services designed to improve the educational outcomes of all students enrolled in the district. A board action under this paragraph must not increase state aid obligations to the district, result in additional property tax authority for the district, or interfere with federally mandated laws or state or federal court orders.

(b) The general education revenue for each district equals the sum of the district's basic revenue, extended time revenue, gifted and talented revenue, declining enrollment revenue, local optional revenue, small schools revenue, basic skills revenue, secondary sparsity revenue, elementary sparsity revenue, transportation sparsity revenue, total operating capital revenue, equity revenue, pension adjustment revenue, and transition revenue.

EFFECTIVE DATE. This section is effective July 1, 2016.

Sec. 4. Minnesota Statutes 2015 Supplement, section 126C.10, subdivision 13a, is amended to read:

Subd. 13a. **Operating capital levy.** To obtain operating capital revenue, a district may levy an amount not more than the product of its operating capital revenue for the fiscal year times the lesser of one or the ratio of its adjusted net tax capacity per adjusted pupil unit to the operating capital equalizing factor. The operating capital equalizing factor equals ~~\$14,500 for fiscal years 2015 and 2016,~~ \$14,740 for fiscal year 2017, ~~\$17,473~~ \$17,495 for fiscal year 2018, and ~~\$20,510~~ \$20,532 for fiscal year 2019 and later.

Sec. 5. Minnesota Statutes 2014, section 126C.10, subdivision 24, is amended to read:

Subd. 24. **Equity revenue.** (a) A school district qualifies for equity revenue if:

(1) the school district's adjusted pupil unit amount of basic revenue, transition revenue, and referendum revenue is less than the value of the school district at or immediately above the 95th percentile of school districts in its equity region for those revenue categories; and

(2) the school district's administrative offices are not located in a city of the first class on July 1, 1999.

(b) Equity revenue for a qualifying district that receives referendum revenue under section 126C.17, subdivision 4, equals the product of (1) the district's adjusted pupil units for that year; times (2) the sum of (i) \$14, plus (ii) \$80, times the school district's equity index computed under subdivision 27.

(c) Equity revenue for a qualifying district that does not receive referendum revenue under section 126C.17, subdivision 4, equals the product of the district's adjusted pupil units for that year times \$14.

(d) A school district's equity revenue is increased by the greater of zero or an amount equal to the district's adjusted pupil units times the difference between ten percent of the statewide average amount of referendum revenue per adjusted pupil unit for that year and the district's referendum revenue per adjusted pupil unit. A school district's revenue under this paragraph must not exceed \$100,000 for that year.

(e) A school district's equity revenue ~~for a school district located in the metro equity region~~ equals the amount computed in paragraphs (b), (c), and (d) multiplied by 1.25. Beginning in fiscal year 2018, a district's equity revenue adjustment under this paragraph is available only after the school board has adopted a written resolution authorizing the equity revenue adjustment. The resolution must be adopted at a board meeting after the public has been given an opportunity to speak on the resolution. A resolution adopted under this subdivision may authorize the revenue adjustment for up to five years, and the board may subsequently reauthorize the revenue in increments of up to five years.

(f) A school district's additional equity revenue equals \$50 times its adjusted pupil units.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2017 and later.

Sec. 6. Minnesota Statutes 2015 Supplement, section 126C.15, subdivision 1, is amended to read:

Subdivision 1. **Use of revenue.** The basic skills revenue under section 126C.10, subdivision 4, must be reserved and used to meet the educational needs of pupils who enroll under-prepared to learn and whose progress toward meeting state or local content or performance standards is below the level that is appropriate for learners of their age. Basic skills revenue may also be used for programs designed to prepare children and their families for entry into school whether the student first enrolls in kindergarten or first grade. Any of the following may be provided to meet these learners' needs:

- (1) direct instructional services under the assurance of mastery program according to section 124D.66;
- (2) remedial instruction in reading, language arts, mathematics, other content areas, or study skills to improve the achievement level of these learners;
- (3) additional teachers and teacher aides to provide more individualized instruction to these learners through individual tutoring, lower instructor-to-learner ratios, or team teaching;
- (4) a longer school day or week during the regular school year or through a summer program that may be offered directly by the site or under a performance-based contract with a community-based organization;
- (5) recruitment and new teacher development activities through quality mentor-led induction or "grow your own" initiatives;
- (6) a hiring bonus or other added compensation for a teacher identified as effective or highly effective under the local teacher professional review cycle who agrees to work in a hard-to-fill position or hard-to-staff school setting such as a school with a majority of students whose families meet federal poverty guidelines, a geographically isolated school, or a school identified by the state as eligible for targeted programs or services for its students;
- ~~(5)~~ (7) comprehensive and ongoing staff development consistent with district and site plans according to section 122A.60 and to implement plans under section 120B.12, subdivision 4a, for teachers, teacher aides, principals, and other personnel to improve their ability to identify the needs of these learners and provide appropriate remediation, intervention, accommodations, or modifications;
- ~~(6)~~ (8) instructional materials, digital learning, and technology appropriate for meeting the individual needs of these learners;
- ~~(7)~~ (9) programs to reduce truancy, encourage completion of high school, enhance self-concept, provide health services, provide nutrition services, provide a safe and secure learning environment, provide coordination for pupils receiving services from other governmental agencies, provide psychological services to determine the level of social, emotional, cognitive, and intellectual development, and provide counseling services, guidance services, and social work services;
- ~~(8)~~ (10) bilingual programs, bicultural programs, and programs for English learners;
- ~~(9)~~ all day kindergarten;
- ~~(10)~~ (11) early education programs, parent-training programs, school readiness programs, kindergarten programs for four-year-olds, voluntary home visits under section 124D.13, subdivision 4, and other outreach efforts designed to prepare children for kindergarten;
- ~~(11)~~ (12) extended school day and extended school year programs, including summer academies; and

(12) (13) substantial parent involvement in developing and implementing remedial education or intervention plans for a learner, including learning contracts between the school, the learner, and the parent that establish achievement goals and responsibilities of the learner and the learner's parent or guardian.

EFFECTIVE DATE. This section is effective for fiscal year 2017 and later.

Sec. 7. Minnesota Statutes 2015 Supplement, section 126C.15, subdivision 2, is amended to read:

Subd. 2. **Building allocation.** (a) ~~Unless a plan has been adopted according to paragraph (b), a district or cooperative must allocate its compensatory revenue to each school building in the district or cooperative where the children who have generated the revenue are served unless the school district or cooperative has received permission under Laws 2005, First Special Session chapter 5, article 1, section 50, to allocate compensatory revenue according to student performance measures developed by the school board.~~

(b) Notwithstanding paragraph (a), ~~the board of a district or cooperative may allocate up to 50 percent of the amount of~~ reallocate any or all of its compensatory revenue ~~that the district receives to school sites~~ according to a plan adopted by the school board. The money reallocated under this paragraph must be spent for the purposes listed in subdivision 1, but may be spent on students in any grade, including students attending school readiness or other prekindergarten programs.

(c) For the purposes of this section and section 126C.05, subdivision 3, "building" means education site as defined in section 123B.04, subdivision 1.

(d) Notwithstanding section 123A.26, subdivision 1, compensatory revenue generated by students served at a cooperative unit shall be paid to the cooperative unit.

(e) A district or cooperative with school building openings, school building closings, changes in attendance area boundaries, or other changes in programs or student demographics between the prior year and the current year may reallocate compensatory revenue among sites to reflect these changes. A district or cooperative must report to the department any adjustments it makes according to this paragraph and the department must use the adjusted compensatory revenue allocations in preparing the report required under section 123B.76, subdivision 3, paragraph (c).

EFFECTIVE DATE. This section is effective for fiscal year 2017 and later.

Sec. 8. Minnesota Statutes 2014, section 126C.15, subdivision 3, is amended to read:

Subd. 3. **Recommendation.** A school site decision-making team, as defined in section 123B.04, subdivision 2, paragraph (a), or the instruction and curriculum advisory committee under section 120B.11, if the school has no school site decision team, ~~shall~~ may recommend to the school board how the compensatory education revenue will be used to carry out the purpose of this section. A school district that has received permission under Laws 2005, First Special Session chapter 5, article 1, section 50, to allocate compensatory revenue according to school performance measures shall share its plan for the distribution of compensatory revenue with the school site decision team.

EFFECTIVE DATE. This section is effective July 1, 2016.

Sec. 9. Minnesota Statutes 2014, section 127A.353, subdivision 4, is amended to read:

Subd. 4. **Duties; powers.** (a) The school trust lands director shall:

(1) take an oath of office before assuming any duties as the director;

- (2) evaluate the school trust land asset position;
- (3) determine the estimated current and potential market value of school trust lands;
- (4) advise the governor, Executive Council, commissioner of natural resources, and the Legislative Permanent School Fund Commission on the management of school trust lands, including:
 - (i) Department of Natural Resources school trust land management plans;
 - (ii) leases of school trust lands;
 - (iii) royalty agreements on school trust lands;
 - (iv) land sales and exchanges;
 - (v) cost certification; and
 - (vi) revenue generating options;
- (5) propose to the Legislative Permanent School Fund Commission legislative changes that will improve the asset allocation of the school trust lands;
- (6) develop a ten-year strategic plan and a 25-year framework for management of school trust lands, in conjunction with the commissioner of natural resources, that is updated every five years and implemented by the commissioner, with goals to:
 - (i) retain core real estate assets;
 - (ii) increase the value of the real estate assets and the cash flow from those assets;
 - (iii) rebalance the portfolio in assets with high performance potential and the strategic disposal of selected assets;
 - (iv) establish priorities for management actions; and
 - (v) balance revenue enhancement and resource stewardship;
- (7) submit to the Legislative Permanent School Fund Commission for review an annual budget and management plan for the director; and
- (8) keep the beneficiaries, governor, legislature, and the public informed about the work of the director by reporting to the Legislative Permanent School Fund Commission in a public meeting at least once during each calendar quarter.
 - (b) In carrying out the duties under paragraph (a), the school trust lands director shall have the authority to:
 - (1) direct and control money appropriated to the director;
 - (2) establish job descriptions and employ up to five employees in the unclassified service, within the limitations of money appropriated to the director;
 - (3) enter into interdepartmental agreements with any other state agency; ~~and~~

(4) enter into joint powers agreements under chapter 471;

(5) evaluate and initiate real estate development projects on school trust lands with the advice of the Legislative Permanent School Fund Commission in order to generate long-term economic return to the permanent school fund; and

~~(4)~~ (6) submit recommendations on strategies for school trust land leases, sales, or exchanges to the commissioner of natural resources and the Legislative Permanent School Fund Commission.

EFFECTIVE DATE. This section is effective July 1, 2016.

Sec. 10. Minnesota Statutes 2014, section 127A.51, is amended to read:

127A.51 STATEWIDE AVERAGE REVENUE.

By ~~October~~ December 1 of each year the commissioner must estimate the statewide average adjusted general revenue per adjusted pupil unit and the disparity in adjusted general revenue among pupils and districts by computing the ratio of the 95th percentile to the fifth percentile of adjusted general revenue. The commissioner must provide that information to all districts.

If the disparity in adjusted general revenue as measured by the ratio of the 95th percentile to the fifth percentile increases in any year, the commissioner shall recommend to the legislature options for change in the general education formula that will limit the disparity in adjusted general revenue to no more than the disparity for the previous school year. The commissioner must submit the recommended options to the education committees of the legislature by ~~January 15~~ February 1.

For purposes of this section and section 126C.10, adjusted general revenue means the sum of basic revenue under section 126C.10, subdivision 2; referendum revenue under section 126C.17; local optional revenue under section 126C.10, subdivision 2e; and equity revenue under section 126C.10, subdivisions 24a and 24b.

Sec. 11. Laws 2013, chapter 116, article 7, section 19, as amended by Laws 2015, First Special Session chapter 3, article 7, section 6, is amended to read:

Sec. 19. **FUND OR ACCOUNT TRANSFER; FISCAL YEAR 2014 THROUGH FISCAL YEAR 2017 ONLY.**

(a) Notwithstanding Minnesota Statutes, section 123B.80, subdivision 3, for fiscal year 2014 ~~through fiscal year 2017 only~~ and later, the commissioner must approve a request for a fund or account transfer if the transfer does not increase state aid obligations to the district or result in additional property tax authority for the district. This section does not permit transfers from the community service fund, the food service fund, or the reserved account for staff development under section 122A.61.

(b) A school board may approve a fund or account transfer under paragraph (a) only after adopting a resolution stating the fund or account transfer will not diminish instructional opportunities for students.

EFFECTIVE DATE. This section is effective July 1, 2016.

Sec. 12. Laws 2015, First Special Session chapter 3, article 1, section 27, subdivision 2, is amended to read:

Subd. 2. **General education aid.** For general education aid under Minnesota Statutes, section 126C.13, subdivision 4:

\$ 6,624,310,000 <u>6,649,435,000</u>	.....	2016
\$ 6,761,574,000 <u>6,794,192,000</u>	.....	2017

The 2016 appropriation includes \$622,908,000 for 2015 and ~~\$6,001,405,000~~ \$6,026,527,000 for 2016.

The 2017 appropriation includes ~~\$638,812,000~~ \$641,412,000 for 2016 and ~~\$6,122,762,000~~ \$6,152,780,000 for 2017.

Sec. 13. **VOLUNTARY BOUNDARY ALIGNMENT; MOORHEAD AND DILWORTH-GLYNDON-FELTON.**

Subdivision 1. Boundary realignment allowed. The school boards of Independent School Districts Nos. 152, Moorhead, and 2164, Dilworth-Glyndon-Felton, may realign their shared district boundaries according to the provisions of this section.

Subd. 2. Plan to establish new boundaries. (a) The school boards of Independent School Districts Nos. 152, Moorhead, and 2164, Dilworth-Glyndon-Felton, may jointly develop a plan to realign their shared school district boundaries over a period of years.

(b) The plan must specify and identify each group of parcels that will be transferred and the method used to determine the year during which each set of parcels is transferred. The method of transfer may include an analysis of the relative tax base of the parcels to be transferred and may make the transfers of parcels effective upon the relationship in relative tax bases.

(c) The written plan must be adopted by each school board after the board has allowed public testimony on the plan.

(d) The plan must be filed with both the county auditor and the commissioner of education.

(e) After adopting the plan, each school board must publish notice of the plan realigning district boundaries. The notice must include a general description of the area that will be affected by the proposed boundary alignment and the method by which the boundaries will be realigned. The notice must also be mailed to each property owner of record in the area proposed for realignment.

Subd. 3. Bonded debt. As of the effective date of each exchange of parcels between the two school districts, for the next and subsequent tax years, the taxable property in the newly aligned parcel is taxable for a portion of the bonded debt of the school district to which the property is attached and is not taxable for the bonded debt from the school district from which the property is detached.

Subd. 4. County auditor notified. After adoption of the plan, each school board must provide a copy of the plan to the county auditor. The county auditor may request any other necessary information from the school districts to affect the transfer of parcels between the school districts. Each year, the school districts must notify the county auditor of what block of parcels, if any, will be transferred between the two school districts. The county auditor must notify each affected property owner of the boundary change.

Subd. 5. Report to Department of Education. Upon adoption of the plan, the school boards must submit a copy of the plan to the Department of Education. The districts must also provide any additional information necessary for computing school aids and levies to the Department of Education in the form and manner requested by the department.

EFFECTIVE DATE. This section is effective the day after the school boards of Independent School Districts Nos. 152, Moorhead, and 2164, Dilworth-Glyndon-Felton, and their respective chief clerical officers timely comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 14. **GLENVILLE-EMMONS SCHOOL DISTRICT; OPERATING REFERENDUM ADJUSTMENT.**

Subdivision 1. Year first effective. Notwithstanding any law to the contrary, the operating referendum approved by the voters of Independent School District No. 2886, Glenville-Emmons, in April 2015, is first effective for fiscal year 2017 and may run for the number of years stated on the ballot. The total referendum authority for fiscal year 2017, including any board-approved authority, may not exceed the amount approved by the voters.

Subd. 2. Documentation and process. The board of Independent School District No. 2886, Glenville-Emmons, must submit to the commissioner of education the following:

(1) a unanimously adopted written resolution of the board at a public meeting authorizing the operating referendum to begin in fiscal year 2017;

(2) documentation showing that the district's approved plan to eliminate its statutory operating debt is being followed; and

(3) any other information requested by the commissioner.

Subd. 3. Levy adjustment. Independent School District No. 2886, Glenville-Emmons, may certify the levy to accompany the fiscal year 2017 operating referendum over a three-year period beginning with taxes payable in 2017.

Sec. 15. **EQUITY AID; FISCAL YEAR 2017.**

For fiscal year 2017 only, the entire amount of the equity revenue adjustment under section 5 is paid through state aid.

Sec. 16. **REPORT ON POSTSECONDARY ENROLLMENT OPTIONS PROGRAM.**

The commissioner of education must include in its 2017 report to the legislature on dual credit programs the number of students participating in early middle college programs and the number of English language learners participating in each type of dual enrollment program. The commissioner must also include recommendations about how to expand participation in early middle college programs for English language learners.

Sec. 17. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall codify section 11 in Minnesota Statutes, section 123B.79, consistent with other limitations on school district fund and account transfers and appropriately revise any statutory cross-reference consistent with that recoding.

ARTICLE 8
EDUCATION EXCELLENCE

Section 1. [119A.035] SCHOOL CRISIS RESPONSE TEAMS.

Subdivision 1. Commissioner's duties. To ensure timely responses to school crises, the commissioner must work in cooperation with the Minnesota School Safety Center to collect, maintain, and make available to schools contact information for crisis response teams throughout the state.

Subd. 2. Crisis response teams. In regions of Minnesota where an existing crisis response team has not been formed by a school district, county, or city, the commissioner, in cooperation with the Minnesota School Safety Center, must convene a working group in each region to develop a plan to form a crisis response team for that region. Team members from the public and private sectors may represent various disciplines, including school administrators, guidance counselors, psychologists, social workers, teachers, nurses, security experts, media relations professionals, and other related areas.

Sec. 2. Minnesota Statutes 2014, section 120A.22, subdivision 12, is amended to read:

Subd. 12. **Legitimate exemptions.** (a) A parent, guardian, or other person having control of a child may apply to a school district to have the child excused from ~~attendance~~ attending for the whole or any part of the time school is in session or participating in a physical education class during any school year. Application may be made to any member of the board, a truant officer, a principal, or the superintendent. The school district may state in its school attendance policy that it may ask the student's parent or legal guardian to verify in writing the reason for the child's absence from school or not participating in a physical education class. A note from a physician or a licensed mental health professional stating that the child cannot attend school or participate in a physical education class is a valid excuse. The board of the district in which the child resides may approve the application upon the following being demonstrated to the satisfaction of that board:

(1) that the child's physical or mental health is such as to prevent ~~attendance at~~ attending school or participating in a physical education class or ~~application~~ applying to study for the period required, which includes:

- (i) child illness, medical, dental, orthodontic, or counseling appointments;
- (ii) family emergencies;
- (iii) the death or serious illness or funeral of an immediate family member;
- (iv) active duty in any military branch of the United States;
- (v) the child has a condition that requires ongoing treatment for a mental health diagnosis; or
- (vi) other exemptions included in the district's school attendance policy;

(2) that the child has already completed state and district standards required for graduation from high school; or

(3) that it is the wish of the parent, guardian, or other person having control of the child, that the child attend for a period or periods not exceeding in the aggregate three hours in any week, a school for religious instruction conducted and maintained by some church, or association of churches, or any Sunday school association incorporated under the laws of this state, or any auxiliary thereof. This school for religious instruction must be conducted and maintained in a place other than a public school building, and it must not, in whole or in part, be conducted and maintained at public expense. However, a child may be absent from school on such days as the child attends upon instruction according to the ordinances of some church.

(b) Notwithstanding subdivision 6, paragraph (a), a parent may withdraw a child from an all-day, every day kindergarten program and put their child in a half-day program, if offered, or an alternate-day program without being truant. A school board must excuse a kindergarten child from a part of a school day at the request of the child's parent.

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

Sec. 3. Minnesota Statutes 2014, section 120A.42, is amended to read:

120A.42 CONDUCT OF SCHOOL ON CERTAIN HOLIDAYS.

(a) The governing body of any district may contract with any of the teachers of the district for the conduct of schools, and may conduct schools, on either, or any, of the following holidays, provided that a clause to this effect is inserted in the teacher's contract: Martin Luther King's birthday, Lincoln's and Washington's birthdays, Columbus Day and Veterans' Day. On Martin Luther King's birthday, Washington's birthday, Lincoln's birthday, and Veterans' Day at least one hour of the school program must be devoted to a patriotic observance of the day.

(b) A district may conduct a school program to honor Constitution Day and Citizenship Day by providing opportunities for students to learn about the principles of American democracy, the American system of government, American citizens' rights and responsibilities, American history, and American geography, symbols, and holidays. Among other activities under this paragraph, districts may administer to students the test questions United States Citizenship and Immigration Services officers pose to applicants for naturalization and may formally recognize students who are able to answer 80 or more of the 100 questions correctly.

EFFECTIVE DATE. This section is effective for the 2016-2017 school year and later.

Sec. 4. Minnesota Statutes 2014, section 120B.02, is amended by adding a subdivision to read:

Subd. 3. Required knowledge and understanding of civics. (a) For purposes of this subdivision, "civics test questions" means 50 of the 100 questions that, as of January 1, 2015, United States citizenship and immigration services officers use to select the questions they pose to applicants for naturalization so the applicants can demonstrate their knowledge and understanding of the fundamentals of United States history and government, as required by United States Code, title 8, section 1423. The Learning Law and Democracy Foundation, in consultation with Minnesota civics teachers, must select by July 1 each year 50 of the 100 questions under this paragraph to serve as the state's civics test questions for the proximate school year and immediately transmit the 50 selected civics test questions to the department and to the Legislative Coordinating Commission, which must post the 50 questions it receives on the Minnesota's Legacy Web site by August 1 of that year.

(b) A student enrolled in a public school must correctly answer at least 30 of the 50 civics test questions. A school or district must record on a student's transcript whether and when the student answered at least 30 of 50 civics test questions correctly. A school or district may exempt a student with disabilities from this requirement if the student's individualized education program team determines the requirement is inappropriate and establishes an alternative requirement. A school or district may administer the civics test questions in a language other than English to students who qualify for English learner services.

(c) Schools and districts may administer civics test questions as part of the social studies curriculum. A district must not prevent a student from graduating or deny a student a high school diploma for failing to correctly answer at least 30 of 50 civics test questions.

(d) The commissioner and public schools and school districts must not charge students any fees related to this subdivision.

EFFECTIVE DATE. This section is effective for students enrolling in grade 9 in the 2017-2018 school year or later.

Sec. 5. Minnesota Statutes 2014, section 120B.021, subdivision 1, is amended to read:

Subdivision 1. **Required academic standards.** (a) The following subject areas are required for statewide accountability:

(1) language arts;

(2) mathematics;

(3) science;

(4) social studies, including history, geography, economics, and government and citizenship that includes civics consistent with section 120B.02, subdivision 3;

(5) physical education;

(6) health, for which locally developed academic standards apply; and

(7) the arts, for which statewide or locally developed academic standards apply, as determined by the school district. Public elementary and middle schools must offer at least three and require at least two of the following four arts areas: dance; music; theater; and visual arts. Public high schools must offer at least three and require at least one of the following five arts areas: media arts; dance; music; theater; and visual arts.

(b) For purposes of applicable federal law, the academic standards for language arts, mathematics, and science apply to all public school students, except the very few students with extreme cognitive or physical impairments for whom an individualized education program team has determined that the required academic standards are inappropriate. An individualized education program team that makes this determination must establish alternative standards.

(c) Consistent with section 120B.021, subdivision 4, paragraph (g), the department must adopt the most recent Society of Health and Physical Education (SHAPE) America or other nationally recognized kindergarten through grade 12 physical education standards and benchmarks as the required Minnesota physical education academic standards. The department may modify and adapt the national standards and benchmarks to accommodate state interest so long as it maintains the purpose and integrity of the national standards. The department must post on its Web site existing assessments available in the public domain for school districts to use in assessing students' mastery of the physical education standards.

(e) (d) District efforts to develop, implement, or improve instruction or curriculum as a result of the provisions of this section must be consistent with sections 120B.10, 120B.11, and 120B.20.

EFFECTIVE DATE. Paragraph (c) is effective for the 2021-2022 school year and later.

Sec. 6. Minnesota Statutes 2014, section 120B.021, subdivision 3, is amended to read:

Subd. 3. **Rulemaking.** The commissioner, consistent with the requirements of this section and section 120B.022, must adopt statewide rules under section 14.389 for implementing statewide rigorous core academic standards in language arts, mathematics, science, social studies, physical education, and the arts. After the rules authorized under this subdivision are initially adopted, the commissioner may not amend or repeal these rules nor adopt new rules on the same topic without specific legislative authorization. The academic standards for language arts, mathematics, and the arts must be implemented for all students beginning in the 2003-2004 school year. The academic standards for science and social studies must be implemented for all students beginning in the 2005-2006 school year.

Sec. 7. Minnesota Statutes 2015 Supplement, section 120B.021, subdivision 4, is amended to read:

Subd. 4. **Revisions and reviews required.** (a) The commissioner of education must revise and appropriately embed technology and information literacy standards consistent with recommendations from school media specialists into the state's academic standards and graduation requirements and implement a ten-year cycle to review and, consistent with the review, revise state academic standards and related benchmarks, consistent with this subdivision. During each ten-year review and revision cycle, the commissioner also must examine the alignment of each required academic standard and related benchmark with the knowledge and skills students need for career and college readiness and advanced work in the particular subject area. The commissioner must include the contributions of Minnesota American Indian tribes and communities as related to the academic standards during the review and revision of the required academic standards.

(b) The commissioner must ensure that the statewide mathematics assessments administered to students in grades 3 through 8 and 11 are aligned with the state academic standards in mathematics, consistent with section 120B.30, subdivision 1, paragraph (b). The commissioner must implement a review of the academic standards and related benchmarks in mathematics beginning in the 2020-2021 school year and every ten years thereafter.

(c) The commissioner must implement a review of the academic standards and related benchmarks in arts beginning in the 2016-2017 school year and every ten years thereafter.

(d) The commissioner must implement a review of the academic standards and related benchmarks in science beginning in the 2017-2018 school year and every ten years thereafter.

(e) The commissioner must implement a review of the academic standards and related benchmarks in language arts beginning in the 2018-2019 school year and every ten years thereafter.

(f) The commissioner must implement a review of the academic standards and related benchmarks in social studies beginning in the 2019-2020 school year and every ten years thereafter.

(g) The commissioner must adopt the most recent kindergarten through grade 12 physical education standards developed by the Society of Health and Physical Education (SHAPE) America or other nationally recognized physical education association and implement a review of the physical education standards and related benchmarks, consistent with section 120B.021, subdivision 1, paragraph (c), beginning in the 2020-2021 school year and every ten years thereafter.

~~(g)~~ (h) School districts and charter schools must revise and align local academic standards and high school graduation requirements in health, world languages, and career and technical education to require students to complete the revised standards beginning in a school year determined by the school district or charter school. School districts and charter schools must formally establish a periodic review cycle for the academic standards and related benchmarks in health, world languages, and career and technical education.

Sec. 8. Minnesota Statutes 2014, section 120B.11, subdivision 1a, is amended to read:

Subd. 1a. **Performance measures.** Measures to determine school district and school site progress in striving to create the world's best workforce must include at least:

~~(1) student performance on the National Assessment of Education Progress where applicable;~~

~~(2)~~ (1) the size of the academic achievement gap, rigorous course taking under section 120B.35, subdivision 3, paragraph (c), clause (2), and enrichment experiences by student subgroup;

~~(3)~~ (2) student performance on the Minnesota Comprehensive Assessments;

(4) (3) high school graduation rates; and

~~(5)~~ (4) career and college readiness under section 120B.30, subdivision 1.

Sec. 9. Minnesota Statutes 2014, section 120B.11, subdivision 2, is amended to read:

Subd. 2. **Adopting plans and budgets.** A school board, at a public meeting, shall adopt a comprehensive, long-term strategic plan to support and improve teaching and learning that is aligned with creating the world's best workforce and includes:

(1) clearly defined district and school site goals and benchmarks for instruction and student achievement for all student subgroups identified in section 120B.35, subdivision 3, paragraph (b), clause (2);

(2) a process ~~for assessing and evaluating~~ to assess and evaluate each student's progress toward meeting state and local academic standards, ~~assess and identify students to participate in gifted and talented programs and accelerate their instruction, and adopt early-admission procedures consistent with section 120B.15,~~ and identifying the strengths and weaknesses of instruction in pursuit of student and school success and curriculum affecting students' progress and growth toward career and college readiness and leading to the world's best workforce;

(3) a system to periodically review and evaluate the effectiveness of all instruction and curriculum, taking into account strategies and best practices, student outcomes, school principal evaluations under section 123B.147, subdivision 3, and teacher evaluations under section 122A.40, subdivision 8, or 122A.41, subdivision 5;

(4) strategies for improving instruction, curriculum, and student achievement, including the English and, where practicable, the native language development and the academic achievement of English learners;

(5) a process to examine the equitable distribution of teachers and strategies to ensure low-income and minority children are not taught at higher rates than other children by inexperienced, ineffective, or out-of-field teachers;

~~(5)~~ (6) education effectiveness practices that integrate high-quality instruction, rigorous curriculum, technology, and a collaborative professional culture that develops and supports teacher quality, performance, and effectiveness; and

~~(6)~~ (7) an annual budget for continuing to implement the district plan.

Sec. 10. Minnesota Statutes 2014, section 120B.11, subdivision 5, is amended to read:

Subd. 5. **Report.** Consistent with requirements for school performance reports under section 120B.36, subdivision 1, the school board shall publish a report in the local newspaper with the largest circulation in the district, by mail, or by electronic means on the district Web site. The school board shall hold an annual public meeting to review, and revise where appropriate, student achievement goals, local assessment outcomes, plans, strategies, and practices for improving curriculum and instruction and cultural competency, and efforts to equitably distribute effective, experienced, and in-field teachers, and to review district success in realizing the previously adopted student achievement goals and related benchmarks and the improvement plans leading to the world's best workforce. The school board must transmit an electronic summary of its report to the commissioner in the form and manner the commissioner determines.

Sec. 11. Minnesota Statutes 2014, section 120B.15, is amended to read:

120B.15 GIFTED AND TALENTED STUDENTS PROGRAMS.

(a) School districts may identify students, locally develop programs addressing instructional and affective needs, provide staff development, and evaluate programs to provide gifted and talented students with challenging and appropriate educational programs.

(b) School districts must adopt guidelines for assessing and identifying students for participation in gifted and talented programs consistent with section 120B.11, subdivision 2, clause (2). The guidelines should include the use of:

(1) multiple and objective criteria; and

(2) assessments and procedures that are valid and reliable, fair, and based on current theory and research. Assessments and procedures should be sensitive to underrepresented groups, including, but not limited to, low-income, minority, twice-exceptional, and English learners.

(c) School districts must adopt procedures for the academic acceleration of gifted and talented students consistent with section 120B.11, subdivision 2, clause (2). These procedures must include how the district will:

(1) assess a student's readiness and motivation for acceleration; and

(2) match the level, complexity, and pace of the curriculum to a student to achieve the best type of academic acceleration for that student.

(d) School districts must adopt procedures consistent with section 124D.02, subdivision 1, for early admission to kindergarten or first grade of gifted and talented learners consistent with section 120B.11, subdivision 2, clause (2). The procedures must be sensitive to underrepresented groups.

Sec. 12. Minnesota Statutes 2015 Supplement, section 120B.30, subdivision 1, is amended to read:

Subdivision 1. **Statewide testing.** (a) The commissioner, with advice from experts with appropriate technical qualifications and experience and stakeholders, consistent with subdivision 1a, shall include in the comprehensive assessment system, for each grade level to be tested, state-constructed tests developed as computer-adaptive reading and mathematics assessments for students that are aligned with the state's required academic standards under section 120B.021, include multiple choice questions, and are administered annually to all students in grades 3 through 8. State-developed high school tests aligned with the state's required academic standards under section 120B.021 and administered to all high school students in a subject other than writing must include multiple choice questions. The commissioner shall establish one or more months during which schools shall administer the tests to students each school year.

(1) Students enrolled in grade 8 through the 2009-2010 school year are eligible to be assessed under (i) the graduation-required assessment for diploma in reading, mathematics, or writing under Minnesota Statutes 2012, section 120B.30, subdivision 1, paragraphs (c), clauses (1) and (2), and (d), (ii) the WorkKeys job skills assessment, (iii) the Compass college placement test, (iv) the ACT assessment for college admission, (v) a nationally recognized armed services vocational aptitude test.

(2) Students enrolled in grade 8 in the 2010-2011 or 2011-2012 school year are eligible to be assessed under (i) the graduation-required assessment for diploma in reading, mathematics, or writing under Minnesota Statutes 2012, section 120B.30, subdivision 1, paragraph (c), clauses (1) and (2), (ii) the WorkKeys job skills assessment, (iii) the Compass college placement test, (iv) the ACT assessment for college admission, (v) a nationally recognized armed services vocational aptitude test.

(3) For students under clause (1) or (2), a school district may substitute a score from an alternative, equivalent assessment to satisfy the requirements of this paragraph.

(b) The state assessment system must be aligned to the most recent revision of academic standards as described in section 120B.023 in the following manner:

(1) mathematics;

(i) grades 3 through 8 beginning in the 2010-2011 school year; and

(ii) high school level beginning in the 2013-2014 school year;

(2) science; grades 5 and 8 and at the high school level beginning in the 2011-2012 school year; and

(3) language arts and reading; grades 3 through 8 and high school level beginning in the 2012-2013 school year.

(c) For students enrolled in grade 8 in the 2012-2013 school year and later, students' state graduation requirements, based on a longitudinal, systematic approach to student education and career planning, assessment, instructional support, and evaluation, include the following:

(1) an opportunity to participate on a nationally normed college entrance exam, in grade 11 or grade 12;

(2) achievement and career and college readiness in mathematics, reading, and writing, consistent with paragraph ~~(j)~~ (k) and to the extent available, to monitor students' continuous development of and growth in requisite knowledge and skills; analyze students' progress and performance levels, identifying students' academic strengths and diagnosing areas where students require curriculum or instructional adjustments, targeted interventions, or remediation; and, based on analysis of students' progress and performance data, determine students' learning and instructional needs and the instructional tools and best practices that support academic rigor for the student; and

(3) consistent with this paragraph and section 120B.125, age-appropriate exploration and planning activities and career assessments to encourage students to identify personally relevant career interests and aptitudes and help students and their families develop a regularly reexamined transition plan for postsecondary education or employment without need for postsecondary remediation.

Based on appropriate state guidelines, students with an individualized education program may satisfy state graduation requirements by achieving an individual score on the state-identified alternative assessments.

(d) Expectations of schools, districts, and the state for career or college readiness under this subdivision must be comparable in rigor, clarity of purpose, and rates of student completion.

A student under paragraph (c), clause (2), must receive targeted, relevant, academically rigorous, and resourced instruction, which may include a targeted instruction and intervention plan focused on improving the student's knowledge and skills in core subjects so that the student has a reasonable chance to succeed in a career or college without need for postsecondary remediation. Consistent with sections 120B.13, 124D.09, 124D.091, 124D.49, and related sections, an enrolling school or district must actively encourage a student in grade 11 or 12 who is identified as academically ready for a career or college to participate in courses and programs awarding college credit to high school students. Students are not required to achieve a specified score or level of proficiency on an assessment under this subdivision to graduate from high school.

(e) Though not a high school graduation requirement, students are encouraged to participate in a nationally recognized college entrance exam. ~~With funding provided by the~~ To the extent state funding for college entrance exam fees is available, a district must pay the cost, one time, for an interested student in grade 11 or 12 to take a nationally recognized college entrance exam before graduating. ~~A student must be able to take the exam under this paragraph at the student's high school during the school day and at any one of the multiple exam administrations available to students in the district.~~

(f) The commissioner and the chancellor of the Minnesota State Colleges and Universities must collaborate in aligning instruction and assessments for adult basic education students and English learners to provide the students with diagnostic information about any targeted interventions, accommodations, modifications, and supports they need so that assessments and other performance measures are accessible to them and they may seek postsecondary education or employment without need for postsecondary remediation. When administering formative or summative assessments used to measure the academic progress, including the oral academic development, of English learners and inform their instruction, schools must ensure that the assessments are accessible to the students and students have the modifications and supports they need to sufficiently understand the assessments.

(g) Districts and schools, on an annual basis, must use career exploration elements to help students, beginning no later than grade 9, and their families explore and plan for postsecondary education or careers based on the students' interests, aptitudes, and aspirations. Districts and schools must use timely regional labor market information and partnerships, among other resources, to help students and their families successfully develop, pursue, review, and revise an individualized plan for postsecondary education or a career. This process must help increase students' engagement in and connection to school, improve students' knowledge and skills, and deepen students' understanding of career pathways as a sequence of academic and career courses that lead to an industry-recognized credential, an associate's degree, or a bachelor's degree and are available to all students, whatever their interests and career goals.

(h) A student who demonstrates attainment of required state academic standards, which include career and college readiness benchmarks, on high school assessments under subdivision 1a is academically ready for a career or college and is encouraged to participate in courses awarding college credit to high school students. Such courses and programs may include sequential courses of study within broad career areas and technical skill assessments that extend beyond course grades.

(i) As appropriate, students through grade 12 must continue to participate in targeted instruction, intervention, or remediation and be encouraged to participate in courses awarding college credit to high school students.

(j) In developing, supporting, and improving students' academic readiness for a career or college, schools, districts, and the state must have a continuum of empirically derived, clearly defined benchmarks focused on students' attainment of knowledge and skills so that students, their parents, and teachers know how well students must perform to have a reasonable chance to succeed in a career or college without need for postsecondary remediation. The commissioner, in consultation with local school officials and educators, and Minnesota's public postsecondary institutions must ensure that the foundational knowledge and skills for students' successful performance in postsecondary employment or education and an articulated series of possible targeted interventions are clearly identified and satisfy Minnesota's postsecondary admissions requirements.

(k) For students in grade 8 in the 2012-2013 school year and later, a school, district, or charter school must record on the high school transcript a student's progress toward career and college readiness, and for other students as soon as practicable.

(l) The school board granting students their diplomas may formally decide to include a notation of high achievement on the high school diplomas of those graduating seniors who, according to established school board criteria, demonstrate exemplary academic achievement during high school.

(m) The 3rd through 8th grade computer-adaptive assessment results and high school test results shall be available to districts for diagnostic purposes affecting student learning and district instruction and curriculum, and for establishing educational accountability. The commissioner must establish empirically derived benchmarks on adaptive assessments in grades 3 through 8 and the high school tests that reveal a trajectory toward career and college readiness. The chancellor of the Minnesota State Colleges and Universities must review and confirm the benchmarks established by the commissioner show that students are able to successfully complete credit-bearing coursework at a Minnesota state college or university, consistent with paragraph (p). The commissioner must disseminate to the public the computer-adaptive assessments and high school test results upon receiving those results.

(n) The grades 3 through 8 computer-adaptive assessments and high school tests must be aligned with state academic standards. The commissioner shall determine the testing process and the order of administration. The statewide results shall be aggregated at the site and district level, consistent with subdivision 1a.

(o) The commissioner shall include the following components in the statewide public reporting system:

(1) uniform statewide computer-adaptive assessments of all students in grades 3 through 8 and testing at the high school levels that provides appropriate, technically sound accommodations or alternate assessments;

(2) educational indicators that can be aggregated and compared across school districts and across time on a statewide basis, including average daily attendance, high school graduation rates, and high school drop-out rates by age and grade level;

(3) state results on the American College Test; and

(4) state results from participation in the National Assessment of Educational Progress so that the state can benchmark its performance against the nation and other states, and, where possible, against other countries, and contribute to the national effort to monitor achievement.

(p) For purposes of statewide accountability, "career and college ready" means a high school graduate has the knowledge, skills, and competencies to successfully pursue a career pathway, including postsecondary credit leading to a degree, diploma, certificate, or industry-recognized credential and employment. Students who are career and college ready are able to successfully complete credit-bearing coursework at a two- or four-year college or university or other credit-bearing postsecondary program without need for remediation.

(q) For purposes of statewide accountability, "cultural competence," "cultural competency," or "culturally competent" means the ability and will to interact effectively with people of different cultures, native languages, and socioeconomic backgrounds.

EFFECTIVE DATE. This section is effective for the 2016-2017 school year and later.

Sec. 13. Minnesota Statutes 2015 Supplement, section 120B.30, subdivision 1a, is amended to read:

Subd. 1a. **Statewide and local assessments; results.** (a) For purposes of this section, the following definitions have the meanings given them.

(1) "Computer-adaptive assessments" means fully adaptive assessments.

(2) "Fully adaptive assessments" include test items that are on-grade level and items that may be above or below a student's grade level.

(3) "On-grade level" test items contain subject area content that is aligned to state academic standards for the grade level of the student taking the assessment.

(4) "Above-grade level" test items contain subject area content that is above the grade level of the student taking the assessment and is considered aligned with state academic standards to the extent it is aligned with content represented in state academic standards above the grade level of the student taking the assessment. Notwithstanding the student's grade level, administering above-grade level test items to a student does not violate the requirement that state assessments must be aligned with state standards.

(5) "Below-grade level" test items contain subject area content that is below the grade level of the student taking the test and is considered aligned with state academic standards to the extent it is aligned with content represented in state academic standards below the student's current grade level. Notwithstanding the student's grade level, administering below-grade level test items to a student does not violate the requirement that state assessments must be aligned with state standards.

(b) The commissioner must use fully adaptive mathematics and reading assessments for grades 3 through 8.

(c) For purposes of conforming with existing federal educational accountability requirements, the commissioner must develop and implement computer-adaptive reading and mathematics assessments for grades 3 through 8, state-developed high school reading and mathematics tests aligned with state academic standards, a high school writing test aligned with state standards when it becomes available, and science assessments under clause (2) that districts and sites must use to monitor student growth toward achieving those standards. The commissioner must not develop statewide assessments for academic standards in social studies, except a civics test consistent with section 120B.02, subdivision 3, health and physical education, and the arts. The commissioner must require:

(1) annual computer-adaptive reading and mathematics assessments in grades 3 through 8, and high school reading, writing, and mathematics tests; and

(2) annual science assessments in one grade in the grades 3 through 5 span, the grades 6 through 8 span, and a life sciences assessment in the grades 9 through 12 span, and the commissioner must not require students to achieve a passing score on high school science assessments as a condition of receiving a high school diploma.

(d) The commissioner must ensure that for annual computer-adaptive assessments:

(1) individual student performance data and achievement reports are available within three school days of when students take an assessment except in a year when an assessment reflects new performance standards;

(2) growth information is available for each student from the student's first assessment to each proximate assessment using a constant measurement scale;

(3) parents, teachers, and school administrators are able to use elementary and middle school student performance data to project students' secondary and postsecondary achievement; and

(4) useful diagnostic information about areas of students' academic strengths and weaknesses is available to teachers and school administrators for improving student instruction and indicating the specific skills and concepts that should be introduced and developed for students at given performance levels, organized by strands within subject areas, and aligned to state academic standards.

(e) The commissioner must ensure that all state tests administered to elementary and secondary students measure students' academic knowledge and skills and not students' values, attitudes, and beliefs.

(f) Reporting of state assessment results must:

(1) provide timely, useful, and understandable information on the performance of individual students, schools, school districts, and the state;

(2) include a growth indicator of student achievement; and

(3) determine whether students have met the state's academic standards.

(g) Consistent with applicable federal law, the commissioner must include appropriate, technically sound accommodations or alternative assessments for the very few students with disabilities for whom statewide assessments are inappropriate and for English learners.

(h) A school, school district, and charter school must administer statewide assessments under this section, as the assessments become available, to evaluate student progress toward career and college readiness in the context of the state's academic standards. A school, school district, or charter school may use a student's performance on a statewide assessment as one of multiple criteria to determine grade promotion or retention. A school, school district, or charter school may use a high school student's performance on a statewide assessment as a percentage of the student's final grade in a course, or place a student's assessment score on the student's transcript.

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

Sec. 14. Minnesota Statutes 2015 Supplement, section 120B.31, subdivision 4, is amended to read:

Subd. 4. **Student performance data.** In developing policies and assessment processes to hold schools and districts accountable for high levels of academic standards under section 120B.021, the commissioner shall aggregate and disaggregate student data over time to report summary student performance and growth levels and, under section 120B.11, subdivision 2, clause (2), student learning and outcome data measured at the school, school district, and statewide level. ~~When collecting and reporting the performance data,~~ The commissioner shall use the student categories identified under the federal Elementary and Secondary Education Act, as most recently reauthorized, and student categories of homelessness, ethnicity, race, home language, immigrant, refugee status, English language learners under section 124D.59, free or reduced-price lunch, and other categories designated by federal law to organize and report the data so that state and local policy makers can understand the educational implications of changes in districts' demographic profiles over time, ~~including student homelessness,~~ as data are available, ~~among other demographic factors.~~ Any report the commissioner disseminates containing summary data on student performance must integrate student performance and the demographic factors that strongly correlate with that performance.

EFFECTIVE DATE. This section is effective for the 2017-2018 school year and later.

Sec. 15. Minnesota Statutes 2014, section 120B.35, is amended to read:

120B.35 STUDENT ACADEMIC ACHIEVEMENT AND GROWTH.

Subdivision 1. ~~School and~~ **Student indicators of growth and achievement.** The commissioner must develop and implement a system for measuring and reporting academic achievement and individual student growth, consistent with the statewide educational accountability and reporting system. The system components must measure and separately report the ~~adequate yearly progress~~ federal expectations of schools and the growth of individual students: students' current achievement in schools under subdivision 2; and individual students' educational growth over time under subdivision 3. The system also must include statewide measures of student academic growth that identify schools with high levels of growth, and also schools with low levels of growth that

need improvement. ~~When determining a school's effect,~~ The data must include both statewide measures of student achievement and, to the extent annual tests are administered, indicators of achievement growth that take into account a student's prior achievement. Indicators of achievement and prior achievement must be based on highly reliable statewide or districtwide assessments. Indicators that take into account a student's prior achievement must not be used to disregard a school's low achievement or to exclude a school from a program to improve low achievement levels.

Subd. 2. **Federal Expectations for student academic achievement.** (a) Each school year, a school district must determine if the student achievement levels at each school site meet federal expectations. If student achievement levels at a school site do not meet federal expectations ~~and the site has not made adequate yearly progress for two consecutive school years, beginning with the 2001-2002 school year,~~ the district must work with the school site to adopt a plan to raise student achievement levels to meet federal expectations. The commissioner of education shall establish student academic achievement levels to comply with this paragraph.

(b) School sites identified as not meeting federal expectations must develop continuous improvement plans in order to meet federal expectations for student academic achievement. The department, at a district's request, must assist the district and the school ~~site~~ sites in developing a plan to improve student achievement. The plan must include parental involvement components.

(c) The commissioner must:

(1) assist school sites and districts identified as not meeting federal expectations; and

(2) provide technical assistance to schools that integrate student achievement measures into the school continuous improvement plan.

(d) The commissioner shall establish and maintain a continuous improvement Web site designed to make aggregated and disaggregated student growth and, under section 120B.11, subdivision 2, clause (2), student learning and outcome data on every school and district available to parents, teachers, administrators, community members, and the general public, consistent with this section.

Subd. 3. **State growth target; other state measures.** (a) (1) The state's educational assessment system measuring individual students' educational growth is based on indicators of achievement growth that show an individual student's prior achievement. Indicators of achievement and prior achievement must be based on highly reliable statewide or districtwide assessments.

(2) For purposes of paragraphs (b), (c), and (d), the commissioner must analyze and report separate categories of information using the student categories identified under the federal Elementary and Secondary Education Act, as most recently reauthorized and, in addition to the Karen community, other student categories as determined by the total Minnesota population at or above the 1,000-person threshold based on the most recent decennial census, including ethnicity; race; refugee status; English language learners under section 124D.59; home language; free or reduced-price lunch; immigrant; and all students enrolled in a Minnesota public school who are currently or were previously in foster care, except that such disaggregation and cross tabulation is not required if the number of students in a category is insufficient to yield statistically reliable information or the results would reveal personally identifiable information about an individual student.

(b) The commissioner, in consultation with a stakeholder group that includes assessment and evaluation directors, district staff, experts in culturally responsive teaching, and researchers, must implement a model that uses a value-added growth indicator and includes criteria for identifying schools and school districts that demonstrate medium and high growth under section 120B.299, subdivisions 8 and 9, and may recommend other value-added measures under section 120B.299, subdivision 3. The model may be used to advance educators' professional development and replicate programs that succeed in meeting students' diverse learning needs. Data on individual teachers generated under the model are personnel data under section 13.43. The model must allow users to:

(1) report student growth consistent with this paragraph; and

(2) for all student categories, report and compare aggregated and disaggregated state student growth and, under section 120B.11, subdivision 2, clause (2), student learning and outcome data using the ~~nine~~ student categories identified under the federal 2001 No Child Left Behind Act and ~~two student gender categories of male and female, respectively, following appropriate reporting practices to protect nonpublic student data~~ Elementary and Secondary Education Act, as most recently reauthorized, and other student categories under paragraph (a), clause (2).

The commissioner must report measures of student growth and, under section 120B.11, subdivision 2, clause (2), student learning and outcome data, consistent with this paragraph, including the English language development, academic progress, and oral academic development of English learners and their native language development if the native language is used as a language of instruction, and include data on all pupils enrolled in a Minnesota public school course or program who are currently or were previously counted as an English learner under section 124D.59.

(c) When reporting student performance under section 120B.36, subdivision 1, the commissioner annually, beginning July 1, 2011, must report two core measures indicating the extent to which current high school graduates are being prepared for postsecondary academic and career opportunities:

(1) a preparation measure indicating the number and percentage of high school graduates in the most recent school year who completed course work important to preparing them for postsecondary academic and career opportunities, consistent with the core academic subjects required for admission to Minnesota's public colleges and universities as determined by the Office of Higher Education under chapter 136A; and

(2) a rigorous coursework measure indicating the number and percentage of high school graduates in the most recent school year who successfully completed one or more college-level advanced placement, international baccalaureate, postsecondary enrollment options including concurrent enrollment, other rigorous courses of study under section 120B.021, subdivision 1a, or industry certification courses or programs.

When reporting the core measures under clauses (1) and (2), the commissioner must also analyze and report separate categories of information using the ~~nine~~ student categories identified under the federal ~~2001 No Child Left Behind Act and two student gender categories of male and female, respectively, following appropriate reporting practices to protect nonpublic student data~~ Elementary and Secondary Education Act, as most recently reauthorized, and other student categories under paragraph (a), clause (2).

(d) When reporting student performance under section 120B.36, subdivision 1, the commissioner annually, beginning July 1, 2014, must report summary data on school safety and students' engagement and connection at school, consistent with the student categories identified under paragraph (a), clause (2). The summary data under this paragraph are separate from and must not be used for any purpose related to measuring or evaluating the performance of classroom teachers. The commissioner, in consultation with qualified experts on student engagement and connection and classroom teachers, must identify highly reliable variables that generate summary data under this paragraph. The summary data may be used at school, district, and state levels only. Any data on individuals received, collected, or created that are used to generate the summary data under this paragraph are nonpublic data under section 13.02, subdivision 9.

(e) For purposes of statewide educational accountability, the commissioner must identify and report measures that demonstrate the success of learning year program providers under sections 123A.05 and 124D.68, among other such providers, in improving students' graduation outcomes. The commissioner, beginning July 1, 2015, must annually report summary data on:

(1) the four- and six-year graduation rates of students under this paragraph;

(2) the percent of students under this paragraph whose progress and performance levels are meeting career and college readiness benchmarks under section 120B.30, subdivision 1; and

(3) the success that learning year program providers experience in:

(i) identifying at-risk and off-track student populations by grade;

(ii) providing successful prevention and intervention strategies for at-risk students;

(iii) providing successful recuperative and recovery or reenrollment strategies for off-track students; and

(iv) improving the graduation outcomes of at-risk and off-track students.

The commissioner may include in the annual report summary data on other education providers serving a majority of students eligible to participate in a learning year program.

(f) The commissioner, in consultation with recognized experts with knowledge and experience in assessing the language proficiency and academic performance of all English learners enrolled in a Minnesota public school course or program who are currently or were previously counted as an English learner under section 124D.59, must identify and report appropriate and effective measures to improve current categories of language difficulty and assessments, and monitor and report data on students' English proficiency levels, program placement, and academic language development, including oral academic language.

Subd. 4. Improving schools. Consistent with the requirements of this section, beginning June 20, 2012, the commissioner of education must annually report to the public and the legislature best practices implemented in those schools that demonstrate high growth compared to the state growth target are identified as high performing under federal expectations.

Subd. 5. Improving graduation rates for students with emotional or behavioral disorders. (a) A district must develop strategies in conjunction with parents of students with emotional or behavioral disorders and the county board responsible for implementing sections 245.487 to 245.4889 to keep students with emotional or behavioral disorders in school, when the district has a drop-out rate for students with an emotional or behavioral disorder in grades 9 through 12 exceeding 25 percent.

(b) A district must develop a plan in conjunction with parents of students with emotional or behavioral disorders and the local mental health authority to increase the graduation rates of students with emotional or behavioral disorders. A district with a drop-out rate for children with an emotional or behavioral disturbance in grades 9 through 12 that is in the top 25 percent of all districts shall submit a plan for review and oversight to the commissioner.

EFFECTIVE DATE. This section is effective for the 2016-2017 school year and later.

Sec. 16. Minnesota Statutes 2014, section 120B.36, as amended by Laws 2015, First Special Session chapter 3, article 2, section 8, is amended to read:

120B.36 SCHOOL ACCOUNTABILITY; ~~APPEALS PROCESS.~~

Subdivision 1. **School performance reports.** (a) The commissioner shall report student academic performance data under section 120B.35, ~~subdivision subdivisions 2 and 3~~; the percentages of students showing low, medium, and high growth under section 120B.35, subdivision 3, paragraph (b); school safety and student engagement and connection under section 120B.35, subdivision 3, paragraph (d); rigorous coursework under section 120B.35,

subdivision 3, paragraph (c); the percentage of students under section 120B.35, subdivision 3, paragraph (b), clause (2), whose progress and performance levels are meeting career and college readiness benchmarks under sections 120B.30, subdivision 1, and 120B.35, subdivision 3, paragraph (e); longitudinal data on the progress of eligible districts in reducing disparities in students' academic achievement and realizing racial and economic integration under section 124D.861; the acquisition of English, and where practicable, native language academic literacy, including oral academic language, and the academic progress of all English learners ~~under section 124D.59, subdivisions 2 and 2a~~ enrolled in a Minnesota public school course or program who are currently or were previously counted as English learners under section 124D.59; the total number of students by grade who correctly answered at least 30 of 50 civics test questions under section 120B.02, subdivision 3; two separate student-to-teacher ratios that clearly indicate the definition of teacher consistent with sections 122A.06 and 122A.15 for purposes of determining these ratios; staff characteristics excluding salaries; student enrollment demographics; foster care status, including all students enrolled in a Minnesota public school course or program who are currently or were previously in foster care, student homelessness, and district mobility; and extracurricular activities. The report also must indicate a school's ~~adequate yearly progress~~ status under applicable federal law, ~~and must not set any designations applicable to high and low performing schools due solely to adequate yearly progress status.~~

(b) The commissioner shall develop, annually update, and post on the department Web site school performance reports.

(c) The commissioner must make available performance reports by the beginning of each school year.

(d) A school or district may appeal its ~~adequate yearly progress status in writing to the commissioner within 30 days of receiving the notice of its status~~ results in a form and manner determined by the commissioner and consistent with federal law. The commissioner's decision to uphold or deny an appeal is final.

(e) School performance data are nonpublic data under section 13.02, subdivision 9, until the commissioner publicly releases the data. The commissioner shall annually post school performance reports to the department's public Web site no later than September 1, except that in years when the reports reflect new performance standards, the commissioner shall post the school performance reports no later than October 1.

Subd. 2. **Adequate yearly Student progress and other data.** (a) All data the department receives, collects, or creates ~~under section 120B.11, governing the world's best workforce or to determine adequate yearly progress status under Public Law 107-110, section 1116~~ federal expectations under the most recently reauthorized Elementary and Secondary Education Act, set state growth targets, and determine student growth, learning, and outcomes under section 120B.35 are nonpublic data under section 13.02, subdivision 9, until the commissioner publicly releases the data.

(b) Districts must provide parents sufficiently detailed summary data to permit parents to appeal under ~~Public Law 107-110, section 1116(b)(2)~~ the most recently reauthorized federal Elementary and Secondary Education Act. The commissioner shall annually post federal ~~adequate yearly progress data~~ expectations and state student growth, learning, and outcome data to the department's public Web site no later than September 1, except that in years when ~~adequate yearly progress reflects data or federal expectations reflect~~ new performance standards, the commissioner shall post ~~federal adequate yearly progress data~~ on federal expectations and state student growth data no later than October 1.

EFFECTIVE DATE. This section is effective for the 2016-2017 school year and later, except the requirement to report civics test data is effective for the 2018-2019 school year and later.

Sec. 17. Minnesota Statutes 2014, section 121A.53, is amended to read:

121A.53 REPORT TO COMMISSIONER OF EDUCATION.

Subdivision 1. **Exclusions and expulsions; physical assaults.** The school board must report through the department electronic reporting system each exclusion or expulsion and each physical assault of a district employee by a student within 30 days of the effective date of the dismissal action or assault to the commissioner of education. This report must include a statement of alternative educational services, or other sanction, intervention, or resolution in response to the assault given the pupil and the reason for, the effective date, and the duration of the exclusion or expulsion or other sanction, intervention, or resolution. The report must also include the student's age, grade, gender, race, and special education status.

Subd. 2. **Report.** (a) The school board must include state student identification numbers of affected pupils on all dismissal and other disciplinary reports required by the department. The department must report annually to the commissioner summary data on the number of dismissals and physical assaults of district employees by a student by age, grade, gender, race, and special education status of the affected pupils. All dismissal and other disciplinary reports must be submitted through the department electronic reporting system.

(b) The commissioner must aggregate the district data reported under this section and include the aggregated data, including aggregated data on physical assaults of a district employee by a student, in the annual school performance reports under section 120B.36.

EFFECTIVE DATE. This section is effective for the 2016-2017 school year and later.

Sec. 18. Minnesota Statutes 2014, section 121A.61, subdivision 1, is amended to read:

Subdivision 1. **Required policy.** Each school board must adopt a written districtwide school discipline policy which includes written rules of conduct for students, minimum consequences for violations of the rules, and grounds and procedures for removal of a student from class. The policy must be developed in consultation with administrators, teachers, employees, pupils, parents, community members, law enforcement agencies, county attorney offices, social service agencies, and such other individuals or organizations as the board determines appropriate. The policy must be consistent with a teacher's authority for controlling and managing student behavior in the classroom under section 122A.42. A school site council may adopt additional provisions to the policy subject to the approval of the school board.

EFFECTIVE DATE. This section is effective for the 2016-2017 school year and later.

Sec. 19. Minnesota Statutes 2014, section 121A.64, is amended to read:

121A.64 NOTIFICATION; TEACHERS' LEGITIMATE EDUCATIONAL INTEREST.

(a) A classroom teacher has a legitimate educational interest in knowing which students placed in the teacher's classroom have a history of violent behavior, including any documented physical assault of a district employee by the student, and must be notified before such students are placed in the teacher's classroom.

(b) Representatives of the school board and the exclusive representative of the teachers shall discuss issues related to the model policy on student records adopted under Laws 1999, chapter 241, article 9, section 50, and any modifications adopted under Laws 2003, First Special Session chapter 9, for notifying classroom teachers and other school district employees having a legitimate educational interest in knowing about students with a history of violent behavior, including any documented physical assault of a district employee by students placed in classrooms. The

representatives of the school board and the exclusive representative of the teachers also may discuss the need for intervention services or conflict resolution or training for staff related to placing students with a history of violent behavior in teachers' classrooms.

EFFECTIVE DATE. This section is effective for the 2016-2017 school year and later.

Sec. 20. Minnesota Statutes 2014, section 122A.07, subdivision 2, is amended to read:

Subd. 2. **Eligibility; board composition.** Except for the representatives of higher education, school administrators, and the public, to be eligible for appointment to the Board of Teaching a person must be a teacher currently teaching in a Minnesota school and fully licensed for the position held and have at least five years teaching experience in Minnesota, including the two years immediately preceding nomination and appointment. Each nominee, other than a public nominee, must be selected on the basis of professional experience and knowledge of teacher education, accreditation, and licensure. The board must be composed of:

(1) six teachers who are currently teaching in a Minnesota school or who were teaching at the time of the appointment and who do not qualify under clause (2) or (3), at least four of whom must be teaching in a public school;

(2) one higher education representative, who must be a faculty member preparing teachers;

(3) one school administrator; and

(4) three members of the public, two of whom must be present or former members of school boards.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all board appointments made after that date.

Sec. 21. Minnesota Statutes 2014, section 122A.09, is amended by adding a subdivision to read:

Subd. 3a. **Board of Teaching; duties and responsibilities clarified.** Consistent with sections 15.039 and 16B.37, the Board of Teaching is responsible for licensing teachers and issuing special permissions to teach and must perform all licensure-related duties and meet all licensure-related responsibilities under this section, among other statutory licensure-related requirements. At the direction of the board, the department may perform administrative functions related to issuing teacher licenses. To the extent a conflict exists between this section and another section governing teacher licensing, the provisions of this section prevail.

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

Sec. 22. Minnesota Statutes 2014, section 122A.09, subdivision 10, is amended to read:

Subd. 10. **~~Variancees~~ Permissions.** (a) Notwithstanding subdivision 9 and section 14.05, subdivision 4, the Board of Teaching may grant a variance to its rules upon application by a school district or a charter school for purposes of implementing experimental programs in learning or management.

(b) To enable a school district or a charter school to meet the needs of students enrolled in an alternative education program and to enable licensed teachers instructing those students to satisfy content area licensure requirements, the Board of Teaching annually may permit a licensed teacher teaching in an alternative education program to instruct students in a content area for which the teacher is not licensed, consistent with paragraph (a).

(c) A special education license variance issued by the Board of Teaching for a primary employer's low-incidence region ~~shall be~~ is valid in all low-incidence regions.

(d) The Board of Teaching may issue a one-year professional license under paragraph (a), which the board may renew two times, to allow a person holding a full credential from the American Montessori Society, a diploma from Association Montessori Internationale, or a certificate of completion from a program accredited by the Montessori Accreditation Council for Teacher Education to teach in a Montessori program operated by a school district or charter school.

(e) The Board of Teaching may grant a one-year waiver, renewable two times, to allow individuals who hold a bachelor's degree from an accredited postsecondary institution, demonstrate occupational competency based on at least three years of full-time work experience in business or industry, and enroll and make satisfactory progress in an alternative preparation program leading to certification or licensure as a career and technical education instructor or teacher to teach career and technical education courses offered by a school district or charter school. Consistent with this paragraph and section 136F.361, the Board of Teaching must strongly encourage teacher preparation programs and institutions throughout Minnesota to develop alternative pathways for certifying and licensing high school career and technical education instructors and teachers, allowing such candidates to meet certification and licensure standards that demonstrate their content knowledge, classroom experience, and pedagogical practices and their qualifications based on a combination of occupational testing, professional certification or licensure, and long-standing work experience.

EFFECTIVE DATE. Paragraphs (d) and (e) are effective for the 2016-2017 through 2018-2019 school years.

Sec. 23. Minnesota Statutes 2014, section 122A.16, is amended to read:

122A.16 ~~HIGHLY~~ QUALIFIED TEACHER DEFINED.

(a) A qualified teacher is one holding a valid license, under this chapter, to perform the particular service for which the teacher is employed in a public school.

~~(b) For the purposes of the federal No Child Left Behind Act, a highly qualified teacher is one who holds a valid license under this chapter, including under section 122A.245, among other sections and is determined by local administrators as having highly qualified status according to the approved Minnesota highly qualified plan. Teachers delivering core content instruction must be deemed highly qualified at the local level and reported to the state via the staff automated reporting system.~~

Sec. 24. Minnesota Statutes 2014, section 122A.245, subdivision 8, is amended to read:

Subd. 8. **Highly Qualified teacher.** A person holding a valid limited-term license under this section is a ~~highly~~ qualified teacher and the teacher of record under section 122A.16.

Sec. 25. Minnesota Statutes 2015 Supplement, section 122A.30, is amended to read:

122A.30 EXEMPTION FOR TECHNICAL EDUCATION INSTRUCTORS.

(a) Notwithstanding section 122A.15, subdivision 1, and upon approval of the local employer school board, a person who teaches ~~in as~~ a part-time vocational or career and technical education ~~program~~ teacher is exempt from a license requirement. Nothing in this section shall exclude licensed career and technical educators from the definition of "teacher" in section 122A.40, 122A.41, or 179A.03.

~~(b) This section expires June 30, 2020.~~

Sec. 26. Minnesota Statutes 2014, section 122A.40, subdivision 10, is amended to read:

Subd. 10. **Negotiated unrequested leave of absence.** The school board and the exclusive bargaining representative of the teachers ~~may~~ must negotiate a plan providing for unrequested leave of absence without pay or fringe benefits for as many teachers as may be necessary because of discontinuance of position, lack of pupils, financial limitations, or merger of classes caused by consolidation of districts. ~~Failing to successfully negotiate such a plan, the provisions of subdivision 11 shall apply. The negotiated plan must not include provisions which would result in the exercise of seniority by a teacher holding a provisional license, other than a vocational education license, contrary to the provisions of subdivision 11, paragraph (c), or the reinstatement of a teacher holding a provisional license, other than a vocational education license, contrary to the provisions of subdivision 11, paragraph (c). The provisions of section 179A.16 do not apply for the purposes of this subdivision.~~

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 27. Minnesota Statutes 2014, section 122A.41, is amended by adding a subdivision to read:

Subd. 14a. **Negotiated unrequested leave of absence.** The school board and the exclusive bargaining representative of the teachers must negotiate a plan providing for unrequested leave of absence without pay or fringe benefits for as many teachers as may be necessary because of discontinuance of position, lack of pupils, financial limitations, or merger of classes caused by consolidation of districts.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 28. Minnesota Statutes 2015 Supplement, section 122A.414, subdivision 1, is amended to read:

Subdivision 1. **Restructured pay system.** A restructured alternative teacher professional pay system is established under subdivision 2 to provide incentives to encourage teachers to improve their knowledge and instructional skills in order to improve student learning and for school districts, intermediate school districts, cooperative units, as defined in section 123A.24, subdivision 2, and charter schools to recruit and retain ~~highly~~ qualified teachers, encourage ~~highly~~ qualified teachers to undertake challenging assignments, and support teachers' roles in improving students' educational achievement.

Sec. 29. Minnesota Statutes 2015 Supplement, section 122A.414, subdivision 2, is amended to read:

Subd. 2. **Alternative teacher professional pay system.** (a) To participate in this program, a school district, intermediate school district, school site, or charter school must have ~~an educational improvement plan under section 122A.413~~ a world's best workforce plan under section 120B.11 and an alternative teacher professional pay system agreement under paragraph (b). A charter school participant also must comply with subdivision 2a.

(b) The alternative teacher professional pay system agreement must:

(1) describe how teachers can achieve career advancement and additional compensation;

(2) describe how the school district, intermediate school district, school site, or charter school will provide teachers with career advancement options that allow teachers to retain primary roles in student instruction and facilitate site-focused professional development that helps other teachers improve their skills;

(3) reform the "steps and lanes" salary schedule, prevent any teacher's compensation paid before implementing the pay system from being reduced as a result of participating in this system, base at least 60 percent of any compensation increase on teacher performance using:

(i) schoolwide student achievement gains under section 120B.35 or locally selected standardized assessment outcomes, or both;

(ii) measures of student growth and literacy that may include value-added models or student learning goals, consistent with section 122A.40, subdivision 8, paragraph (b), clause (9), or 122A.41, subdivision 5, paragraph (b), clause (9), and other measures that include the academic literacy, oral academic language, and achievement of English learners under section 122A.40, subdivision 8, paragraph (b), clause (10), or 122A.41, subdivision 5, paragraph (b), clause (10); and

(iii) an objective evaluation program under section 122A.40, subdivision 8, paragraph (b), clause (2), or 122A.41, subdivision 5, paragraph (b), clause (2);

(4) provide for participation in job-embedded learning opportunities such as professional learning communities to improve instructional skills and learning that are aligned with student needs under section ~~122A.413~~ 120B.11, consistent with the staff development plan under section 122A.60 and led during the school day by trained teacher leaders such as master or mentor teachers;

(5) allow any teacher in a participating school district, intermediate school district, school site, or charter school that implements an alternative pay system to participate in that system without any quota or other limit; and

(6) encourage collaboration rather than competition among teachers.

(c) The alternative teacher professional pay system may:

(1) include a hiring bonus or other added compensation for teachers who are identified as effective or highly effective under the local teacher professional review cycle and work in a hard-to-fill position or in a hard-to-staff school such as a school with a majority of students whose families meet federal poverty guidelines, a geographically isolated school, or a school identified by the state as eligible for targeted programs or services for its students; and

(2) include incentives for teachers to obtain a master's degree or other advanced certification in their content field of licensure, pursue the training or education necessary to obtain an additional licensure in shortage areas identified by the district or charter school, or help fund a "grow your own" new teacher initiative.

Sec. 30. Minnesota Statutes 2015 Supplement, section 122A.414, subdivision 2b, is amended to read:

Subd. 2b. **Approval process.** (a) Consistent with the requirements of this section and ~~sections 122A.413 and section~~ 122A.415, the department must prepare and transmit to interested school districts, intermediate school districts, cooperatives, school sites, and charter schools a standard form for applying to participate in the alternative teacher professional pay system. The commissioner annually must establish three dates as deadlines by which interested applicants must submit an application to the commissioner under this section. An interested school district, intermediate school district, cooperative, school site, or charter school must submit to the commissioner a completed application executed by the district superintendent and the exclusive bargaining representative of the teachers if the applicant is a school district, intermediate school district, or school site, or executed by the charter school board of directors if the applicant is a charter school or executed by the governing board if the applicant is a cooperative unit. The application must include the proposed alternative teacher professional pay system agreement under subdivision 2. The department must review a completed application within 30 days of the most recent application deadline and recommend to the commissioner whether to approve or disapprove the application. The commissioner must approve applications on a first-come, first-served basis. The applicant's alternative teacher professional pay system agreement must be legally binding on the applicant and the collective bargaining representative before the applicant receives alternative compensation revenue. The commissioner must approve or disapprove an application based on the requirements under subdivisions 2 and 2a.

(b) If the commissioner disapproves an application, the commissioner must give the applicant timely notice of the specific reasons in detail for disapproving the application. The applicant may revise and resubmit its application and related documents to the commissioner within 30 days of receiving notice of the commissioner's disapproval and the commissioner must approve or disapprove the revised application, consistent with this subdivision. Applications that are revised and then approved are considered submitted on the date the applicant initially submitted the application.

Sec. 31. Minnesota Statutes 2014, section 122A.4144, is amended to read:

122A.4144 SUPPLEMENTAL AGREEMENTS; ALTERNATIVE TEACHER PAY.

Notwithstanding section 179A.20 or other law to the contrary, a school board and the exclusive representative of the teachers may agree to reopen a collective bargaining agreement for the purpose of entering into an alternative teacher professional pay system agreement under sections ~~122A.413~~, 122A.414, and 122A.415. Negotiations for a contract reopened under this section must be limited to issues related to the alternative teacher professional pay system.

Sec. 32. Minnesota Statutes 2014, section 122A.416, is amended to read:

122A.416 ALTERNATIVE TEACHER COMPENSATION REVENUE FOR PERPICH CENTER FOR ARTS EDUCATION AND MULTIDISTRICT INTEGRATION COLLABORATIVES.

Notwithstanding sections ~~122A.413~~, 122A.414, 122A.415, and 126C.10, multidistrict integration collaboratives and the Perpich Center for Arts Education are eligible to receive alternative teacher compensation revenue as if they were intermediate school districts. To qualify for alternative teacher compensation revenue, a multidistrict integration collaborative or the Perpich Center for Arts Education must meet all of the requirements of sections ~~122A.413~~, 122A.414, and 122A.415 that apply to intermediate school districts, must report its enrollment as of October 1 of each year to the department, and must annually report its expenditures for the alternative teacher professional pay system consistent with the uniform financial accounting and reporting standards to the department by November 30 of each year.

Sec. 33. Minnesota Statutes 2014, section 122A.42, is amended to read:

122A.42 GENERAL CONTROL OF SCHOOLS.

(a) The teacher of record shall have the general control and government of the school and classroom. When more than one teacher is employed in any district, one of the teachers may be designated by the board as principal and shall have the general control and supervision of the schools of the district, subject to the general supervisory control of the board and other officers.

(b) Consistent with paragraph (a), the teacher may remove students from class under section 121A.61, subdivision 2, for violent or disruptive conduct or other misconduct.

EFFECTIVE DATE. This section is effective for the 2016-2017 school year and later.

Sec. 34. **[122A.421] SCHOOL CLIMATE AND SAFETY.**

Beginning with agreements effective July 1, 2017, and thereafter, all collective bargaining agreements for teachers under chapter 179A may include school climate and student and staff safety provisions related to establishing and maintaining safe and supportive classrooms and school sites and a districtwide educational climate that is conducive to student learning and a supportive working environment for teachers and other staff.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 35. Minnesota Statutes 2015 Supplement, section 122A.60, subdivision 4, is amended to read:

Subd. 4. **Staff development report.** (a) ~~By October 15 of each year,~~ The district and site staff development committees shall write ~~and submit~~ a report of staff development activities and expenditures for the previous year, ~~in the form and manner determined by the commissioner.~~ The report, signed by the district superintendent and staff development chair, must include assessment and evaluation data indicating progress toward district and site staff development goals based on teaching and learning outcomes, including the percentage of teachers and other staff involved in instruction who participate in effective staff development activities under subdivision 3 as part of the district's world's best workforce report under section 120B.11, subdivision 5.

(b) The report must break down expenditures for:

(1) curriculum development and curriculum training programs; and

(2) staff development training models, workshops, and conferences, and the cost of releasing teachers or providing substitute teachers for staff development purposes.

The report also must indicate whether the expenditures were incurred at the district level or the school site level, and whether the school site expenditures were made possible by grants to school sites that demonstrate exemplary use of allocated staff development revenue. These expenditures must be reported using the uniform financial and accounting and reporting standards.

~~(c) The commissioner shall report the staff development progress and expenditure data to the house of representatives and senate committees having jurisdiction over education by February 15 each year.~~

Sec. 36. Minnesota Statutes 2014, section 122A.72, subdivision 5, is amended to read:

Subd. 5. **Center functions.** (a) A teacher center shall perform functions according to this subdivision. The center shall assist teachers, diagnose learning needs, experiment with the use of multiple instructional approaches, assess pupil outcomes, assess staff development needs and plans, and teach school personnel about effective pedagogical approaches. The center shall develop and produce curricula and curricular materials designed to meet the educational needs of pupils being served, by applying educational research and new and improved methods, practices, and techniques. The center shall provide programs to improve the skills of teachers to meet the special educational needs of pupils. The center shall provide programs to familiarize teachers with developments in curriculum formulation and educational research, including how research can be used to improve teaching skills. The center shall facilitate sharing of resources, ideas, methods, and approaches directly related to classroom instruction and improve teachers' familiarity with current teaching materials and products for use in their classrooms. The center shall provide in-service programs.

(b) Each teacher center must provide a professional development program to train interested and ~~highly~~ qualified elementary, middle, and secondary teachers, selected by the employing school district, to assist other teachers in that district with mathematics and science curriculum, standards, and instruction so that all teachers have access to:

(1) high quality professional development programs in mathematics and science that address curriculum, instructional methods, alignment of standards, and performance measurements, enhance teacher and student learning, and support state mathematics and science standards; and

(2) research-based mathematics and science programs and instructional models premised on best practices that inspire teachers and students and have practical classroom application.

Sec. 37. Minnesota Statutes 2014, section 123B.49, subdivision 4, is amended to read:

Subd. 4. **Board control of extracurricular activities.** (a) The board may take charge of and control all extracurricular activities of the teachers and children of the public schools in the district. Extracurricular activities means all direct and personal services for pupils for their enjoyment that are managed and operated under the guidance of an adult or staff member. The board shall allow all resident pupils receiving instruction in a home school as defined in section 123B.36, subdivision 1, paragraph (a), and all resident pupils enrolled in an online public school program to be eligible to fully participate in extracurricular activities on the same basis as public school students.

(b) Extracurricular activities have all of the following characteristics:

(1) they are not offered for school credit nor required for graduation;

(2) they are generally conducted outside school hours, or if partly during school hours, at times agreed by the participants, and approved by school authorities;

(3) the content of the activities is determined primarily by the pupil participants under the guidance of a staff member or other adult.

(c) If the board does not take charge of and control extracurricular activities, these activities shall be self-sustaining with all expenses, except direct salary costs and indirect costs of the use of school facilities, met by dues, admissions, or other student fund-raising events. The general fund must reflect only those salaries directly related to and readily identified with the activity and paid by public funds. Other revenues and expenditures for extra curricular activities must be recorded according to the Manual for Activity Fund Accounting. Extracurricular activities not under board control must have an annual financial audit and must also be audited annually for compliance with this section.

(d) If the board takes charge of and controls extracurricular activities, any or all costs of these activities may be provided from school revenues and all revenues and expenditures for these activities shall be recorded in the same manner as other revenues and expenditures of the district.

(e) If the board takes charge of and controls extracurricular activities, the teachers or pupils in the district must not participate in such activity, nor shall the school name or any allied name be used in connection therewith, except by consent and direction of the board.

EFFECTIVE DATE. This section is effective for the 2016-2017 school year and later.

Sec. 38. Minnesota Statutes 2015 Supplement, section 124D.231, subdivision 2, is amended to read:

Subd. 2. **Full-service community school program.** (a) The commissioner shall provide funding to eligible school sites to plan, implement, and improve full-service community schools. Eligible school sites must meet one of the following criteria:

(1) the school is on a development plan for continuous improvement under section 120B.35, subdivision 2; or

(2) the school is in a district that has an achievement and integration plan approved by the commissioner of education under sections 124D.861 and 124D.862.

(b) An eligible school site may receive up to \$100,000 annually. School sites receiving funding under this section shall hire or contract with a partner agency to hire a site coordinator to coordinate services at each covered school site.

(c) Implementation funding of up to \$20,000 must be available for up to one year for planning for school sites. At the end of this period, the school must submit a full-service community school plan, pursuant to paragraph (g).

(d) The commissioner shall dispense the funds to schools with significant populations of students receiving free or reduced-price lunches. Schools with significant homeless and highly mobile students shall also be a priority. The commissioner must also dispense the funds in a manner to ensure equity among urban, suburban, and greater Minnesota schools.

(e) A school site must establish a school leadership team responsible for developing school-specific programming goals, assessing program needs, and overseeing the process of implementing expanded programming at each covered site. The school leadership team shall have between 12 to 15 members and shall meet the following requirements:

(1) at least 30 percent of the members are parents and 30 percent of the members are teachers at the school site and must include the school principal and representatives from partner agencies; and

(2) the school leadership team must be responsible for overseeing the baseline analyses under paragraph (f). A school leadership team must have ongoing responsibility for monitoring the development and implementation of full-service community school operations and programming at the school site and shall issue recommendations to schools on a regular basis and summarized in an annual report. These reports shall also be made available to the public at the school site and on school and district Web sites.

(f) School sites must complete a baseline analysis prior to beginning programming as a full-service community school. The analysis shall include:

(1) a baseline analysis of needs at the school site, led by the school leadership team, which shall include the following elements:

(i) identification of challenges facing the school;

(ii) analysis of the student body, including:

(A) number and percentage of students with disabilities and needs of these students;

(B) number and percentage of students who are English learners and the needs of these students;

(C) number of students who are homeless or highly mobile; and

(D) number and percentage of students receiving free or reduced-price lunch and the needs of these students;

(iii) analysis of enrollment and retention rates for students with disabilities, English learners, homeless and highly mobile students, and students receiving free or reduced-price lunch;

(iv) analysis of suspension and expulsion data, including the justification for such disciplinary actions and the degree to which particular populations, including, but not limited to, students of color, students with disabilities, students who are English learners, and students receiving free or reduced-price lunch are represented among students subject to such actions;

(v) analysis of school achievement data disaggregated by major demographic categories, including, but not limited to, race, ethnicity, English learner status, disability status, and free or reduced-price lunch status;

(vi) analysis of current parent engagement strategies and their success; and

(vii) evaluation of the need for and availability of wraparound services, including, but not limited to:

(A) mechanisms for meeting students' social, emotional, and physical health needs, which may include coordination of existing services as well as the development of new services based on student needs; and

(B) strategies to create a safe and secure school environment and improve school climate and discipline, such as implementing a system of positive behavioral supports, and taking additional steps to eliminate bullying;

(2) a baseline analysis of community assets and a strategic plan for utilizing and aligning identified assets. This analysis should include, but is not limited to, a documentation of individuals in the community, faith-based organizations, community and neighborhood associations, colleges, hospitals, libraries, businesses, and social service agencies who may be able to provide support and resources; and

(3) a baseline analysis of needs in the community surrounding the school, led by the school leadership team, including, but not limited to:

(i) the need for high-quality, full-day child care and early childhood education programs;

(ii) the need for physical and mental health care services for children and adults; and

(iii) the need for job training and other adult education programming.

(g) Each school site receiving funding under this section must establish at least two of the following types of programming:

(1) early childhood:

(i) early childhood education; and

(ii) child care services;

(2) academic:

(i) academic support and enrichment activities, including expanded learning time;

(ii) summer or after-school enrichment and learning experiences;

(iii) job training, internship opportunities, and career counseling services;

(iv) programs that provide assistance to students who have been truant, suspended, or expelled; and

(v) specialized instructional support services;

(3) parental involvement:

(i) programs that promote parental involvement and family literacy, ~~including the Reading First and Early Reading First programs authorized under part B of title I of the Elementary and Secondary Education Act of 1965, United States Code, title 20, section 6361, et seq.;~~

(ii) parent leadership development activities; and

(iii) parenting education activities;

(4) mental and physical health:

(i) mentoring and other youth development programs, including peer mentoring and conflict mediation;

(ii) juvenile crime prevention and rehabilitation programs;

(iii) home visitation services by teachers and other professionals;

(iv) developmentally appropriate physical education;

(v) nutrition services;

(vi) primary health and dental care; and

(vii) mental health counseling services;

(5) community involvement:

(i) service and service-learning opportunities;

(ii) adult education, including instruction in English as a second language; and

(iii) homeless prevention services;

(6) positive discipline practices; and

(7) other programming designed to meet school and community needs identified in the baseline analysis and reflected in the full-service community school plan.

(h) The school leadership team at each school site must develop a full-service community school plan detailing the steps the school leadership team will take, including:

(1) timely establishment and consistent operation of the school leadership team;

(2) maintenance of attendance records in all programming components;

(3) maintenance of measurable data showing annual participation and the impact of programming on the participating children and adults;

(4) documentation of meaningful and sustained collaboration between the school and community stakeholders, including local governmental units, civic engagement organizations, businesses, and social service providers;

(5) establishment and maintenance of partnerships with institutions, such as universities, hospitals, museums, or not-for-profit community organizations to further the development and implementation of community school programming;

(6) ensuring compliance with the district nondiscrimination policy; and

(7) plan for school leadership team development.

Sec. 39. Minnesota Statutes 2014, section 124D.59, is amended by adding a subdivision to read:

Subd. 9. English learner data. When data on English learners are reported for purposes of educational accountability, English learner data must include all pupils enrolled in a Minnesota public school course or program who are currently or were previously counted as English learners under this section.

EFFECTIVE DATE. This section is effective for the 2017-2018 school year and later.

Sec. 40. Minnesota Statutes 2015 Supplement, section 124D.73, subdivision 4, is amended to read:

Subd. 4. **Participating school; American Indian school.** "Participating school" and "American Indian school" mean a school that:

(1) is not operated by a school district; and

(2) is eligible for a grant under federal Title ~~VH~~ VI of the Elementary and Secondary Education Act for the education of American Indian children.

Sec. 41. Minnesota Statutes 2014, section 124D.861, subdivision 1, is amended to read:

Subdivision 1. **Program to close the academic achievement and opportunity gap; revenue uses.** (a) The "Achievement and Integration for Minnesota" program is established to pursue racial and economic integration and increase student academic achievement, create equitable educational opportunities, and reduce academic disparities based on students' diverse racial, ethnic, and economic backgrounds in Minnesota public schools.

(b) For purposes of this section and section 124D.862, "eligible district" ~~means a district required to submit a plan to the commissioner under Minnesota Rules governing school desegregation and integration, or be a member of a multidistrict integration collaborative that files a plan with the commissioner~~ has the meaning given in subdivision 1a.

(c) Eligible districts must use the revenue under section 124D.862 to pursue academic achievement and racial and economic integration through: (1) integrated learning environments that prepare all students to be effective citizens and enhance social cohesion; (2) policies and curricula and trained instructors, administrators, school counselors, and other advocates to support and enhance integrated learning environments under this section, including through magnet schools, innovative, research-based instruction, differentiated instruction, and targeted interventions to improve achievement; and (3) rigorous career and college readiness programs for underserved student populations, consistent with section 120B.30, subdivision 1; integrated learning environments to increase student academic achievement; cultural fluency, competency, and interaction; graduation and educational attainment rates; and parent involvement.

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

Sec. 42. Minnesota Statutes 2014, section 124D.861, is amended by adding a subdivision to read:

Subd. 1a. **Definitions.** (a) "Racially identifiable school within a district" means a school where the enrollment of protected students at the school within a district is more than 20 percentage points above the enrollment of protected students in the entire district for the grade levels served by that school.

(b) "Racially isolated school district" means a district where the districtwide enrollment of protected students exceeds the enrollment of protected students of any adjoining district by more than 20 percentage points.

(c) "School" means a site in a public school district serving any of kindergarten through grade 12. For purposes of this section and section 124D.862, school does not mean:

(1) a charter school under chapter 124E;

(2) an area learning center under section 123A.05;

(3) a public alternative program under section 126C.05, subdivision 15;

(4) a contracted alternative program under section 124D.69;

(5) a school site specifically designed to address limited English proficiency;

(6) a school site specifically designed to address the needs of students with an individualized education program (IEP); or

(7) a secure or nonsecure treatment facility licensed by the Department of Human Services or the Department of Corrections.

(d) "Eligible district" means:

(1) a racially isolated independent, common, or special school district;

(2) an adjoining, independent, common, or special school district that files a plan with the commissioner; or

(3) an independent, common, or special school district that is a member of a multidistrict integration collaborative that files a plan with the commissioner.

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

Sec. 43. **[124D.8957] PREKINDERGARTEN THROUGH GRADE 12 PARENTAL RIGHTS CODED ELSEWHERE.**

Subdivision 1. **Scope.** The sections referred to in subdivisions 2 to 30 are codified outside this section. Those sections include many but not all the sections governing parental rights related to topics in prekindergarten through grade 12 education.

Subd. 2. **Compulsory instruction.** Parental rights related to compulsory instruction, including the right to withdraw a child from school; to receive notice related to transfer of disciplinary records; to excuse a child from school for illnesses, appointments, or religious events; and the right of noncustodial parents to access school records and conferences, among other rights, are governed by section 120A.22.

Subd. 3. **Longitudinal data.** The parental right to annual summary longitudinal performance and progress data is governed by section 120B.31.

Subd. 4. **Antibullying.** Parental rights related to school district antibullying policies, including the right to be involved in developing the policies, the right to be notified of incidents of prohibited conduct, and the right to be informed of data practices laws, are governed by section 121A.031.

Subd. 5. **Student discipline policies.** The parental right to notice in student discipline policies of rights under the Safe and Supportive Minnesota Schools Act is governed by section 121A.0311.

Subd. 6. **Early childhood development screening.** Parental rights to certain notice requirements related to early childhood development screening and to receive results of early childhood development screening are governed by section 121A.17. The parental right to provide consent before individual screening data may be disclosed to a school district is governed by section 121A.18.

Subd. 7. **Chemical abuse.** The parental right to be informed of a reported case of chemical abuse by a minor student is governed by section 121A.26.

Subd. 8. **Pesticides.** The parental right to be notified regarding the use of pesticides at a school is governed by the Janet B. Johnson Parents' Right-to-Know Act under section 121A.30.

Subd. 9. **Student dismissal.** The parental right to notice and a meeting regarding the removal of a student for more than ten days is governed by section 121A.45.

Subd. 10. **Exclusion and expulsion.** The parental right to be included in exclusion or expulsion hearing procedures, including access to records, ability to testify and present evidence, and inclusion in the student's readmission plan, is governed by section 121A.47.

Subd. 11. **Exclusion and expulsion appeal.** The parental right to notice of the right to appeal an exclusion or expulsion decision is governed by section 121A.49.

Subd. 12. **Reinstatement after termination of dismissal.** The parental right to notice of a student's right to be reinstated after the termination of dismissal is governed by section 121A.54.

Subd. 13. **Interdistrict cooperation.** The parental right to notice of an informational school board meeting relating to discontinuing interdistrict cooperation is governed by section 123A.32.

Subd. 14. **Background checks.** The parental right to notice of a school's background check policy for hiring teachers is governed by section 123B.03.

Subd. 15. **Textbook fees.** The parental right to notice of a school board's policy to charge fees for textbooks lost or destroyed by students is governed by section 123B.37.

Subd. 16. **Transportation privileges.** The parental right to surrender a student's privilege to receive transportation services from a school district is governed by section 123B.88.

Subd. 17. **Nonresident district policies.** The parental right to receive notice of: a decision on an application by a student to attend school in a nonresident district; the transportation policies of the nonresident district; and the right to be reimbursed for costs of transportation to the nonresident district's border are governed by section 124D.03.

Subd. 18. **Out-of-state districts.** Under section 124D.04, the parental rights related to a student attending a nonresident district under section 124D.03 apply to a student attending an out-of-state district.

Subd. 19. **Free or reduced-price lunch eligibility.** The parental right to opt a child out of disclosing a child's eligibility for free or reduced-price lunch to the Department of Education and the Department of Human Services is governed by section 124D.1115.

Subd. 20. **Learning year programs.** The parental right to notice of optional learning year programs is governed by section 124D.128.

Subd. 21. **English learners programs.** Parental rights related to student enrollment in programs for English learners, including notice, withdrawal, and parental involvement, are governed by section 124D.60.

Subd. 22. **Charter school transportation.** The parental right to receive pupil transportation information from the charter school or school district providing transportation services to a charter school student is governed by section 123B.88.

Subd. 23. **Services for children with disabilities.** The parental right to be included in determining the appropriate and necessary services for students with disabilities is governed by section 125A.027.

Subd. 24. **Data on children with disabilities.** The parental right to notice and involvement regarding online reporting of data related to children with disabilities is governed by section 125A.085.

Subd. 25. **Special education alternative dispute resolution.** Parental rights regarding notice, participation, and due process related to special education alternative dispute resolution procedures are governed by section 125A.091.

Subd. 26. **Third-party reimbursement for children with disabilities.** The parental right to notice of a school district seeking reimbursement from medical assistance or MinnesotaCare for services rendered to a student with a disability is governed by section 125A.21.

Subd. 27. **Services provided to children with disabilities.** Parental rights related to services provided to students eligible for Part C services under the Individuals with Disabilities Education Act and the right to receive written materials regarding the implementation of Part C services are governed by sections 125A.42 and 125A.48. The parental right to use mediation to resolve disputes under section 125A.42 is governed by section 125A.43.

Subd. 28. **Minnesota State Academies discharge.** The parental right to notice of a student's discharge from the Minnesota State Academies is governed by section 125A.68.

Subd. 29. **Education records for military children.** The parental right to education records under the Interstate Compact on Educational Opportunity for Military Children is governed by section 127A.85.

Subd. 30. **Appeal adverse school board decision.** The parental right to appeal a school board decision adversely affecting an academic program of an enrolled student is governed by section 129C.10, subdivision 36.

Sec. 44. Minnesota Statutes 2014, section 124D.896, is amended to read:

124D.896 DESEGREGATION/INTEGRATION AND INCLUSIVE EDUCATION RULES.

(a) The commissioner shall propose rules relating to desegregation/integration and inclusive education, consistent with sections 124D.861 and 124D.862.

(b) In adopting a rule related to school desegregation/integration, the commissioner shall address the need for equal educational opportunities for all students and racial balance as defined by the commissioner.

(c) The commissioner must not adopt or enforce by rule a definition of "eligible district" that expands or conflicts with the statutory definition of eligible district.

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

Sec. 45. Minnesota Statutes 2015 Supplement, section 127A.05, subdivision 6, is amended to read:

Subd. 6. **Survey of districts.** The commissioner of education shall survey the state's school districts and teacher preparation programs and report to the education committees of the legislature by February 1 of each odd-numbered year on the status of teacher early retirement patterns, the access to effective and more diverse teachers who reflect the students under section 120B.35, subdivision 3, paragraph (b), clause (2), enrolled in a district or school, the teacher shortage, and the substitute teacher shortage, including patterns and shortages in subject areas and the economic development regions of the state. The report must also include: aggregate data on teachers' self-reported race and ethnicity; data on how districts are making progress in hiring teachers and substitutes in the areas of shortage; and a five-year projection of teacher demand for each district, taking into account the students under section 120B.35, subdivision 3, paragraph (b), clause (2), expected to enroll in the district during that five-year period.

Sec. 46. **[127A.053] STATE ADMINISTRATION OF STUDENT SURVEY INSTRUMENTS GENERALLY PROHIBITED.**

Notwithstanding other law to the contrary, and with the exception of section 120B.35, subdivision 3, paragraph (d), the commissioner must not develop, coordinate, assist with, or use a statewide student survey seeking information about a student's activities, opinions, behaviors, or experiences related to substance abuse, tobacco use, connections with family, healthy eating, high school students' gambling and sexual activities, or out-of-school activities, among other topics.

Sec. 47. Minnesota Statutes 2014, section 127A.095, is amended to read:

127A.095 IMPLEMENTATION OF NO CHILD LEFT BEHIND ACT ELEMENTARY AND SECONDARY EDUCATION ACT.

Subdivision 1. **Continued implementation.** The Department of Education shall continue to implement the federal No Child Left Behind Act, Public Law 107-110, Elementary and Secondary Education Act without interruption.

Subd. 2. **~~No Child Left Behind review.~~** ~~(a) The legislature intends to require the Department of Education to conduct a comprehensive review of the consolidated state plan the state submitted to the federal Department of Education to implement the No Child Left Behind Act. The Minnesota Department of Education shall seek waivers under paragraph (b). If the Department of Education is unable to obtain waivers under paragraph (b), it should recommend in its report under paragraph (b) whether the state should opt out of the No Child Left Behind Act.~~

~~(b) The commissioner, by January 15, 2008, shall report to the house of representatives and senate committees having jurisdiction over kindergarten through grade 12 education policy and finance whether the department has received approval from the federal Department of Education to:~~

~~(1) participate in the growth model pilot program;~~

~~(2) exclude from sanctions schools that have not made adequate yearly progress due solely to a subgroup of students with disabilities not testing at a proficient level;~~

~~(3) identify a school as not making adequate yearly progress only after the school has missed the adequate yearly progress targets in the same subgroup for two consecutive years;~~

~~(4) determine when to hold schools accountable for including an English learner in adequate yearly progress calculations;~~

~~(5) allow a district not making adequate yearly progress to offer supplemental educational services as an option before offering school choice;~~

~~(6) allow a district not making adequate yearly progress to also be the supplemental educational services provider;~~

~~(7) allow the state to maintain a subgroup size to 40 for the purposes of calculating adequate yearly progress for subgroups of English learners and subgroups of students with disabilities; and~~

~~(8) create flexibility to enable the state to define and identify highly qualified teachers.~~

Subd. 3. **Department of Management and Budget certification.** ~~If the federal Department of Education does not transmit to the commissioner of education its approval of the conditions in subdivision 2, paragraph (b),~~ The commissioner of management and budget shall certify and report to the legislature annually beginning January 1, 2008, the amount of federal revenue, if any, that the federal government may withhold as a result of a potential state decision to discontinue implementation of the ~~No Child Left Behind Act~~ Elementary and Secondary Education Act. The report shall also specify the intended purpose of the federal revenue and the amount of revenue that the federal government may withhold from the state, each school district, and each charter school in each fiscal year.

Sec. 48. Minnesota Statutes 2014, section 129C.10, subdivision 1, is amended to read:

Subdivision 1. **Governance.** (a) The board of the Perpich Center for Arts Education shall consist of 13 persons, one of whom must have served as a school administrator or as an elected school board member, one of whom is a locally or regionally recognized professional artist, one of whom is a secondary or postsecondary arts educator, and a licensed secondary arts teacher and a licensed secondary teacher teaching a core academic subject area, one of whom is a Crosswinds school employee, and one of whom is a Perpich Center for Arts Education employee. The members of the board shall be appointed by the governor with the advice and consent of the senate. At least one member must be appointed from each congressional district.

(b) A seven-member nominating committee composed of one member appointed by the Minnesota Association of School Administrators, one member appointed by the Minnesota State Arts Board, one member appointed by the Minnesota School Boards Association, one member appointed by the Minnesota Music Educators Association, one member appointed by the Arts Educators of Minnesota, one member appointed jointly by the exclusive representatives of the employees of the Perpich Center for Arts Education, all six appointees of whom are subject to the governor's approval, and one member appointed by the governor shall meet at least 60 days before the date on which the next expiring board member's term is set to expire or within 15 days of receiving notice of a board vacancy occurring at a time other than at the end of a board member's term to prepare and submit a list of recommended candidates to the governor for the governor to consider when appointing members of the Perpich Center for Arts Education Board. Board members' terms must be staggered, consistent with section 15.0575, subdivision 2.

(c) All board members must complete board training requirements consistent with section 127A.19.

(d) The terms of existing board members expire on September 1, 2016, but board members may continue to serve until the governor appoints their successors.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to board member terms and appointments made after that date.

Sec. 49. **[129C.12] PUBLIC INFORMATION.**

Subdivision 1. **Board minutes.** The board must post the minutes of its meetings on its official Web site and supplemental board materials, information, and budget documents consistent with Minnesota Management and Budget financial management and reporting requirements.

Subd. 2. **Annual report.** Consistent with section 123B.10, requiring school boards to annually publish financial information on the district's official Web site, the board must prepare and post on its official Web site an annual report summarizing Perpich Center finances and, consistent with section 120B.36, subdivision 1, requiring school and district accountability data, also post on its official Web site longitudinal data on student enrollment and students' congressional districts of residence, graduation rates, and postgraduation student placements.

Subd. 3. **World's best workforce.** Consistent with section 120B.11, governing the world's best workforce, the board must prepare and post a comprehensive, long-term strategic improvement plan and report plan strategies, activities, practices, and outcomes on its official Web site.

Subd. 4. **Audit report.** (a) The Perpich Center for Arts Education is subject to an annual independent audit. The audit must be conducted in compliance with generally accepted governmental auditing standards and the federal Single Audit Act, if applicable. The legislative auditor or Department of Education may conduct financial, program, or compliance audits, and may direct the Perpich Center for Arts Education to include any additional items in its annual independent audit.

(b) Upon approval from the Department of Education, the Perpich Center for Arts Education may combine this audit with its required annual audit of the Crosswinds Arts and Science School.

(c) The Perpich Center for Arts Education must post its most recent audit on its Web site.

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

Sec. 50. Minnesota Statutes 2015 Supplement, section 136F.302, subdivision 1, is amended to read:

Subdivision 1. **ACT college ready score.** A state college or university ~~may~~ **must** not require an individual to take a remedial, noncredit course in a subject area if the individual has received a college ready ACT score in that subject area. Each state college and university must post notice of the exemption from remedial course taking on its Web page explaining student admission requirements.

EFFECTIVE DATE. This section is effective for the 2016-2017 school year and later.

Sec. 51. **[136F.3025] MINNESOTA COMPREHENSIVE ASSESSMENTS; CAREER AND COLLEGE-READY BENCHMARKS.**

A state college or university must not require an individual to take a remedial, noncredit course in a subject area if the individual met a career and college-ready Minnesota Comprehensive Assessment benchmark in that subject area, consistent with section 120B.30, subdivision 1, paragraph (m). When notifying students and their families

about test results under section 120B.30, subdivision 1, paragraph (m), the commissioner shall include a statement indicating that students who meet a career and college-ready Minnesota Comprehensive Assessment benchmark are not required to take a remedial, noncredit course at a Minnesota state college or university in the corresponding subject area.

EFFECTIVE DATE. This section is effective for the 2018-2019 school year and later.

Sec. 52. **[136F.361] CAREER AND TECHNICAL EDUCATION CERTIFICATION AND LICENSURE.**

The Board of Trustees of the Minnesota State Colleges and Universities System, consistent with section 122A.09, subdivision 10, paragraph (e), must provide an alternative preparation program allowing individuals to be certified or licensed as a career and technical education instructor or teacher able to teach career and technical education courses offered by a school district or charter school. The Board of Trustees may locate the first program in the seven county metropolitan area.

EFFECTIVE DATE. This section is effective for the 2016-2017 academic year and later.

Sec. 53. Laws 2010, chapter 396, section 7, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective the day following final enactment, including subdivision 3 which is effective through the 2020-2021 school year.

Sec. 54. Laws 2012, chapter 263, section 1, as amended by Laws 2014, chapter 312, article 15, section 24, is amended to read:

Section 1. **INNOVATIVE DELIVERY OF CAREER AND TECHNICAL EDUCATION PROGRAMS AND SERVICES AND SHARING OF DISTRICT RESOURCES; PILOT PROJECT.**

Subdivision 1. **Establishment; requirements for participation.** (a) A ~~pilot project program~~ is established to improve student, career and college readiness, and school outcomes by allowing groups of school districts to work together in partnership with local and regional postsecondary institutions and programs, community institutions, and other private, public, for-profit, and nonprofit workplace partners to:

(1) provide innovative education programs and activities that integrate core academic and career and technical subjects in students' programs of study through coordinated secondary and postsecondary career and technical programs leading to an industry certification or other credential;

(2) provide embedded professional development for program participants;

(3) use performance assessments in authentic settings to measure students' technical skills and progress toward attaining an industry certification or other credential; and

(4) efficiently share district, institution, and workplace resources. ~~The pilot project may last until June 30, 2018, or for up to five years, whichever is less, except that innovation partnerships formed during the period of the pilot project may continue past June 30, 2018, with the agreement of the partnership members.~~

(b) To participate in this ~~pilot project program~~ to improve student, career and college readiness, and school outcomes, a group of two or more school districts must collaborate with school staff and project partners and receive formal school board approval to form a partnership. The partnership must develop a plan to provide challenging

programmatic options for students under paragraph (a), create professional development opportunities for educators and other program participants, increase student engagement and connection and challenging learning opportunities for diverse populations of students that are focused on employability skills and technical, job-specific skills related to a specific career pathway, or demonstrate efficiencies in delivering financial and other services needed to realize plan goals and objectives. The plan must establish include:

- (1) collaborative educational goals and objectives;
- (2) strategies and processes to implement those goals and objectives, including a budget process with periodic expenditure reviews;
- (3) valid and reliable measures, including performance assessments in authentic settings and progress toward attaining an industry certification or other credential, among other measures, to evaluate progress in realizing the goals and objectives;
- (4) an implementation timeline; and
- (5) other applicable conditions, regulations, responsibilities, duties, provisions, fee schedules, and legal considerations needed to fully implement the plan.

A partnership may invite additional districts or other participants under paragraph (a) to join the partnership ~~during the pilot project term~~ after notifying the commissioner.

(c) A partnership of interested districts must ~~apply by February 1 of any year~~ submit an application to the education commissioner in the form and manner the commissioner determines, consistent with the requirements of this section. The application must contain the formal approval adopted by the school board in each district to participate in the plan.

(d) Notwithstanding other law to the contrary, a participating school district under this section continues to: receive revenue and maintain its taxation authority; be organized and governed by an elected school board with general powers under Minnesota Statutes, section 123B.02; and be subject to employment agreements under Minnesota Statutes, chapter 122A, and Minnesota Statutes, section 179A.20; and district employees continue to remain employees of the employing school district.

(e) Participating districts must submit a biennial report by February 1 of each odd-numbered year to the committees of the legislature with jurisdiction over kindergarten through grade 12 education and the commissioner of education that includes performance assessment, high school graduation, and career and technical certification data to show the success of the partnership in preparing diverse populations of students for careers and jobs.

Subd. 2. **Commissioner's role.** Interested groups of school districts must submit a completed application to the commissioner ~~by March 1 of in~~ any year in the form and manner determined by the commissioner. The education commissioner must convene an advisory panel ~~composed of a teacher appointed by Education Minnesota, a school principal appointed by the Minnesota Association of Secondary School Principals, a school board member appointed by the Minnesota School Boards Association, and a school superintendent appointed by the Minnesota Association of School Administrators~~ to advise the commissioner on applicants' qualifications to participate in this ~~pilot project program~~. The commissioner ~~may select up to six qualified applicants under subdivision 1 by April 1 of any year to participate in this pilot project, ensuring~~ must ensure an equitable geographical distribution of project program participants to the extent practicable. The commissioner must select only those applicants that fully comply with the requirements in subdivision 1. The commissioner ~~must~~ may terminate a project program participant that fails to effectively implement the goals and objectives contained in its application and according to its stated timeline.

~~Subd. 3. **Pilot project evaluation.** Participating school districts must submit pilot project data to the commissioner in the form and manner determined by the commissioner. The education commissioner must analyze participating districts' progress in realizing their educational goals and objectives to work together in providing innovative education programs and activities and sharing resources. The commissioner must include the analysis of best practices in a report to the legislative committees with jurisdiction over kindergarten through grade 12 education finance and policy on the efficacy of this pilot project. The commissioner shall submit an interim project report by February 1, 2016, and must submit a final report to the legislature by February 1, 2019, recommending whether or not to continue or expand the pilot project.~~

EFFECTIVE DATE. (a) This section is effective the day following final enactment and applies to applications submitted after that date.

(b) Districts already approved for an innovation zone pilot project may continue to operate under Laws 2012, chapter 263, section 1, as amended by Laws 2014, chapter 312, article 15, section 24.

Sec. 55. Laws 2015, chapter 69, article 1, section 3, subdivision 28, is amended to read:

Subd. 28. Teacher Shortage Loan Forgiveness	200,000	200,000
		<u>1,200,000</u>

For the loan forgiveness program under Minnesota Statutes, section 136A.1791.

The commissioner may use no more than three percent of this appropriation to administer the program under this subdivision. The base for the program for fiscal year 2018 and later is \$200,000.

EFFECTIVE DATE. This section is effective the day following final enactment, and any unexpended funds in fiscal year 2017 do not cancel and remain available until June 30, 2019.

Sec. 56. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 2, is amended to read:

Subd. 2. **Alternative compensation.** For alternative teacher compensation aid under Minnesota Statutes, section 122A.415, subdivision 4:

\$ 78,331,000	<u>78,667,000</u>	.....	2016
\$ 87,147,000	<u>89,049,000</u>	.....	2017

The 2016 appropriation includes \$7,766,000 for 2015 and ~~\$70,565,000~~ \$70,901,000 for 2016.

The 2017 appropriation includes ~~\$7,840,000~~ \$7,876,000 for 2016 and ~~\$79,307,000~~ \$81,173,000 for 2017.

Sec. 57. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 6, is amended to read:

Subd. 6. **Reading Corps.** For grants to ServeMinnesota for the Minnesota Reading Corps under Minnesota Statutes, section 124D.42, subdivision 8:

	\$6,125,000	.....	2016
\$ 6,125,000	<u>7,625,000</u>	.....	2017

Any balance ~~in the first year does not cancel but~~ is available ~~in the second year~~ through June 30, 2019. The base appropriation for fiscal year 2018 and later years is \$5,625,000.

Sec. 58. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 12, is amended to read:

Subd. 12. **Collaborative urban educator.** (a) For the collaborative urban educator grant program:

\$780,000	.....	2016
\$ 780,000 <u>2,780,000</u>	.....	2017

(b) Grants shall be awarded in equal amounts: \$195,000 each year is for the Southeast Asian teacher program at Concordia University, St. Paul; \$195,000 each year is for the collaborative urban educator program at the University of St. Thomas; \$195,000 each year is for the Center for Excellence in Urban Teaching at Hamline University; and ~~\$195,000~~ \$195,000 each year is for the East Africa Student to Teacher program at Augsburg College. In fiscal year 2017 only, in addition to the amounts awarded under this paragraph, the institutions identified in this paragraph may receive additional funding under paragraph (c).

~~Any balance in the first year does not cancel but is available in the second year.~~

~~Each institution shall prepare for the legislature, by January 15 of each year, a detailed report regarding the funds used. The report must include the number of teachers prepared as well as the diversity for each cohort of teachers produced.~~

(c) A Minnesota teacher preparation program, a district Grow Your Own teacher program, a nonconventional teacher preparation program under Minnesota Rules, part 8705.2300, or an alternative teacher preparation program under Minnesota Statutes, section 122A.245, may apply to the commissioner of education for a grant in the form and manner determined by the commissioner. The commissioner may award grants of up to two years to the extent funds are available. The commissioner annually must award at least 50 percent of grant funds to nonconventional and alternative preparation programs, giving priority to funding programs that:

(1) recruit, retain, graduate, and place teacher candidates who reflect the demographic diversity of the students enrolled in the district where the teacher candidate is placed and provide the teachers with well-qualified mentor teachers; or

(2) train and place teacher candidates in subject areas or regions of the state identified by the commissioner as shortage areas under Minnesota Statutes, section 127A.05, subdivision 6.

(d) A grant recipient under this subdivision, annually by January 15, must prepare a report for the commissioner of education and the kindergarten through grade 12 and higher education committees of the legislature in the form and manner determined by the commissioner. At a minimum, the report must detail grant expenditures for the previous year and summarize program outcomes based on teacher preparation and performance data consistent with paragraph (c) and Minnesota Statutes, section 122A.09, subdivision 4a, paragraph (b).

(e) This appropriation is available until June 30, 2019. The base appropriation for fiscal year 2018 and later is \$780,000.

Sec. 59. Laws 2015, First Special Session chapter 3, article 3, section 15, subdivision 3, is amended to read:

Subd. 3. ~~ACT test~~ **College entrance examination reimbursement.** To reimburse districts for students who qualify under Minnesota Statutes, section 120B.30, subdivision 1, paragraph (e), for onetime payment of their ~~ACT college entrance~~ examination fee:

\$3,011,000	.....	2016
\$3,011,000	.....	2017

The Department of Education must reimburse districts for their onetime payments on behalf of students.

EFFECTIVE DATE. This section applies to college entrance exams administered after July 1, 2016.

Sec. 60. **CONCURRENT ENROLLMENT TEACHER TRAINING GRANTS.**

For fiscal years 2017, 2018, and 2019 only, a high school teacher required to obtain additional training to meet the partnering college's or university's academic requirements to teach a concurrent enrollment course in a high school under Minnesota Statutes, section 124D.09, may be reimbursed for tuition for up to 18 graduate credits in furthering this training. The commissioner shall establish application procedures and deadlines for receiving grant payments under this subdivision.

EFFECTIVE DATE. This section is effective July 1, 2016.

Sec. 61. **MINNESOTA'S FUTURE TEACHERS; GRANT PROGRAM.**

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

(b) "Eligible institution" means a Minnesota public or nonpublic postsecondary institution under Minnesota Statutes, section 136A.101, subdivision 4, providing a Board of Teaching-approved teacher preparation program.

(c) "High needs area" means a shortage of teachers teaching in particular subject areas and, or in particular regions of the state, identified in the commissioner of education's biennial survey of districts under Minnesota Statutes, section 127A.05, subdivision 6, or in another Department of Education survey on teacher shortages.

(d) "High needs school" means a school:

(1) designated as a low performing school under the most recently reauthorized federal Elementary and Secondary Education Act; or

(2) above the state average in the concentration of students qualifying for free and reduced-price lunch.

(e) "Qualified candidate" means a student enrolled in a Board of Teaching-approved teacher preparation program at an eligible institution meeting the criteria in subdivision 3.

Subd. 2. **Account.** An account is established under the control of the commissioner of the Office of Higher Education for grants to eligible institutions to provide financial and other support to qualified candidates interested in teaching in a high needs area or school. Unused funds appropriated to the Department of Education and transferred to the Office of Higher Education in any fiscal year do not cancel and are available for the purposes of this section.

Subd. 3. **Program requirements.** (a) The commissioner of the Office of Higher Education, beginning in the 2017-2018 school year, shall award grants to eligible institutions to help defray costs for qualified undergraduate and graduate candidates to become licensed teachers. The commissioner shall determine the maximum grant award available to each eligible institution, including the amount available for administrative and support services, and other terms and conditions related to administering the grant program.

(b) The eligible institution must provide grant funding to its teacher preparation programs for:

(1) reducing tuition, fees, and related education costs of qualified candidates;

(2) actively encouraging historically underserved students, students of color, and students to pursue teaching in a high needs area or school;

(3) supporting qualified candidates to persist in and complete their teacher preparation program and receive a full professional teaching license; and

(4) providing qualified candidates with experiential teaching opportunities.

(c) A qualified candidate under this section must submit to the teacher preparation program a written statement indicating the qualified candidate's intent to teach in a high needs school or area after completing the teacher preparation program and receiving a teaching license.

(d) The teaching preparation program must provide mentoring to its qualified candidates that includes at least:

(1) good communication with the qualified candidate throughout the program;

(2) a personalized learning plan for the qualified candidate that describes the requirements for completing the program and obtaining a teaching position and the resources available for overcoming obstacles to completing the program;

(3) connections to campus resources and professional and personal development opportunities; and

(4) financial planning.

Sec. 62. **GRANTS TO STUDENT TEACHERS IN SHORTAGE AREAS.**

Subdivision 1. **Establishment.** The commissioner of the Office of Higher Education must establish a grant program for student teaching stipends for low-income students enrolled in a Board of Teaching-approved teacher preparation program who are interested in teaching in a high needs subject area or region after graduating and receiving their teaching license. For purposes of this section, "high needs subject area or region" means a shortage of teachers teaching in particular subject areas or a shortage of teachers teaching in particular regions of the state identified in the commissioner of education's biennial survey of districts under Minnesota Statutes, section 127A.05, subdivision 6, or in another Department of Education survey on teacher shortages.

Subd. 2. **Eligibility** To be eligible for a grant under this section, a teacher candidate must:

(1) be enrolled in a Board of Teaching-approved teacher preparation program that requires at least 12 weeks of student teaching and results in the teacher candidate receiving a full professional teaching license enabling the licensee to teach in a high needs subject area or region; and

(2) demonstrate financial need based on criteria established by the commissioner under subdivision 3.

Subd. 3. **Administration; repayment.** (a) The commissioner must establish an application process and other guidelines for implementing this program.

(b) The commissioner must determine each academic year the stipend amount based on the amount of available funding and the number of eligible applicants.

EFFECTIVE DATE. This section is effective July 1, 2016.

Sec. 63. **LEGISLATIVE STUDY GROUP ON EDUCATOR LICENSURE.**

(a) A 12-member legislative study group on educator licensure is created to review the 2016 Minnesota Teacher Licensure report prepared by the Office of the Legislative Auditor on teacher licensing and submit a written report by February 1, 2017, to the legislature recommending how to restructure Minnesota's teacher licensure system by

consolidating all teacher licensure activities into a single state entity to ensure transparency and consistency or, at a minimum, by clarifying existing teacher licensure responsibilities to provide transparency and consistency. In developing its recommendations, the study group is encouraged to consider the tiered licensure system recommended in the legislative auditor's report, among other recommendations. The study group is encouraged to begin its work by consulting with teachers currently teaching in Minnesota school districts, charter schools, and nonpublic schools and with out-of-state teachers currently licensed or seeking a license in Minnesota. The study group is encouraged to identify and include in its report any statutory changes needed to implement the study group recommendations.

(b) The legislative study group on educator licensure includes:

(1) six duly elected and currently serving members of the house of representatives, three appointed by the speaker of the house and three appointed by the house minority leader, and one of whom must be the current chair of the house of representatives Education Innovation Policy Committee; and

(2) six duly elected and currently serving senators, three appointed by the senate majority leader and three appointed by the senate minority leader, one of whom must be the current chair of the senate Education Committee.

Only duly elected and currently serving members of the house of representatives or senate may be study group members.

(c) The appointments must be made by June 1, 2016, and expire February 2, 2017. If a vacancy occurs, the leader of the caucus in the house of representatives or senate to which the vacating study group member belonged must fill the vacancy. The chair of the house Education Innovation Policy Committee shall convene the first meeting of the study group. The study group shall elect a chair or cochair from among the members at the first meeting. The study group must meet periodically. The Legislative Coordinating Commission shall provide technical and administrative assistance upon request.

(d) In reviewing the legislative auditor's report and developing its recommendations, the study group must consult with the Board of Teaching, the licensing division of the Department of Education, the Minnesota Board of School Administrators, and interested and affected stakeholders.

(e) The study group expires on February 2, 2017, unless extended by law.

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

Sec. 64. **BOARD OF TEACHING REPORT.**

The Board of Teaching must prepare and submit a written report to the committees of the legislature with jurisdiction over kindergarten through grade 12 education by February 1, 2017, listing all the statutory and rule requirements on teacher preparation, examinations, and training applicable to candidates for teacher licensure by type of license and all the statutory and rule requirements on continuing education applicable to teachers seeking to renew a full professional teaching license.

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

Sec. 65. **TEACHER LICENSING; PROCESS AND PROCEDURES.**

(a) The Board of Teaching must maintain an easily accessible, user-friendly online teacher licensure application system to enable all teacher licensure candidates to upload their teacher licensure applications electronically and to select the field and grade level for which they seek to be licensed. The online application system must list all types

of teacher licenses and special permissions available, outline the specific requirements for each type of license and special permission, allow candidates to submit applications for all types of licenses and special permissions, and be clear and complete. The online application form must accommodate Minnesota and out-of-state candidates who completed a teacher preparation and training program at either an accredited college or university or a nontraditional teacher preparation and training program.

(b) When completely or partially denying a candidate a teaching license by issuing a license that is more limited than the license the candidate seeks, including a restricted license, the Board of Teaching, after consulting with the Department of Education if appropriate, must notify the candidate in writing clearly explaining: the reason for denying or partially denying the candidate a teaching license, including the specific deficiencies identified in the candidate's preparation or qualifications; the options available to the candidate to pursue the license the candidate seeks; and the candidate's right to appeal a denial. Under the two-step appeal process, a candidate may appeal a licensure decision to the Board of Teaching for review and, if the board does not find for the candidate, the candidate may submit a second appeal, requesting a contested case hearing under Minnesota Statutes, chapter 14.

(c) The Board of Teaching must grant a one-year full professional teaching license to otherwise qualified teacher licensure candidates who have satisfactorily completed a board-approved teacher preparation program in Minnesota, an accredited teacher preparation program in another state, or all the licensure-specific coursework and other requirements of a Board of Teaching-approved alternative teacher preparation and training program but have not yet successfully completed the content, pedagogy, and skills exams required for licensure. The board may renew a candidate's one-year full professional teaching license under this paragraph up to three times.

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

Sec. 66. **DATA SECURITY PLAN.**

Subdivision 1. **Plan components.** To protect education and related workforce data on individual students maintained by public schools, school districts, and state agencies, and consistent with Minnesota Statutes, chapter 13, and sections 116J.401, 120B.11, 120B.12, 120B.30, 120B.31, 120B.35, 120B.36, 124D.49, 124D.52, 124D.861, 125A.085, and 127A.70, subdivision 2, among other student data-related provisions, the commissioner of education must develop, publish, and oversee a detailed data security plan combining administrative, physical, and technical safeguards that includes:

(1) requirements for:

(i) authorizing access to the kindergarten through grade 12 data systems containing personally identifiable information on students;

(ii) authorizing data and system access for other agencies participating in the Statewide Longitudinal Education Data System and the Early Childhood Longitudinal Data System;

(iii) authenticating authorized access to and the processing of personally identifiable information on students;

(iv) protecting data that describes a student or otherwise identifies a student gathered by an operator of a Web site, online service, online application, or mobile application that operates a site, service, or application for kindergarten through grade 12 school purposes; and

(v) sanctions for employees, contractors, grantees, researchers, and vendors who fail to comply with the guidelines;

(2) minimum privacy compliance standards based on reasonable and enforceable security measures and practices, including background checks, training opportunities and resources, physical and technical safeguards, and privacy and security agreements for employees, contractors, grantees, researchers, and vendors with access to personally identifiable information on students, among other privacy and security measures and practices;

(3) regular privacy and security compliance audits of the Statewide Longitudinal Education Data System and other data systems; and

(4) data retention, storage, disposal, and security policies and protocols that include:

(i) safeguards for protecting, managing, accessing, and destroying students' personally identifiable data; and

(ii) plans, notices, and mitigation procedures for responding to data breaches, among other policies and protocols.

Subd. 2. Plan report. The commissioner of education must submit a report by January 10, 2017, to the committees of the legislature with jurisdiction over education and data practices on the Department of Education's progress in developing the data security plan and must include in the report estimates of the costs for further developing and implementing the plan, including audit, background check, and training costs, among other costs.

Subd. 3. Plan costs. The commissioner of education must proceed in developing the data security plan under subdivision 1 using existing Department of Education resources.

Subd. 4. Plan implementation. The commissioner of education may not proceed to implement the data security plan under this section until July 1, 2017.

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

Sec. 67. STAFF DEVELOPMENT GRANTS FOR INTERMEDIATE SCHOOL DISTRICTS AND OTHER COOPERATIVE UNITS.

(a) For fiscal years 2017, 2018, and 2019 only, an intermediate school district or other cooperative unit providing instruction to students in federal instructional settings of level 4 or higher qualifies for staff development grants equal to \$1,000 times the full-time equivalent number of licensed instructional staff and nonlicensed classroom aides employed by the intermediate school district or other cooperative unit during the previous fiscal year.

(b) Staff development grants received under this section must be used for activities related to enhancing services to students who may have challenging behaviors or mental health issues or be suffering from trauma. Specific qualifying staff development activities include but are not limited to:

(1) proactive behavior management;

(2) personal safety training;

(3) de-escalation techniques; and

(4) adaptation of published curriculum and pedagogy for students with complex learning and behavioral needs.

(c) The grants received under this section must be reserved and spent only on the activities specified in this section. If funding for purposes of this section is insufficient, the commissioner must prorate the grants.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2017 and later.

Sec. 68. **STUDENT DISCIPLINE WORKING GROUP.**

(a) A student discipline working group is created to review the substance, application, and effect of Minnesota's Pupil Fair Dismissal Act under Minnesota Statutes, sections 121A.40 to 121A.56, and related student discipline provisions in Minnesota Statutes, chapter 121A, and submit written recommendations to the legislature by February 1, 2017, on improving disciplinary policies, practices, and procedures as they affect students and school officials and the effects on student outcomes.

(b) Consistent with paragraph (a), the working group must analyze:

(1) available summary data on elementary and secondary students' removal from class, suspensions, exclusions, expulsions, and other disciplinary measures, disaggregated by categories of race, ethnicity, poverty, disability, homelessness, English language proficiency, gender, age, and foster care status;

(2) the meaning and effect of "willful" in establishing grounds for dismissal under Minnesota Statutes, section 121A.45;

(3) the impact of positive behavioral interventions and supports and restorative practices on student behavior, student outcomes, and the school climate, including student engagement and connection, among other school climate measures;

(4) due process rights of students facing dismissal, including changes needed to ensure students' due process rights are fully observed and protected;

(5) students' need for and access to professional support service providers such as school counselors, school social workers, school psychologists, and mental health professionals;

(6) the presence of school resource officers in school buildings, their role in affecting student discipline, and their impact on teacher safety and student outcomes;

(7) policies for retaining and destroying student disciplinary data; and

(8) other related school discipline matters that are of concern to working group members.

(c) By June 1, 2016, the executive director of each of the following organizations shall appoint one representative to serve as a member of the working group: the Minnesota School Boards Association; the Minnesota Association of School Administrators; Education Minnesota; the Minnesota Board of Peace Officer Standards and Training; the Minnesota Disability Law Center; the National Alliance of Mental Illness Minnesota; the Parent Advocacy Coalition for Educational Rights (PACER) Center; the Minnesota Association of Secondary School Principals; the Minnesota Elementary School Principals' Association; the Association of Metropolitan School Districts; the Minnesota Rural Education Association; the Minnesota School Counselors Association; the Minnesota School Psychologists Association; the School Nurse Organization of Minnesota; the St. Paul Special Education Advisory Council; the Solutions Not Suspensions Coalition; the Minnesota Education Equity Partnership; MinnCAN; Students for Education Reform; the Minnesota Youth Council; Educators 4 Excellence; the African American Leadership Forum; the American Indian Opportunities Industrialization Center; the Minnesota Association of Charter Schools; the Minnesota Indian Affairs Council; and the Minnesota School Social Workers Association. Six legislators shall also be appointed by June 1, 2016, and serve as members of the working group: three duly elected and currently serving senators, two appointed by the senate majority leader and one appointed by the senate minority leader; and three duly elected and currently serving members of the house of representatives, two appointed by the speaker of the house and one appointed by the house of representatives minority leader. Only

duly elected and currently serving members of the senate or house of representatives may be working group members. If a vacancy occurs, the leader of the caucus in the senate or house of representatives to which the vacating member belonged must fill the vacancy. Working group members must seek advice from experts and stakeholders in developing their recommendations.

(d) The commissioner of education, or the commissioner's designee, must convene the first meeting of the working group. The working group must select a chair or cochairs from among its members at the first meeting. The working group must meet periodically. The commissioner must provide technical and administrative assistance to the working group upon request. Working group members are not eligible to receive expenses or per diem payments for serving on the working group.

(e) The working group expires February 2, 2017.

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

Sec. 69. **NORTHWEST REGIONAL PARTNERSHIP CONCURRENT ENROLLMENT PROGRAM.**

Subdivision 1. **Definition.** "Northwest Regional Partnership" means a voluntary association of the Lakes Country Service Cooperative, the Northwest Service Cooperative, and Minnesota State University-Moorhead that works together to provide coordinated higher learning opportunities for teachers.

Subd. 2. **Establishment.** Lakes Country Service Cooperative, in consultation with the Northwest Service Cooperative, may develop a continuing education program to allow eligible teachers to attain the requisite graduate credits necessary to be qualified to teach secondary school courses for postsecondary credit.

Subd. 3. **Curriculum development.** Minnesota State University-Moorhead may develop an online education curriculum to allow eligible secondary school teachers to attain graduate credit at a reduced credit rate.

Subd. 4. **Funding for course development; scholarships; stipends.** Lakes Country Service Cooperative, in consultation with the other members of the Northwest Regional Partnership, shall:

(1) provide funding for course development for up to 18 credits in applicable postsecondary subject areas;

(2) provide scholarships for eligible teachers to enroll in the continuing education program; and

(3) develop criteria for awarding educator stipends on a per-credit basis to incentivize participation in the continuing education program.

Subd. 5. **Participant eligibility.** Participation in the continuing education program is reserved for teachers of secondary school courses for postsecondary credit. Priority must be given to teachers employed by a school district that is a member of the Lakes Country Service Cooperative or Northwest Service Cooperative. Teachers employed by a school district that is not a member of the Lakes Country Service Cooperative or Northwest Service Cooperative may participate in the continuing education program as space allows. A teacher participating in this program is ineligible to participate in other concurrent enrollment teacher training grant programs.

Subd. 6. **Private funding.** The partnership may receive private resources to supplement the available public money. All money received shall be administered by the Lakes Country Service Cooperative.

Subd. 7. **Report required.** Northwest Regional Partnership must submit an annual report by January 15 of each year on the progress of its activities to the legislature, commissioner of education, and Board of Trustees of the Minnesota State Colleges and Universities. The annual report shall contain a financial report for the preceding year. The first report is due no later than January 15, 2018.

EFFECTIVE DATE. This section is effective July 1, 2016.

Sec. 70. **GROW YOUR OWN TEACHER RESIDENCY PILOT PROGRAM.**

(a) For fiscal years 2017, 2018, and 2019 only, a nonconventional teacher residency pilot program under Minnesota Statutes, section 122A.09, subdivision 10, paragraph (a), is established to provide tuition scholarships or stipends to enable education or teaching assistants or other nonlicensed district employees who hold a bachelor's degree from an accredited college or university and who seek an elementary education license or a license in a subject area for which a shortage exists under Minnesota Statutes, section 127A.05, subdivision 6, to participate in a Board of Teaching-approved nonconventional teacher residency program under this section.

(b) School districts or charter schools not participating under paragraph (a) may use funds under this section to pay for tuition scholarships or stipends on behalf of paraprofessionals employed in the school or district who are enrolled in a Board of Teaching-approved teacher preparation program and who are making satisfactory progress toward attaining teacher licensure.

(c) The commissioner of education and the commissioner of the Office of Higher Education must evaluate the outcomes and efficacy of the program and, by February 1, 2017, submit written program recommendations to the committees of the legislature with jurisdiction over kindergarten through grade 12 education and higher education, including how to continue and expand the program throughout Minnesota.

Sec. 71. **PILOT PROJECT TO HELP STRUGGLING STUDENTS READ AT GRADE LEVEL.**

(a) A pilot project for fiscal year 2017 is established to help struggling, underperforming students in grades 3 through 5 read at grade level and close the academic achievement gap. Under this pilot project, the commissioner of education shall make a grant to a qualified and experienced nonprofit organization to provide three Minnesota public schools with: a research-based intervention software program demonstrated to effectively use singing to improve students' reading ability; technical training and staff to install project software; on-site professional development and instructional monitoring and support for school staff and students; preproject and postproject online reading assessments developed by the University of Minnesota; and other project management services. A participating school must identify a trained supervisor and other school staff to work with students using the software in the computer lab and coordinate and review students' weekly lab use.

(b) The commissioner, in consultation with the nonprofit organization receiving the grant, must select three public elementary schools, located in an urban, suburban, and greater Minnesota school district, respectively, to participate in the project based on:

(1) the number and percent of enrolled students in grades 3 through 5 whose proficiency on the Minnesota Comprehensive Assessment in reading is below grade level and who are eligible for free or reduced-price lunch;

(2) the interest of the school principal, teachers, and other school staff in participating in the project; and

(3) the availability of a computer lab for the project and its software.

(c) The nonprofit organization receiving the grant must submit a commissioner-reviewed report to the committees of the legislature with jurisdiction over kindergarten through grade 12 education by February 1, 2017, using summary data to compare and evaluate the reading gains of the third to fifth grade students in the three schools that participated in the project and third to fifth grade students in schools that did not participate in the project and recommend whether to continue or expand the project.

EFFECTIVE DATE. This section is effective July 1, 2016.

Sec. 72. **LEGISLATIVE AUDITOR.**

The legislative auditor is requested to perform a financial audit of the Perpich Center for Arts Education in calendar year 2016, and at least every four calendar years thereafter.

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

Sec. 73. **STATEWIDE SCHOOL TEACHER AND ADMINISTRATOR JOB BOARD.**

For fiscal years 2017, 2018, and 2019 only, the Board of Teaching must contract for an electronic statewide school teacher and administrator job board. The job board must allow school districts to post job openings for prekindergarten through grade 12 teaching and administrative positions.

EFFECTIVE DATE. This section is effective July 1, 2016.

Sec. 74. **CERTIFICATION INCENTIVE REVENUE.**

Subdivision 1. **Qualifying certificates.** As soon as practicable, the commissioner of education, in consultation with the Governor's Workforce Development Council established under Minnesota Statutes, section 116L.665, and the P-20 education partnership operating under Minnesota Statutes, section 127A.70, must establish the list of qualifying career and technical certificates and post the names of those certificates on the Department of Education's Web site. The certificates must be in fields where occupational opportunities exist.

Subd. 2. **School district participation.** (a) A school board may adopt a policy authorizing its students in grades 9 through 12, including its students enrolled in postsecondary enrollment options courses under Minnesota Statutes, section 124D.09, the opportunity to complete a qualifying certificate. The certificate may be completed as part of a regularly scheduled course.

(b) A school district may register a student for any assessment necessary to complete a qualifying certificate and pay any associated registration fees for its students.

Subd. 3. **Incentive funding.** (a) A school district's career and technical certification aid equals \$500 times the district's number of students enrolled during the current fiscal year who have obtained one or more qualifying certificates during the current fiscal year.

(b) The statewide total certificate revenue must not exceed \$1,000,000. The commissioner must proportionately reduce the initial aid provided under this subdivision so that the statewide aid cap is not exceeded.

Subd. 4. **Reports to the legislature.** (a) The commissioner of education must report to the committees of the legislature with jurisdiction over kindergarten through grade 12 education and higher education by February 1, 2017, on the number and types of certificates authorized for the 2016-2017 school year. The commissioner must also recommend whether the pilot program should be continued.

(b) By February 1, 2018, the commissioner of education must report to the committees of the legislature with jurisdiction over kindergarten through grade 12 education and higher education about the number and types of certificates earned by Minnesota's students during the 2016-2017 school year.

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

Sec. 75. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal year designated.

Subd. 2. **Staff development grants for cooperative units.** For payment of staff development grants to intermediate school districts and other cooperative units providing instruction to students in federal instructional settings of level 4 or higher:

<u>\$6,000,000</u>	<u>.....</u>	<u>2017</u>
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This is a onetime appropriation. This appropriation is available until June 30, 2019. To the extent practicable, this appropriation should fund staff development grants for intermediate school districts and other cooperative units for fiscal years 2017, 2018, and 2019.

Subd. 3. **Northwest Regional Partnership concurrent enrollment program.** For a grant to the Lakes Country Service Cooperative to operate a continuing education program:

<u>\$3,000,000</u>	<u>.....</u>	<u>2017</u>
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This is a onetime appropriation. This appropriation is available until June 30, 2019.

Subd. 4. **Grow Your Own tuition scholarships and stipends.** For a school district to provide tuition scholarships and stipends to eligible employees under the Grow Your Own teacher residency pilot program:

<u>\$1,500,000</u>	<u>.....</u>	<u>2017</u>
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This is a onetime appropriation. This appropriation is available until June 30, 2019.

Subd. 5. **Sanneh Foundation.** For a grant to the Sanneh Foundation:

<u>\$1,500,000</u>	<u>.....</u>	<u>2017</u>
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Funds appropriated in this section are to provide all-day, in-school, and after-school academic and behavioral interventions for low-performing and chronically absent students with a focus on low-income students and students of color throughout the school year and during the summer to decrease absenteeism, encourage school engagement, and improve grades and graduation rates. Funds appropriated in this section may be used to hire and train staff in areas of youth mentorship, behavior support, and academic tutoring in group and individual settings and to promote pathways for teachers of color.

This is a onetime appropriation. This appropriation is available until June 30, 2019.

Subd. 6. **Western Minnesota mobile manufacturing lab.** For a transfer to the Pine to Prairie Cooperative Center:

\$900,000 2017

The funds in this subdivision must be used to establish a western Minnesota mobile labs program, including manufacturing and welding labs to create interest in these careers for secondary students. The program must be operated by Pine to Prairie Cooperative Center in collaboration with Northland Community and Technical College, Lakes Country Service Cooperative, and Minnesota State Community and Technical College.

This is a onetime appropriation. This appropriation is available until June 30, 2019.

Subd. 7. **Music pilot project appropriation.** For a grant to a qualified nonprofit organization to provide three Minnesota public elementary schools with a research-based intervention software program that effectively uses singing to improve students' reading ability:

\$100,000 2017

This is a onetime appropriation.

Subd. 8. **School crisis response teams.** For school crisis response teams under Minnesota Statutes, section 119A.035:

\$100,000 2017

This is a onetime appropriation. This appropriation is available until June 30, 2019.

Subd. 9. **Positive Behavioral Interventions and Supports (PBIS).** For implementation of schoolwide Positive Behavioral Interventions and Supports (PBIS) in schools and districts throughout Minnesota to reduce the use of restrictive procedures and increase use of positive practices:

\$2,750,000 2017

This is a onetime appropriation.

Subd. 10. **Girls in Action grant.** For a grant to the Girls in Action program to enable Girls in Action to continue to provide and to expand Twin Cities metropolitan area school and community-based programs that encourage and support low-income girls, including low-income girls of color, to graduate from high school on time, complete a postsecondary preparation program, become community leaders, and participate in service learning opportunities in their communities. Girls in Action must expend \$500,000 of this appropriation for community-based programs located in the Twin Cities metropolitan area:

\$1,500,000 2017

This is a onetime appropriation. This appropriation is available until June 30, 2019.

Subd. 11. **Concurrent enrollment teacher training grants.** For concurrent enrollment teacher training grants under Minnesota Statutes, section 124D.091, subdivision 4:

\$750,000 2017

This is a onetime appropriation. This appropriation is available until June 30, 2019.

Subd. 12. **Minnesota Council on Economic Education.** For a grant to the Minnesota Council on Economic Education to provide staff development to teachers for implementing the state graduation standards in learning areas relating to economic education:

\$250,000 2017

The commissioner, in consultation with the council, shall develop expectations for staff development outcomes, eligibility criteria for participants, an evaluation procedure, and guidelines for direct and in-kind contributions by the council.

This is a onetime appropriation. This appropriation is available until June 30, 2019.

Subd. 13. **Certificate incentive funding.** For the certificate incentive program:

\$1,000,000 2017

This is a onetime appropriation. This appropriation is available until June 30, 2019.

Subd. 14. **Southwest Minnesota State University special education teacher education program.** The following sums are appropriated in the fiscal years designated from the general fund to the commissioner of education for the Southwest Minnesota State University special education teacher education program to support special education paraprofessionals working toward licensure in an online program:

\$385,000 2017

The base for this program in fiscal year 2018 is \$0.

Sec. 76. **APPROPRIATION; JOB BOARD.**

\$239,000 in fiscal year 2017 is appropriated from the general fund to the Board of Teaching for an electronic statewide job board. The board may expend \$79,000 of this appropriation in fiscal year 2017, and the remaining unexpended funds are available until June 30, 2019.

Sec. 77. **APPROPRIATION; FUTURE TEACHERS GRANT PROGRAM.**

\$4,500,000 in fiscal year 2017 is appropriated from the general fund to the commissioner of the Office of Higher Education for the Minnesota future teachers grant program. This is a onetime appropriation. This appropriation is available until June 30, 2019.

Sec. 78. **APPROPRIATION; STUDENT TEACHERS IN SHORTAGE AREAS; GRANTS.**

\$1,000,000 in fiscal year 2017 is appropriated from the general fund to the commissioner of the Office of Higher Education for grants to student teachers in shortage areas. This is a onetime appropriation. This appropriation is available until June 30, 2019.

Sec. 79. **APPROPRIATION; SCHOOL-LINKED MENTAL HEALTH SERVICES.**

\$5,000,000 in fiscal year 2017 is appropriated from the general fund to the commissioner of human services for children's mental health grants under Minnesota Statutes, section 245.4889, subdivision 1, paragraph (b), clause (8), for current grantees to expand access to school-linked mental health services and to provide training to grantees on the use of evidence-based practices. This appropriation is available until June 30, 2019. To the extent practicable, the commissioner of human services is encouraged to expend the fiscal year 2017 appropriation equally over fiscal years 2017, 2018, and 2019.

Sec. 80. **REVISOR'S INSTRUCTION.**

In the next and subsequent editions of Minnesota Statutes, the revisor of statutes shall renumber the section on innovative delivery of career and technical education programs as Minnesota Statutes, section 124D.339.

Sec. 81. **REPEALER.**

(a) Minnesota Statutes 2014, sections 120B.299, subdivision 5; 122A.413, subdivision 3; and 122A.74, are repealed.

(b) Minnesota Statutes 2015 Supplement, section 122A.413, subdivisions 1 and 2, are repealed.

(c) Minnesota Statutes 2014, sections 122A.40, subdivision 11; and 122A.41, subdivision 14, are repealed effective July 1, 2017.

(d) Minnesota Rules, part 3535.0110, subparts 6, 7, and 8, are repealed.

EFFECTIVE DATE. Paragraph (d) is effective the day following final enactment.

ARTICLE 9
CHARTER SCHOOLS

Section 1. Minnesota Statutes 2015 Supplement, section 124E.05, subdivision 4, is amended to read:

Subd. 4. **Application content.** (a) An applicant must include in its application to the commissioner to be an approved authorizer at least the following:

(1) how chartering schools is a way for the organization to carry out its mission;

~~(2) a description of the capacity of the organization to serve as an authorizer, including the personnel who will perform the authorizing duties, their qualifications, the amount of time they will be assigned to this responsibility, and the financial resources allocated by the organization to this responsibility;~~

(2) a description of the capacity of the organization to serve as an authorizer, including the positions allocated to authorizing duties, the qualifications for those positions, the full-time equivalencies of those positions, and the financial resources available to fund the positions. The commissioner may use information about specific individuals expected to perform the authorizing duties in deciding whether to approve or disapprove an organization's application to be approved as an authorizer. The commissioner may not use information about specific individuals performing the authorizing duties in reviewing an approved authorizer's performance;

(3) a description of the application and review process the authorizer will use to make decisions regarding the granting of charters;

(4) a description of the type of contract it will arrange with the schools it charters that meets the provisions of section 124E.10;

(5) the process to be used for providing ongoing oversight of the school consistent with the contract expectations specified in clause (4) that assures that the schools chartered are complying with both the provisions of applicable law and rules, and with the contract;

(6) a description of the criteria and process the authorizer will use to grant expanded applications under section 124E.06, subdivision 5;

(7) the process for making decisions regarding the renewal or termination of the school's charter based on evidence that demonstrates the academic, organizational, and financial competency of the school, including its success in increasing student achievement and meeting the goals of the charter school agreement; and

(8) an assurance specifying that the organization is committed to serving as an authorizer for the full five-year term.

(b) Notwithstanding paragraph (a), an authorizer that is a school district may satisfy the requirements of paragraph (a), clauses (1) and (2), and any requirement governing a conflict of interest between an authorizer and its charter schools or ongoing evaluation and continuing education of an administrator or other professional support staff by submitting to the commissioner a written promise to comply with the requirements.

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

Sec. 2. Minnesota Statutes 2015 Supplement, section 124E.05, subdivision 5, is amended to read:

Subd. 5. **Review by commissioner.** (a) The commissioner shall review an authorizer's performance every five years in a manner and form determined by the commissioner, subject to paragraphs (b) and (c), and may review an authorizer's performance more frequently at the commissioner's own initiative or at the request of a charter school operator, charter school board member, or other interested party. The commissioner, after completing the review, shall transmit a report with findings to the authorizer.

(b) Consistent with this subdivision, the commissioner must:

(1) use criteria appropriate to the authorizer and the schools it charters to review the authorizer's performance; and

(2) consult with authorizers, charter school operators, and other charter school stakeholders in developing review criteria under this paragraph.

(c) The commissioner's form must use existing department data on the authorizer to minimize duplicate reporting to the extent practicable. When reviewing an authorizer's performance under this subdivision, the commissioner must not:

(1) fail to credit;

(2) withhold points; or

(3) otherwise penalize an authorizer for failing to charter additional schools or for the absence of complaints against the authorizer's current portfolio of charter schools.

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

Sec. 3. Minnesota Statutes 2015 Supplement, section 124E.05, subdivision 7, is amended to read:

Subd. 7. **Withdrawal.** If the governing board of an approved authorizer votes to withdraw as an approved authorizer for a reason unrelated to any cause under section 124E.10, subdivision 4, the authorizer must notify all its chartered schools and the commissioner in writing by July 15 of its intent to withdraw as an authorizer on June 30 in the next calendar year, regardless of when the authorizer's five-year term of approval ends. The commissioner may approve the transfer of a charter school to a new authorizer under this subdivision after the new authorizer submits an affidavit to the commissioner section 124E.10, subdivision 5.

Sec. 4. Minnesota Statutes 2015 Supplement, section 124E.10, subdivision 1, is amended to read:

Subdivision 1. **Contents.** (a) The authorization for a charter school must be in the form of a written contract signed by the authorizer and the board of directors of the charter school. The contract must be completed within 45 business days of the commissioner's approval of the authorizer's affidavit. The authorizer shall submit to the commissioner a copy of the signed charter contract within ten business days of its execution. The contract for a charter school must be in writing and contain at least the following:

(1) a declaration that the charter school will carry out the primary purpose in section 124E.01, subdivision 1, and how the school will report its implementation of the primary purpose;

(2) a declaration of the additional purpose or purposes in section 124E.01, subdivision 1, that the school intends to carry out and how the school will report its implementation of those purposes;

(3) a description of the school program and the specific academic and nonacademic outcomes that pupils must achieve;

(4) a statement of admission policies and procedures;

(5) a governance, management, and administration plan for the school;

(6) signed agreements from charter school board members to comply with all federal and state laws governing organizational, programmatic, and financial requirements applicable to charter schools;

(7) the criteria, processes, and procedures that the authorizer will use to monitor and evaluate the fiscal, operational, and academic performance consistent with subdivision 3, paragraphs (a) and (b);

(8) for contract renewal, the formal written performance evaluation of the school that is a prerequisite for reviewing a charter contract under subdivision 3;

(9) types and amounts of insurance liability coverage to be obtained by the charter school, consistent with section 124E.03, subdivision 2, paragraph (d);

(10) consistent with section 124E.09, paragraph (d), a provision to indemnify and hold harmless the authorizer and its officers, agents, and employees from any suit, claim, or liability arising from any operation of the charter school, and the commissioner and department officers, agents, and employees notwithstanding section 3.736;

(11) the term of the initial contract, which may be up to five years plus ~~an additional~~ a preoperational planning ~~year~~ period, and up to five years for a renewed contract or a contract with a new authorizer after a transfer of authorizers, if warranted by the school's academic, financial, and operational performance;

(12) how the board of directors or the operators of the charter school will provide special instruction and services for children with a disability under sections 125A.03 to 125A.24, and 125A.65, a description of the financial parameters within which the charter school will operate to provide the special instruction and services to children with a disability;

(13) the specific conditions for contract renewal that identify performance of all students under the primary purpose of section 124E.01, subdivision 1, as the most important factor in determining contract renewal;

(14) the additional purposes under section 124E.01, subdivision 1, and related performance obligations under clause (7) contained in the charter contract as additional factors in determining contract renewal; and

(15) the plan for an orderly closing of the school under chapter 317A, whether the closure is a termination for cause, a voluntary termination, or a nonrenewal of the contract, that includes establishing the responsibilities of the school board of directors and the authorizer and notifying the commissioner, authorizer, school district in which the charter school is located, and parents of enrolled students about the closure, information and assistance sufficient to enable the student to re-enroll in another school, the transfer of student records under section 124E.03, subdivision 5, paragraph (b), and procedures for closing financial operations.

(b) A charter school must design its programs to at least meet the outcomes adopted by the commissioner for public school students, including world's best workforce goals under section 120B.11, subdivision 1. In the absence of the commissioner's requirements, the school must meet the outcomes contained in the contract with the authorizer. The achievement levels of the outcomes contained in the contract may exceed the achievement levels of any outcomes adopted by the commissioner for public school students.

Sec. 5. Minnesota Statutes 2015 Supplement, section 124E.10, subdivision 5, is amended to read:

Subd. 5. **Mutual nonrenewal.** If the authorizer and the charter school board of directors mutually agree not to renew the contract, or if the governing board of an approved authorizer votes to withdraw as an approved authorizer for a reason unrelated to any cause under subdivision 4, a change in authorizers is allowed. The authorizer and the school board must jointly submit a written and signed letter of their intent to the commissioner to mutually not renew the contract. The authorizer that is a party to the existing contract must inform the proposed authorizer about the fiscal, operational, and student performance status of the school, ~~as well as any~~ including unmet contract outcomes and other outstanding contractual obligations that exist. The charter contract between the proposed authorizer and the school must identify and provide a plan to address any outstanding obligations from the previous contract. The proposed contract must be submitted at least 105 business days before the end of the existing charter contract. The commissioner shall have 30 business days to review and make a determination. The proposed authorizer and the school shall have 15 business days to respond to the determination and address any issues identified by the commissioner. A final determination by the commissioner shall be made no later than 45 business days before the end of the current charter contract. If no change in authorizer is approved, the school and the current authorizer may withdraw their letter of nonrenewal and enter into a new contract. If the transfer of authorizers is not approved and the current authorizer and the school do not withdraw their letter and enter into a new contract, the school must be dissolved according to applicable law and the terms of the contract.

Sec. 6. Minnesota Statutes 2015 Supplement, section 124E.16, subdivision 2, is amended to read:

Subd. 2. **Annual public reports.** (a) A charter school must publish an annual report approved by the board of directors. The annual report must at least include information on school enrollment, student attrition, governance and management, staffing, finances, academic performance, innovative practices and implementation, and future plans. A charter school may combine this report with the reporting required under section 120B.11. A charter school must post the annual report on the school's official Web site. A charter school must also distribute the annual report by publication, mail, or electronic means to its authorizer, school employees, and parents and legal guardians of students enrolled in the charter school. The reports are public data under chapter 13.

(b) ~~The commissioner shall establish specifications for~~ An authorizer must submit an authorizer's annual public report that in a manner specified by the commissioner by January 15 for the previous school year ending June 30 that shall at least include key indicators of school academic, operational, and financial performance. The report is part of the system to evaluate authorizer performance under section 124E.05, subdivision 5. ~~The report shall at least include key indicators of school academic, operational, and financial performance.~~

Sec. 7. Minnesota Statutes 2014, section 127A.45, subdivision 6a, is amended to read:

Subd. 6a. **Cash flow adjustment.** The board of directors of any ~~charter school serving fewer than 200 students where the percent of students eligible for special education services equals at least 90 percent of the charter school's total enrollment~~ eligible special education charter school under section 124E.21, subdivision 2, may request that the commissioner of education accelerate the school's cash flow under this section. The commissioner must approve a properly submitted request within 30 days of its receipt. The commissioner must accelerate the school's regular special education aid payments according to the schedule in the school's request and modify the payments to the school under subdivision 3 accordingly. A school must not receive current payments of regular special education aid exceeding 90 percent of its estimated aid entitlement for the fiscal year. The commissioner must delay the special education aid payments to all other school districts and charter schools in proportion to each district or charter school's total share of regular special education aid such that the overall aid payment savings from the aid payment shift remains unchanged for any fiscal year.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2017 and later.

Sec. 8. Laws 2015, First Special Session chapter 3, article 4, section 4, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective the day following final enactment except the provision under paragraph (g) allowing prekindergarten deaf or hard-of-hearing pupils to enroll in a charter school is effective ~~only if the commissioner of education determines there is no added cost attributable to the pupil for the 2016-2017 school year and later.~~

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

ARTICLE 10 SPECIAL EDUCATION

Section 1. Minnesota Statutes 2015 Supplement, section 120B.125, is amended to read:

120B.125 PLANNING FOR STUDENTS' SUCCESSFUL TRANSITION TO POSTSECONDARY EDUCATION AND EMPLOYMENT; PERSONAL LEARNING PLANS.

(a) Consistent with sections 120B.13, 120B.131, 120B.132, 120B.14, 120B.15, 120B.30, subdivision 1, paragraph (c), 125A.08, and other related sections, school districts, beginning in the 2013-2014 school year, must assist all students by no later than grade 9 to explore their educational, college, and career interests, aptitudes, and aspirations and develop a plan for a smooth and successful transition to postsecondary education or employment. All students' plans must:

(1) provide a comprehensive plan to prepare for and complete a career and college ready curriculum by meeting state and local academic standards and developing career and employment-related skills such as team work, collaboration, creativity, communication, critical thinking, and good work habits;

(2) emphasize academic rigor and high expectations;

(3) help students identify interests, aptitudes, aspirations, and personal learning styles that may affect their career and college ready goals and postsecondary education and employment choices;

(4) set appropriate career and college ready goals with timelines that identify effective means for achieving those goals;

(5) help students access education and career options;

(6) integrate strong academic content into career-focused courses and applied and experiential learning opportunities and integrate relevant career-focused courses and applied and experiential learning opportunities into strong academic content;

(7) help identify and access appropriate counseling and other supports and assistance that enable students to complete required coursework, prepare for postsecondary education and careers, and obtain information about postsecondary education costs and eligibility for financial aid and scholarship;

(8) help identify collaborative partnerships among prekindergarten through grade 12 schools, postsecondary institutions, economic development agencies, and local and regional employers that support students' transition to postsecondary education and employment and provide students with applied and experiential learning opportunities; and

(9) be reviewed and revised at least annually by the student, the student's parent or guardian, and the school or district to ensure that the student's course-taking schedule keeps the student making adequate progress to meet state and local academic standards and high school graduation requirements and with a reasonable chance to succeed with employment or postsecondary education without the need to first complete remedial course work.

(b) A school district may develop grade-level curricula or provide instruction that introduces students to various careers, but must not require any curriculum, instruction, or employment-related activity that obligates an elementary or secondary student to involuntarily select or pursue a career, career interest, employment goals, or related job training.

(c) Educators must possess the knowledge and skills to effectively teach all English learners in their classrooms. School districts must provide appropriate curriculum, targeted materials, professional development opportunities for educators, and sufficient resources to enable English learners to become career and college ready.

(d) When assisting students in developing a plan for a smooth and successful transition to postsecondary education and employment, districts must recognize the unique possibilities of each student and ensure that the contents of each student's plan reflect the student's unique talents, skills, and abilities as the student grows, develops, and learns.

(e) If a student with a disability has an individualized education program (IEP) or standardized written plan that meets the plan components of this section, the IEP satisfies the requirement and no additional transition plan is needed.

Sec. 2. Minnesota Statutes 2014, section 122A.31, subdivision 3, is amended to read:

Subd. 3. **Qualified interpreters.** The Department of Education ~~and the resource center:~~ state specialist for deaf and hard-of-hearing ~~hard-of-hearing~~ shall work with existing interpreter/transliterators training programs, other training/educational institutions, and the regional service centers to ensure that ongoing staff development training for educational interpreters/transliterators is provided throughout the state.

Sec. 3. Minnesota Statutes 2014, section 124D.15, subdivision 15, is amended to read:

Subd. 15. **Eligibility.** A child is eligible to participate in a school readiness program if the child:

(1) is at least three years old on September 1;

(2) has completed health and developmental screening within 90 days of program enrollment under sections 121A.16 to 121A.19; and

(3) has one or more of the following risk factors:

(i) qualifies for free or reduced-price lunch;

(ii) is an English learner;

(iii) is homeless;

(iv) has an individualized education program (IEP) or ~~an individual interagency intervention plan (IIP)~~ standardized written plan;

(v) is identified, through health and developmental screenings under sections 121A.16 to 121A.19, with a potential risk factor that may influence learning; or

(vi) is defined as ~~at risk~~ at risk by the school district.

Sec. 4. Minnesota Statutes 2015 Supplement, section 125A.08, is amended to read:

125A.08 INDIVIDUALIZED EDUCATION PROGRAMS.

(a) At the beginning of each school year, each school district shall have in effect, for each child with a disability, an individualized education program.

(b) As defined in this section, every district must ensure the following:

(1) all students with disabilities are provided the special instruction and services which are appropriate to their needs. Where the individualized education program team has determined appropriate goals and objectives based on the student's needs, including the extent to which the student can be included in the least restrictive environment, and where there are essentially equivalent and effective instruction, related services, or assistive technology devices available to meet the student's needs, cost to the district may be among the factors considered by the team in choosing how to provide the appropriate services, instruction, or devices that are to be made part of the student's individualized education program. The individualized education program team shall consider and may authorize services covered by medical assistance according to section 256B.0625, subdivision 26. The student's needs and the special education instruction and services to be provided must be agreed upon through the development of an individualized education program. The program must address the student's need to develop skills to live and work as independently as possible within the community. The individualized education program team must consider positive behavioral interventions, strategies, and supports that address behavior needs for children. During grade 9, the program must address the student's needs for transition from secondary services to postsecondary education and training, employment, community participation, recreation, and leisure and home living. In developing the program, districts must inform parents of the full range of transitional goals and related services that should be considered. The program must include a statement of the needed transition services, including a statement of the interagency responsibilities or linkages or both before secondary services are concluded. If the IEP meets the plan components in section 120B.125, the IEP satisfies the requirement and no additional transition plan is needed;

(2) children with a disability under age five and their families are provided special instruction and services appropriate to the child's level of functioning and needs;

(3) children with a disability and their parents or guardians are guaranteed procedural safeguards and the right to participate in decisions involving identification, assessment including assistive technology assessment, and educational placement of children with a disability;

(4) eligibility and needs of children with a disability are determined by an initial evaluation or reevaluation, which may be completed using existing data under United States Code, title 20, section 33, et seq.;

(5) to the maximum extent appropriate, children with a disability, including those in public or private institutions or other care facilities, are educated with children who are not disabled, and that special classes, separate schooling, or other removal of children with a disability from the regular educational environment occurs only when and to the extent that the nature or severity of the disability is such that education in regular classes with the use of supplementary services cannot be achieved satisfactorily;

(6) in accordance with recognized professional standards, testing and evaluation materials, and procedures used for the purposes of classification and placement of children with a disability are selected and administered so as not to be racially or culturally discriminatory; and

(7) the rights of the child are protected when the parents or guardians are not known or not available, or the child is a ward of the state.

(c) For all paraprofessionals employed to work in programs whose role in part is to provide direct support to students with disabilities, the school board in each district shall ensure that:

(1) before or beginning at the time of employment, each paraprofessional must develop sufficient knowledge and skills in emergency procedures, building orientation, roles and responsibilities, confidentiality, vulnerability, and reportability, among other things, to begin meeting the needs, especially disability-specific and behavioral needs, of the students with whom the paraprofessional works;

(2) annual training opportunities are required to enable the paraprofessional to continue to further develop the knowledge and skills that are specific to the students with whom the paraprofessional works, including understanding disabilities, the unique and individual needs of each student according to the student's disability and how the disability affects the student's education and behavior, following lesson plans, and implementing follow-up instructional procedures and activities; and

(3) a districtwide process obligates each paraprofessional to work under the ongoing direction of a licensed teacher and, where appropriate and possible, the supervision of a school nurse.

Sec. 5. Minnesota Statutes 2015 Supplement, section 125A.083, is amended to read:

125A.083 STUDENT INFORMATION SYSTEMS; TRANSFERRING RECORDS.

(a) To efficiently and effectively meet federal and state compliance and accountability requirements using an online case management reporting system, beginning July 1, 2018, a school district ~~districts~~ district may contract only for a student information system that is Schools Interoperability Framework compliant ~~and compatible with the~~.

(b) Beginning on July 1 of the fiscal year following the year that the commissioner of education certifies to the legislature under paragraph (c) that a compatible compliant system exists, a school district must use an online system for compliance reporting under section 125A.085 ~~beginning in the 2018-2019 school year and later.~~ A district's information system under this section must facilitate the seamless transfer of student records for a student with disabilities who transfers between school districts, including records containing the student's evaluation report, service plan, and other due process forms and information, regardless of what information system any one district uses.

(c) As a part of the annual report required under section 125A.085, paragraph (f), the commissioner must specify whether a compatible compliant system exists and if so, list each vendor's systems that meet the criteria in paragraph (b).

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

Sec. 6. Minnesota Statutes 2014, section 125A.091, subdivision 11, is amended to read:

Subd. 11. **Facilitated team meeting.** A facilitated team meeting is an IEP, IFSP, or ~~IPP~~ multiagency team meeting led by an impartial state-provided facilitator to promote effective communication and assist a team in developing an individualized education program.

Sec. 7. Minnesota Statutes 2015 Supplement, section 125A.0942, subdivision 3, is amended to read:

Subd. 3. **Physical holding or seclusion.** (a) Physical holding or seclusion may be used only in an emergency. A school that uses physical holding or seclusion shall meet the following requirements:

- (1) physical holding or seclusion is the least intrusive intervention that effectively responds to the emergency;
- (2) physical holding or seclusion is not used to discipline a noncompliant child;
- (3) physical holding or seclusion ends when the threat of harm ends and the staff determines the child can safely return to the classroom or activity;
- (4) staff directly observes the child while physical holding or seclusion is being used;
- (5) each time physical holding or seclusion is used, the staff person who implements or oversees the physical holding or seclusion documents, as soon as possible after the incident concludes, the following information:
 - (i) a description of the incident that led to the physical holding or seclusion;
 - (ii) why a less restrictive measure failed or was determined by staff to be inappropriate or impractical;
 - (iii) the time the physical holding or seclusion began and the time the child was released; and
 - (iv) a brief record of the child's behavioral and physical status;
- (6) the room used for seclusion must:
 - (i) be at least six feet by five feet;
 - (ii) be well lit, well ventilated, adequately heated, and clean;
 - (iii) have a window that allows staff to directly observe a child in seclusion;
 - (iv) have tamperproof fixtures, electrical switches located immediately outside the door, and secure ceilings;
 - (v) have doors that open out and are unlocked, locked with keyless locks that have immediate release mechanisms, or locked with locks that have immediate release mechanisms connected with a fire and emergency system; and
 - (vi) not contain objects that a child may use to injure the child or others; and

(7) before using a room for seclusion, a school must:

(i) receive written notice from local authorities that the room and the locking mechanisms comply with applicable building, fire, and safety codes; and

(ii) register the room with the commissioner, who may view that room; ~~and~~

~~(8) until August 1, 2015, a school district may use prone restraints with children age five or older if:~~

~~(i) the district has provided to the department a list of staff who have had specific training on the use of prone restraints;~~

~~(ii) the district provides information on the type of training that was provided and by whom;~~

~~(iii) only staff who received specific training use prone restraints;~~

~~(iv) each incident of the use of prone restraints is reported to the department within five working days on a form provided by the department; and~~

~~(v) the district, before using prone restraints, must review any known medical or psychological limitations that contraindicate the use of prone restraints.~~

~~The department must collect data on districts' use of prone restraints and publish the data in a readily accessible format on the department's Web site on a quarterly basis.~~

(b) By February 1, 2015, and annually thereafter, stakeholders may, as necessary, recommend to the commissioner specific and measurable implementation and outcome goals for reducing the use of restrictive procedures and the commissioner must submit to the legislature a report on districts' progress in reducing the use of restrictive procedures that recommends how to further reduce these procedures and eliminate the use of ~~prone restraints~~ seclusion. The statewide plan includes the following components: measurable goals; the resources, training, technical assistance, mental health services, and collaborative efforts needed to significantly reduce districts' use of ~~prone restraints~~ seclusion; and recommendations to clarify and improve the law governing districts' use of restrictive procedures. The commissioner must consult with interested stakeholders when preparing the report, including representatives of advocacy organizations, special education directors, teachers, paraprofessionals, intermediate school districts, school boards, day treatment providers, county social services, state human services department staff, mental health professionals, and autism experts. ~~By June 30~~ Beginning with the 2016-2017 school year, in a form and manner determined by the commissioner, districts must report data quarterly to the department by January 15, April 15, July 15, and October 15 about individual students who have been secluded. By July 15 each year, districts must report summary data on their use of restrictive procedures to the department for the prior school year, July 1 through June 30, in a form and manner determined by the commissioner. The summary data must include information about the use of restrictive procedures, including use of reasonable force under section 121A.582.

EFFECTIVE DATE. This section is effective for the 2016-2017 school year and later.

Sec. 8. Minnesota Statutes 2014, section 125A.0942, subdivision 4, is amended to read:

Subd. 4. **Prohibitions.** The following actions or procedures are prohibited:

(1) engaging in conduct prohibited under section 121A.58;

(2) requiring a child to assume and maintain a specified physical position, activity, or posture that induces physical pain;

(3) totally or partially restricting a child's senses as punishment;

(4) presenting an intense sound, light, or other sensory stimuli using smell, taste, substance, or spray as punishment;

(5) denying or restricting a child's access to equipment and devices such as walkers, wheelchairs, hearing aids, and communication boards that facilitate the child's functioning, except when temporarily removing the equipment or device is needed to prevent injury to the child or others or serious damage to the equipment or device, in which case the equipment or device shall be returned to the child as soon as possible;

(6) interacting with a child in a manner that constitutes sexual abuse, neglect, or physical abuse under section 626.556;

(7) withholding regularly scheduled meals or water;

(8) denying access to bathroom facilities; ~~and~~

(9) physical holding that restricts or impairs a child's ability to breathe, restricts or impairs a child's ability to communicate distress, places pressure or weight on a child's head, throat, neck, chest, lungs, sternum, diaphragm, back, or abdomen, or results in straddling a child's torso; and

(10) prone restraint.

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

Sec. 9. Minnesota Statutes 2015 Supplement, section 125A.11, subdivision 1, is amended to read:

Subdivision 1. **Nonresident tuition rate; other costs.** (a) For fiscal year 2015 and later, when a school district provides special instruction and services for a pupil with a disability as defined in section 125A.02 outside the district of residence, excluding a pupil for whom an adjustment to special education aid is calculated according to section 127A.47, subdivision 7, paragraphs (b) to (d), special education aid paid to the resident district must be reduced by an amount equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for special transportation ~~and unreimbursed building lease and debt service costs for facilities used primarily for special education~~, plus (2) the amount of general education revenue, excluding local optional revenue, plus local optional aid and referendum equalization aid attributable to that pupil, calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit excluding basic skills revenue, elementary sparsity revenue and secondary sparsity revenue, minus (3) the amount of special education aid for children with a disability under section 125A.76 received on behalf of that child, minus (4) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum equalization aid, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit excluding basic skills revenue, elementary sparsity revenue and secondary sparsity revenue and the serving district's basic skills revenue, elementary sparsity revenue and secondary sparsity revenue per adjusted pupil unit. Notwithstanding clauses (1) and (4), for pupils served by a cooperative unit without a fiscal agent school district, the general education revenue and referendum equalization aid attributable to a pupil must be calculated using the resident district's average

general education revenue and referendum equalization aid excluding compensatory revenue, elementary sparsity revenue, and secondary sparsity revenue. Special education aid paid to the district or cooperative providing special instruction and services for the pupil must be increased by the amount of the reduction in the aid paid to the resident district. ~~Amounts paid to cooperatives under this subdivision and section 127A.47, subdivision 7, shall be recognized and reported as revenues and expenditures on the resident school district's books of account under sections 123B.75 and 123B.76.~~ If the resident district's special education aid is insufficient to make the full adjustment, the remaining adjustment shall be made to other state aid due to the district.

(b) Notwithstanding paragraph (a), when a charter school receiving special education aid under section 124E.21, subdivision 3, provides special instruction and services for a pupil with a disability as defined in section 125A.02, excluding a pupil for whom an adjustment to special education aid is calculated according to section 127A.46, subdivision 7, paragraphs (b) to (e), special education aid paid to the resident district must be reduced by an amount equal to that calculated under paragraph (a) as if the charter school received aid under section 124E.21, subdivision 1. Notwithstanding paragraph (a), special education aid paid to the charter school providing special instruction and services for the pupil must not be increased by the amount of the reduction in the aid paid to the resident district.

(c) Notwithstanding paragraph (a) and section 127A.47, subdivision 7, paragraphs (b) to (d);

(1) an intermediate district or a special education cooperative may recover unreimbursed costs of serving pupils with a disability, including building lease, debt service, and indirect costs necessary for the general operation of the organization, by billing membership fees and nonmember access fees to the resident district;

(2) a charter school where more than 30 percent of enrolled students receive special education and related services, a site approved under section 125A.515, an intermediate district, ~~or a special education cooperative, or a school district that served as the applicant agency for a group of school districts for federal special education aids for fiscal year 2006~~ may apply to the commissioner for authority to charge the resident district an additional amount to recover any remaining unreimbursed costs of serving pupils with a disability;

(3) the billing under clause (1) or application under clause (2) must include a description of the costs and the calculations used to determine the unreimbursed portion to be charged to the resident district. Amounts approved by the commissioner under ~~this paragraph clause (2)~~ must be included in the ~~tuition billings or aid adjustments under paragraph (a), or section 127A.47, subdivision 7, paragraphs (b) to (d), as applicable.~~

(d) For purposes of this subdivision and section 127A.47, subdivision 7, paragraph (b), "general education revenue and referendum equalization aid" means the sum of the general education revenue according to section 126C.10, subdivision 1, excluding the local optional levy according to section 126C.10, subdivision 2e, paragraph (c), plus the referendum equalization aid according to section 126C.17, subdivision 7.

Sec. 10. Minnesota Statutes 2015 Supplement, section 125A.21, subdivision 3, is amended to read:

Subd. 3. Use of reimbursements. ~~Of the reimbursements received, districts may~~ School districts must reserve third-party revenue and must spend the reimbursements received only to:

(1) retain an amount sufficient to compensate the district for its administrative costs of obtaining reimbursements;

(2) regularly obtain from education- and health-related entities training and other appropriate technical assistance designed to improve the district's ability to access third-party payments for individualized education program or individualized family service plan health-related services; or

(3) reallocate reimbursements for the benefit of students with individualized education programs or individualized family service plans in the district.

Sec. 11. Minnesota Statutes 2015 Supplement, section 125A.63, subdivision 4, is amended to read:

Subd. 4. **Advisory committees.** (a) The commissioner shall establish advisory committees for the deaf and hard-of-hearing and for the blind and visually impaired. The advisory committees shall develop recommendations and submit an annual report to the commissioner on the form and in the manner prescribed by the commissioner.

(b) The advisory committees for the deaf and hard of hearing and for the blind and visually impaired shall meet periodically at least four times per year ~~and~~. The committees must each review, approve, and submit an annual a biennial report to the commissioner, the education policy and finance committees of the legislature, and the Commission of Deaf, DeafBlind, and Hard-of-Hearing Minnesotans. The reports must, at least:

(1) identify and report the aggregate, data-based education outcomes for children with the primary disability classification of deaf and hard of hearing or of blind and visually impaired, consistent with the commissioner's child count reporting practices, the commissioner's state and local outcome data reporting system by district and region, and the school performance report cards under section 120B.36, subdivision 1; and

(2) describe the implementation of a data-based plan for improving the education outcomes of deaf and hard of hearing or blind and visually impaired children that is premised on evidence-based best practices, and provide a cost estimate for ongoing implementation of the plan.

Sec. 12. Minnesota Statutes 2015 Supplement, section 125A.76, subdivision 2c, is amended to read:

Subd. 2c. **Special education aid.** (a) For fiscal year 2014 and fiscal year 2015, a district's special education aid equals the sum of the district's special education aid under subdivision 5, the district's cross subsidy reduction aid under subdivision 2b, and the district's excess cost aid under section 125A.79, subdivision 7.

(b) For fiscal year 2016 and later, a district's special education aid equals the sum of the district's special education initial aid under subdivision 2a and the district's excess cost aid under section 125A.79, subdivision 5.

(c) Notwithstanding paragraph (b), for fiscal year 2016, the special education aid for a school district must not exceed the sum of the special education aid the district would have received for fiscal year 2016 under Minnesota Statutes 2012, sections 125A.76 and 125A.79, as adjusted according to Minnesota Statutes 2012, sections 125A.11 and 127A.47, subdivision 7, and the product of the district's average daily membership served and the special education aid increase limit.

(d) Notwithstanding paragraph (b), for fiscal year 2017 and later, the special education aid for a school district must not exceed the sum of: (i) the product of the district's average daily membership served and the special education aid increase limit and (ii) the product of the sum of the special education aid the district would have received for fiscal year 2016 under Minnesota Statutes 2012, sections 125A.76 and 125A.79, as adjusted according to Minnesota Statutes 2012, sections 125A.11 and 127A.47, subdivision 7, the ratio of the district's average daily membership served for the current fiscal year to the district's average daily membership served for fiscal year 2016, and the program growth factor.

(e) Notwithstanding paragraph (b), for fiscal year 2016 and later the special education aid for a school district, not including a charter school or cooperative unit as defined in section 123A.24, must not be less than the lesser of (1) the district's nonfederal special education expenditures for that fiscal year or (2) the product of the sum of the special education aid the district would have received for fiscal year 2016 under Minnesota Statutes 2012, sections 125A.76 and 125A.79, as adjusted according to Minnesota Statutes 2012, sections 125A.11 and 127A.47, subdivision 7, the ratio of the district's adjusted daily membership for the current fiscal year to the district's average daily membership for fiscal year 2016, and the program growth factor.

(f) Notwithstanding subdivision 2a and section 125A.79, a charter school in its first year of operation shall generate special education aid based on current year data. A newly formed cooperative unit as defined in section 123A.24 may apply to the commissioner for approval to generate special education aid for its first year of operation based on current year data, with an offsetting adjustment to the prior year data used to calculate aid for programs at participating school districts or previous cooperatives that were replaced by the new cooperative.

(g) The department shall establish procedures through the uniform financial accounting and reporting system to identify and track all revenues generated from third-party billings as special education revenue at the school district level; include revenue generated from third-party billings as special education revenue in the annual cross-subsidy report; and exclude third-party revenue from calculation of excess cost aid to the districts.

Sec. 13. Minnesota Statutes 2015 Supplement, section 125A.79, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For the purposes of this section, the definitions in this subdivision apply.

(a) "Unreimbursed old formula special education expenditures" means:

(1) old formula special education expenditures for the prior fiscal year; minus

(2) for fiscal years 2014 and 2015, the sum of the special education aid under section 125A.76, subdivision 5, for the prior fiscal year and the cross subsidy reduction aid under section 125A.76, subdivision 2b, and for fiscal year 2016 and later, the special education initial aid under section 125A.76, subdivision 2a; minus

(3) for fiscal year 2016 and later, the amount of general education revenue, excluding local optional revenue, plus local optional aid and referendum equalization aid for the prior fiscal year attributable to pupils receiving special instruction and services outside the regular classroom for more than 60 percent of the school day for the portion of time the pupils receive special instruction and services outside the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation.

(b) "Unreimbursed nonfederal special education expenditures" means:

(1) nonfederal special education expenditures for the prior fiscal year; minus

(2) special education initial aid under section 125A.76, subdivision 2a; minus

(3) the amount of general education revenue, excluding local optional revenue, plus local optional aid, and referendum equalization aid for the prior fiscal year attributable to pupils receiving special instruction and services outside the regular classroom for more than 60 percent of the school day for the portion of time the pupils receive special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation.

(c) "General revenue" for a school district means the sum of the general education revenue according to section 126C.10, subdivision 1, excluding transportation sparsity revenue, local optional revenue, and total operating capital revenue. "General revenue" for a charter school means the sum of the general education revenue according to section 124E.20, subdivision 1, and transportation revenue according to section 124E.23, excluding referendum equalization aid, transportation sparsity revenue, and operating capital revenue.

Sec. 14. Minnesota Statutes 2015 Supplement, section 127A.47, subdivision 7, is amended to read:

Subd. 7. **Alternative attendance programs.** (a) The general education aid and special education aid for districts must be adjusted for each pupil attending a nonresident district under sections 123A.05 to 123A.08, 124D.03, 124D.08, and 124D.68. The adjustments must be made according to this subdivision.

(b) For purposes of this subdivision, the "unreimbursed cost of providing special education and services" means the difference between: (1) the actual cost of providing special instruction and services, including special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, for a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in section 125A.51, who is enrolled in a program listed in this subdivision, minus (2) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue, excluding local optional revenue, plus local optional aid and referendum equalization aid as defined in section 125A.11, subdivision 1, paragraph (d), attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, minus (3) special education aid under section 125A.76 attributable to that pupil, that is received by the district providing special instruction and services. For purposes of this paragraph, general education revenue and referendum equalization aid attributable to a pupil must be calculated using the serving district's average general education revenue and referendum equalization aid per adjusted pupil unit.

(c) For fiscal year 2015 and later, special education aid paid to a resident district must be reduced by an amount equal to 90 percent of the unreimbursed cost of providing special education and services.

(d) Notwithstanding paragraph (c), special education aid paid to a resident district must be reduced by an amount equal to 100 percent of the unreimbursed cost of special education and services provided to students at an intermediate district, cooperative, or charter school where the percent of students eligible for special education services is at least 70 percent of the charter school's total enrollment.

(e) Notwithstanding paragraph (c), special education aid paid to a resident district must be reduced under paragraph (d) for students at a charter school receiving special education aid under section 124E.21, subdivision 3, calculated as if the charter school received special education aid under section 124E.21, subdivision 1.

(f) Special education aid paid to the district or cooperative providing special instruction and services for the pupil, or to the fiscal agent district for a cooperative, must be increased by the amount of the reduction in the aid paid to the resident district under paragraphs (c) and (d). If the resident district's special education aid is insufficient to make the full adjustment under paragraphs (c), (d), and (e), the remaining adjustment shall be made to other state aids due to the district.

(g) Notwithstanding paragraph (a), general education aid paid to the resident district of a nonspecial education student for whom an eligible special education charter school receives general education aid under section 124E.20, subdivision 1, paragraph (c), must be reduced by an amount equal to the difference between the general education aid attributable to the student under section 124E.20, subdivision 1, paragraph (c), and the general education aid that the student would have generated for the charter school under section 124E.20, subdivision 1, paragraph (a). For purposes of this paragraph, "nonspecial education student" means a student who does not meet the definition of pupil with a disability as defined in section 125A.02 or the definition of a pupil in section 125A.51.

(h) An area learning center operated by a service cooperative, intermediate district, education district, or a joint powers cooperative may elect through the action of the constituent boards to charge the resident district tuition for pupils rather than to have the general education revenue paid to a fiscal agent school district. Except as provided in paragraph (f), the district of residence must pay tuition equal to at least 90 and no more than 100 percent of the

district average general education revenue per pupil unit minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0466, calculated without compensatory revenue, local optional revenue, and transportation sparsity revenue, times the number of pupil units for pupils attending the area learning center.

Sec. 15. Laws 2015, First Special Session chapter 3, article 5, section 30, subdivision 2, is amended to read:

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

\$ 1,170,929,000 <u>1,183,619,000</u>	.....	2016
\$ 1,229,706,000 <u>1,246,997,000</u>	.....	2017

The 2016 appropriation includes \$137,932,000 for 2015 and ~~\$1,032,997,000~~ \$1,045,687,000 for 2016.

The 2017 appropriation includes ~~\$145,355,000~~ \$147,202,000 for 2016 and ~~\$1,084,351,000~~ \$1,099,795,000 for 2017.

Sec. 16. **REDUCING STATE-GENERATED SPECIAL EDUCATION PAPERWORK.**

Notwithstanding other law to the contrary in fiscal years 2017 and 2018, the commissioner of education must use existing budgetary resources to identify and remove 25 percent of the paperwork burden on Minnesota special education teachers that results from state but not federally mandated special education compliance reporting requirements.

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

Sec. 17. **APPROPRIATION CANCELED.**

\$1,686,000 on June 30, 2016, is transferred from the information and telecommunications technology systems and services account under Minnesota Statutes, section 16E.21, to the general fund. This represents the amount the Department of Education transferred to that account in fiscal year 2015 after determining that the special education paperwork reduction activities authorized in an appropriation under Laws 2013, chapter 116, article 5, section 31, subdivision 8, were not feasible based on a onetime appropriation.

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

ARTICLE 11 FACILITIES AND TECHNOLOGY

Section 1. Minnesota Statutes 2015 Supplement, section 123B.53, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For purposes of this section, the eligible debt service revenue of a district is defined as follows:

(1) the amount needed to produce between five and six percent in excess of the amount needed to meet when due the principal and interest payments on the obligations of the district for eligible projects according to subdivision 2, including the amounts necessary for repayment of ~~energy loans according to section 216C.37 or sections 298.292 to 298.298,~~ debt service loans, capital loans, and lease purchase payments under section 126C.40, subdivision 2, excluding long-term facilities maintenance levies under section 123B.595, minus

(2) the amount of debt service excess levy reduction for that school year calculated according to the procedure established by the commissioner.

(b) The obligations in this paragraph are excluded from eligible debt service revenue:

(1) obligations under section 123B.61;

(2) the part of debt service principal and interest paid from the taconite environmental protection fund or Douglas J. Johnson economic protection trust, excluding the portion of taconite payments from the Iron Range school consolidation and cooperatively operated school account under section 298.28, subdivision 7a;

(3) obligations issued under Laws 1991, chapter 265, article 5, section 18, as amended by Laws 1992, chapter 499, article 5, section 24;

(4) obligations under section 123B.62; and

(5) obligations equalized under section 123B.535.

(c) For purposes of this section, if a preexisting school district reorganized under sections 123A.35 to 123A.43, 123A.46, and 123A.48 is solely responsible for retirement of the preexisting district's bonded indebtedness, capital loans or debt service loans, debt service equalization aid must be computed separately for each of the preexisting districts.

(d) For purposes of this section, the adjusted net tax capacity determined according to sections 127A.48 and 273.1325 shall be adjusted to include the tax capacity of property generally exempted from ad valorem taxes under section 272.02, subdivision 64.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2017 and later.

Sec. 2. Minnesota Statutes 2014, section 123B.571, subdivision 2, is amended to read:

Subd. 2. **Radon testing.** A school district may include radon testing as a part of its ~~health and safety ten-year facility plan under section 123B.595, subdivision 4.~~ If a school district receives authority to use ~~health and safety long-term facilities maintenance~~ revenue to conduct radon testing, the district shall conduct the testing according to the radon testing plan developed by the commissioners of health and education.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2017 and later.

Sec. 3. Minnesota Statutes 2015 Supplement, section 123B.595, subdivision 4, is amended to read:

Subd. 4. **Facilities plans.** (a) To qualify for revenue under this section, a school district or intermediate district, not including a charter school, must have a ten-year facility plan adopted by the school board and approved by the commissioner. The plan must include provisions for implementing a health and safety program that complies with health, safety, and environmental regulations and best practices, including indoor air quality management.

(b) The district must annually update the plan, ~~biennially submit a facility maintenance~~ the plan to the commissioner for approval by July 31, and indicate whether the district will issue bonds to finance the plan or levy for the costs.

(c) For school districts issuing bonds to finance the plan, the plan must include a debt service schedule demonstrating that the debt service revenue required to pay the principal and interest on the bonds each year will not exceed the projected long-term facilities revenue for that year.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2017 and later.

Sec. 4. Minnesota Statutes 2015 Supplement, section 123B.595, subdivision 7, is amended to read:

Subd. 7. **Long-term facilities maintenance equalization revenue.** (a) For fiscal year 2017 only, a district's long-term facilities maintenance equalization revenue equals the lesser of (1) \$193 times the adjusted pupil units or (2) the district's revenue under subdivision 1.

(b) For fiscal year 2018 only, a district's long-term facilities maintenance equalization revenue equals the lesser of (1) \$292 times the adjusted pupil units or (2) the district's revenue under subdivision 1.

(c) For fiscal year 2019 and later, a district's long-term facilities maintenance equalization revenue equals the lesser of (1) \$380 times the adjusted pupil units or (2) the district's revenue under subdivision 1.

(d) Notwithstanding paragraphs (a) to (c), a district's long-term facilities maintenance equalization revenue must not be less than the lesser of the district's long-term facilities maintenance revenue or the amount of aid the district received for fiscal year 2015 under section 123B.59, subdivision 6.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2017 and later.

Sec. 5. Minnesota Statutes 2015 Supplement, section 123B.595, subdivision 8, is amended to read:

Subd. 8. **Long-term facilities maintenance equalized levy.** (a) For fiscal year 2017 and later, a district's long-term facilities maintenance equalized levy equals the district's long-term facilities maintenance equalization revenue minus the greater of:

(1) the lesser of the district's long-term facilities maintenance equalization revenue or the amount of aid the district received for fiscal year 2015 under Minnesota Statutes 2014, section 123B.59, subdivision 6; or

(2) the district's long-term facilities maintenance equalization revenue times the greater of (i) zero or (ii) one minus the ratio of its adjusted net tax capacity per adjusted pupil unit in the year preceding the year the levy is certified to 123 percent of the state average adjusted net tax capacity per adjusted pupil unit for all school districts in the year preceding the year the levy is certified.

(b) For purposes of this subdivision, "adjusted net tax capacity" means the value described in section 126C.01, subdivision 2, paragraph (b).

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2017 and later.

Sec. 6. Minnesota Statutes 2015 Supplement, section 123B.595, is amended by adding a subdivision to read:

Subd. 8a. **Long-term facilities maintenance unequalized levy.** For fiscal year 2017 and later, a district's long-term facilities maintenance unequalized levy equals the difference between the district's revenue under subdivision 1 and the district's equalization revenue under subdivision 7.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2017 and later.

Sec. 7. Minnesota Statutes 2015 Supplement, section 123B.595, subdivision 9, is amended to read:

Subd. 9. **Long-term facilities maintenance equalized aid.** For fiscal year 2017 and later, a district's long-term facilities maintenance equalized aid equals its long-term facilities maintenance equalization revenue minus its long-term facilities maintenance equalized levy times the ratio of the actual equalized amount levied to the permitted equalized levy.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2017 and later.

Sec. 8. Minnesota Statutes 2015 Supplement, section 123B.595, subdivision 10, is amended to read:

Subd. 10. **Allowed uses for long-term facilities maintenance revenue.** (a) A district may use revenue under this section for any of the following:

- (1) deferred capital expenditures and maintenance projects necessary to prevent further erosion of facilities;
- (2) increasing accessibility of school facilities; ~~or~~
- (3) health and safety capital projects under section 123B.57; or

(4) by board resolution, to transfer money from the general fund reserve for long-term facilities maintenance to the debt redemption fund to pay the amounts needed to meet, when due, principal and interest on general obligation bonds issued under subdivision 5.

(b) A charter school may use revenue under this section for any purpose related to the school.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2017 and later.

Sec. 9. Minnesota Statutes 2015 Supplement, section 123B.595, subdivision 11, is amended to read:

Subd. 11. **Restrictions on long-term facilities maintenance revenue.** Notwithstanding subdivision ~~10~~, long-term facilities maintenance revenue may not be used:

- (1) for the construction of new facilities, remodeling of existing facilities, or the purchase of portable classrooms;
- (2) to finance a lease purchase agreement, installment purchase agreement, or other deferred payments agreement;
- (3) for energy-efficiency projects under section 123B.65, for a building or property or part of a building or property used for postsecondary instruction or administration, or for a purpose unrelated to elementary and secondary education; or
- (4) for violence prevention and facility security, ergonomics, or emergency communication devices.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2017 and later.

Sec. 10. Minnesota Statutes 2014, section 123B.60, subdivision 1, is amended to read:

Subdivision 1. **Bonds.** When a building owned by a district is substantially damaged by an act of God or other means beyond the control of the district, the district may issue general obligation bonds without an election to provide money immediately to carry out its adopted ~~health and safety~~ long-term facilities maintenance program. Each year the district must pledge an attributable share of its ~~health and safety~~ long-term facilities maintenance revenue to the repayment of principal and interest on the bonds. The pledged revenue must be ~~transferred to~~ recognized in the debt redemption fund of the district. The district must submit to the department the repayment schedule for any bonds issued under this section. The district must deposit in the debt redemption fund all proceeds received for specific costs for which the bonds were issued, including but not limited to:

- (1) insurance proceeds;

- (2) restitution proceeds; and
- (3) proceeds of litigation or settlement of a lawsuit.

Before bonds are issued, the district must submit ~~a combined~~ an amended application to the commissioner for ~~health and safety long-term facilities maintenance~~ revenue, according to section ~~123B.57, and requesting review and comment, according to section 123B.71, subdivisions 8, 9, 11, and 12~~ 123B.595. The commissioner shall complete all procedures concerning the combined application within 20 days of receiving the application. The publication provisions of section 123B.71, subdivision 12, do not apply to bonds issued under this section.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2017 and later.

Sec. 11. Minnesota Statutes 2014, section 123B.71, subdivision 8, is amended to read:

Subd. 8. **Review and comment.** A school district, a special education cooperative, or a cooperative unit of government, as defined in section 123A.24, subdivision 2, must not initiate an installment contract for purchase or a lease agreement, hold a referendum for bonds, nor solicit bids for new construction, expansion, or remodeling of an educational facility that requires an expenditure in excess of \$500,000 per school site if it has a capital loan outstanding, or \$2,000,000 per school site if it does not have a capital loan outstanding, prior to review and comment by the commissioner. A facility addition, maintenance project, or remodeling project funded only with general education revenue, ~~deferred maintenance revenue, alternative facilities bonding and levy program revenue,~~ lease levy proceeds, capital facilities bond proceeds, or ~~health and safety long-term facilities maintenance~~ revenue is exempt from this provision. A capital project under section 123B.63 addressing only technology is exempt from this provision if the district submits a school board resolution stating that funds approved by the voters will be used only as authorized in section 126C.10, subdivision 14. A school board shall not separate portions of a single project into components to avoid the requirements of this subdivision.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to review and comments for projects funded with revenue for fiscal year 2017 and later.

Sec. 12. Minnesota Statutes 2014, section 123B.79, subdivision 5, is amended to read:

Subd. 5. **Deficits; exception.** For the purposes of this section, a permanent transfer includes creating a deficit in a nonoperating fund for a period past the end of the current fiscal year which is covered by moneys in an operating fund. ~~However,~~ A deficit in the ~~capital expenditure fund~~ reserve for operating capital account pursuant to section 123B.78, subdivision 5, does not constitute a permanent transfer.

Sec. 13. Minnesota Statutes 2014, section 123B.79, subdivision 8, is amended to read:

Subd. 8. **Account transfer for reorganizing districts.** A district that has reorganized according to sections 123A.35 to 123A.43, 123A.46, or 123A.48, or has conducted a successful referendum on the question of combination under section 123A.37, subdivision 2, or consolidation under section 123A.48, subdivision 15, or has been assigned an identification number by the commissioner under section 123A.48, subdivision 16, may make permanent transfers between any of the funds or accounts in the newly created or enlarged district with the exception of the debt redemption fund, building construction fund, food service fund, and ~~health and safety long-term facilities maintenance~~ account of the ~~capital expenditure~~ general fund. Fund transfers under this section may be made for up to one year prior to the effective date of combination or consolidation by the consolidating boards and during the year following the effective date of reorganization by the consolidated board. The newly

formed board of the combined district may adopt a resolution on or before August 30 of the year of the reorganization authorizing a transfer among accounts or funds of the previous independent school districts which transfer or transfers shall be reported in the affected districts' audited financial statements for the year immediately preceding the consolidation.

EFFECTIVE DATE. This section is effective July 1, 2016, for fiscal year 2017 and later.

Sec. 14. Minnesota Statutes 2014, section 123B.79, subdivision 9, is amended to read:

Subd. 9. **Elimination of reserve accounts.** ~~A school board shall eliminate all reserve accounts established in the school district's general fund under Minnesota Statutes before July 1, 2006, for which no specific authority remains in statute as of June 30, 2007.~~ Any balance in the district's reserved for bus purchases account for deferred maintenance as of June 30, 2007 2016, shall be transferred to the reserved account for operating capital long-term facilities maintenance in the school district's general fund. ~~Any balance in other reserved accounts established in the school district's general fund under Minnesota Statutes before July 1, 2006, for which no specific authority remains in statute as of June 30, 2007, shall be transferred to the school district's unreserved general fund balance. A school board may, upon adoption of a resolution by the school board, establish a designated account for any program for which a reserved account has been eliminated.~~ Any balance in the district's reserved account for health and safety as of June 30, 2019, shall be transferred to the unassigned fund balance account in the district's general fund. Any balance in the district's reserved account for alternative facilities as of June 30, 2016, shall be transferred to the reserved account for long-term facilities maintenance in the district's building construction fund.

EFFECTIVE DATE. This section is effective July 1, 2016, for fiscal year 2017 and later.

Sec. 15. Minnesota Statutes 2014, section 126C.40, subdivision 5, is amended to read:

Subd. 5. **Energy conservation.** ~~For loans approved before March 1, 1998, the district may annually include as revenue under section 123B.53, without the approval of a majority of the voters in the district, an amount sufficient to repay the annual principal and interest of the loan made pursuant to sections 216C.37 and 298.292 to 298.298.~~ For energy loans approved after March 1, 1998, under sections 216C.37 and 298.292 to 298.298, school districts must annually transfer from the general fund to the debt redemption fund the amount sufficient to pay interest and principal on the loans.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2017 and later.

Sec. 16. Minnesota Statutes 2015 Supplement, section 126C.48, subdivision 8, is amended to read:

Subd. 8. **Taconite payment and other reductions.** (1) Reductions in levies pursuant to subdivision 1 must be made prior to the reductions in clause (2).

(2) Notwithstanding any other law to the contrary, districts that have revenue pursuant to sections 298.018; 298.225; 298.24 to 298.28, except an amount distributed under sections 298.26; 298.28, subdivision 4, paragraphs (c), clause (ii), and (d); 298.34 to 298.39; 298.391 to 298.396; 298.405; 477A.15; and any law imposing a tax upon severed mineral values must reduce the levies authorized by this chapter and chapters 120B, 122A, 123A, 123B, 124A, 124D, 125A, and 127A, excluding the student achievement levy under section 126C.13, subdivision 3b, by 95 percent of the sum of the previous year's revenue specified under this clause and the amount attributable to the same production year distributed to the cities and townships within the school district under section 298.28, subdivision 2, paragraph (c).

(3) The amount of any voter approved referendum, facilities down payment, and debt levies shall not be reduced by more than 50 percent under this subdivision, except that payments under section 298.28, subdivision 7a, may reduce the debt service levy by more than 50 percent. In administering this paragraph, the commissioner shall first

reduce the nonvoter approved levies of a district; then, if any payments, severed mineral value tax revenue or recognized revenue under paragraph (2) remains, the commissioner shall reduce any voter approved referendum levies authorized under section 126C.17; then, if any payments, severed mineral value tax revenue or recognized revenue under paragraph (2) remains, the commissioner shall reduce any voter approved facilities down payment levies authorized under section 123B.63 and then, if any payments, severed mineral value tax revenue or recognized revenue under paragraph (2) remains, the commissioner shall reduce any voter approved debt levies.

(4) Before computing the reduction pursuant to this subdivision of the ~~health and safety~~ long-term facilities maintenance levy authorized by ~~sections 123B.57 and 126C.40, subdivision 5~~ section 123B.595, the commissioner shall ascertain from each affected school district the amount it proposes to levy ~~under each section or subdivision~~. The reduction shall be computed on the basis of the amount so ascertained.

(5) To the extent the levy reduction calculated under paragraph (2) exceeds the limitation in paragraph (3), an amount equal to the excess must be distributed from the school district's distribution under sections 298.225, 298.28, and 477A.15 in the following year to the cities and townships within the school district in the proportion that their taxable net tax capacity within the school district bears to the taxable net tax capacity of the school district for property taxes payable in the year prior to distribution. No city or township shall receive a distribution greater than its levy for taxes payable in the year prior to distribution. The commissioner of revenue shall certify the distributions of cities and towns under this paragraph to the county auditor by September 30 of the year preceding distribution. The county auditor shall reduce the proposed and final levies of cities and towns receiving distributions by the amount of their distribution. Distributions to the cities and towns shall be made at the times provided under section 298.27.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2017 and later.

Sec. 17. Minnesota Statutes 2014, section 126C.63, subdivision 7, is amended to read:

Subd. 7. **Required debt service levy.** "Required debt service levy" means the total dollar amount needed to be included in the taxes levied by the district in any year for payment of interest and principal falling due on its debts prior to collection of the next ensuing year's debt service levy, excluding the debt service levy for obligations under sections 123B.595, 123B.61, and 123B.62.

EFFECTIVE DATE. This section is effective for revenue in fiscal year 2017 and later.

Sec. 18. Laws 2011, First Special Session chapter 11, article 4, section 8, is amended to read:

Sec. 8. **EARLY REPAYMENT.**

(a) A school district that received a maximum effort capital loan prior to January 1, 1997, may repay the full outstanding original principal on its capital loan prior to July 1, 2012, and the liability of the district on the loan is satisfied and discharged and interest on the loan ceases.

(b) A school district with an outstanding capital loan balance that received a maximum effort capital loan prior to January 1, 2007, may repay to the commissioner of education by November 30, 2016, the full outstanding original principal on its capital loan and the liability of the district on the loan is satisfied and discharged and interest on the loan ceases.

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

Sec. 19. **INTERNET BROADBAND EXPANSION FOR STUDENTS; INNOVATIVE GRANTS.**

Subdivision 1. **Broadband Wi-Fi hot spots.** (a) A school district is eligible for a broadband hot spot grant not to exceed \$100,000 to support wireless off-campus learning through a student's use of a data card, USB modem, or other mobile broadband device that enables the student to access learning materials available on the Internet through a mobile broadband connection. A district's application for a grant under this subdivision must describe its approach for identifying and prioritizing access for low-income students and others otherwise unable to access the Internet and may include a description of local or private matching grants or in-kind contributions. When evaluating applications, the commissioner may give priority to grant applications that include local in-kind contributions.

(b) A school district may develop its application in cooperation with its community education department, its adult basic education program provider, a public library, or other community partner. A cooperative grant award under this paragraph may not exceed \$200,000.

(c) A school district that qualifies for general education transportation sparsity revenue under Minnesota Statutes, section 126C.10, may apply to the commissioner of education for a school bus Internet access grant as a part of its grant application under paragraph (a). The commissioner of education must prioritize grants to districts with the longest bus routes. A school district that receives a grant under this subdivision may use the grant to purchase or lease equipment designed to make Internet access available on school buses, including routers and mobile Wi-Fi hot spots to connect to the Internet, and may also purchase or lease one-to-one devices for students. The one-to-one devices may be connected to the Internet through the Wi-Fi hot spot or otherwise contain content for age-appropriate, self-directed learning.

Subd. 2. **Capacity-building grants.** A school district that is a member of a telecommunications access cluster may submit an application approved by its telecommunications access cluster to the commissioner of education for a broadband access grant. The grant application may include a description of local or private matching grants or in-kind contributions. When evaluating applications, the commissioner may give priority to grant applications that include local in-kind contributions. The maximum amount of each grant may not exceed \$100,000. The grant may be used in any manner and with any community partners that allow the school district to expand telecommunications access to its students, teachers, and community members.

Subd. 3. **Internet access for students.** Consistent with Minnesota Statutes, section 125B.15, all grant applications submitted under this section must demonstrate to the commissioner's satisfaction that the Internet access provided through the grant proceeds will include filtering technology or other effective methods to limit student access to material that is reasonably believed to be obscene, child pornography, or material harmful to minors under federal or state law.

Sec. 20. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the commissioner of education for the fiscal years designated.

Subd. 2. **Broadband expansion grants.** For broadband expansion grants:

<u>\$7,000,000</u>	<u>.....</u>	<u>2017</u>
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Of this amount, \$5,000,000 is for broadband Wi-Fi hot spots under section 19, subdivision 1, and \$2,000,000 is for capacity-building grants under section 19, subdivision 2. This is a onetime appropriation. This appropriation is available until June 30, 2019.

Sec. 21. **REPEALER.**

Minnesota Statutes 2014, sections 123B.60, subdivision 2; and 123B.79, subdivisions 2 and 6, are repealed for fiscal year 2017 and later.

ARTICLE 12
EARLY CHILDHOOD EDUCATION

Section 1. **[124D.1295] EARLY LEARNING PROGRAM COORDINATION.**

Subdivision 1. **Early learning program coordination.** A school board, after receiving written comments from its early childhood advisory council or its community education council, may adopt a resolution allowing the district to offer an integrated early learning program. An integrated early learning program may provide for early childhood family education services, school readiness services, and other early learning programs providing services to parents and children. A school district's integrated early learning program must continue to contain components of parent education, opportunities for early learning activities for families with young children, and school readiness activities.

Subd. 2. **Early learning program revenue sources.** A school district's early learning program revenue includes its early childhood family education revenue under section 124D.135, school readiness program revenue under section 124D.16, and any other revenues set aside for early learning activities.

Subd. 3. **Reserve account.** A district that offers an integrated early learning program must place all of the revenue it receives under subdivision 2 in an early learning program reserve account established in the community service fund.

EFFECTIVE DATE. This section is effective for fiscal year 2017 and later.

Sec. 2. Minnesota Statutes 2014, section 124D.13, subdivision 1, is amended to read:

Subdivision 1. **Establishment; purpose.** A district that provides a community education program under sections 124D.18 and 124D.19 may establish an early childhood family education program as an individual program or as a part of an early learning program under section 124D.1295. Two or more districts, each of which provides a community education program, may cooperate to jointly provide an early childhood family education program. The purpose of the early childhood family education program is to provide parenting education to support children's learning and development.

EFFECTIVE DATE. This section is effective July 1, 2016.

Sec. 3. Minnesota Statutes 2014, section 124D.13, subdivision 5, is amended to read:

Subd. 5. **Separate accounts.** ~~The~~ A district operating an early childhood family education program independent of an early learning program under section 124D.1295 must maintain a separate account within the community education fund for money for early childhood family education programs.

EFFECTIVE DATE. This section is effective for fiscal year 2017 and later.

Sec. 4. Minnesota Statutes 2014, section 124D.13, subdivision 9, is amended to read:

Subd. 9. **District advisory councils.** The board must appoint an advisory council from the area in which the program is provided. A majority of the council must be parents participating in the program, who represent the demographics of the community. The district must ensure, to the extent possible, that the council includes

representation of families who are racially, culturally, linguistically, and economically diverse. The council must assist the board in developing, planning, and monitoring the early childhood family education program and the early learning program under section 124D.1295. The council must report to the board and the community education advisory council.

EFFECTIVE DATE. This section is effective July 1, 2016.

Sec. 5. Minnesota Statutes 2014, section 124D.135, subdivision 5, is amended to read:

Subd. 5. **Use of revenue restricted.** (a) Early childhood family education revenue may be used only for early learning programs, including early childhood family education programs.

(b) Not more than five percent of early childhood family education revenue, as defined in subdivision 7, may be used to administer early childhood family education programs.

(c) An early childhood family education program may use up to ten percent of its early childhood family education revenue as defined in subdivision 1, including revenue from participant fees, for equipment that is used in the early childhood family education program. This revenue may only be used for the following purposes:

(1) to purchase or lease computers and related materials; and

(2) to purchase or lease equipment for instruction for participating children and their families.

If a district anticipates an unusual circumstance requiring its early childhood family education program capital expenditures to exceed the ten percent limitation, prior approval to exceed the limit must be obtained in writing from the commissioner.

EFFECTIVE DATE. This section is effective for fiscal year 2017 and later.

Sec. 6. Minnesota Statutes 2014, section 124D.135, subdivision 7, is amended to read:

Subd. 7. **Reserve account.** Early childhood family education revenue, which includes aids, levies, fees, grants, and all other revenues received by the district for early childhood family education programs, must be maintained in either an early learning program reserve account or a separate early childhood family education reserve account within the community service fund.

EFFECTIVE DATE. This section is effective for fiscal year 2017 and later.

Sec. 7. Minnesota Statutes 2014, section 124D.15, subdivision 1, is amended to read:

Subdivision 1. **Establishment; purpose.** A district, charter school, or a group of districts or charter schools may establish a school readiness program for children age three to kindergarten entrance. The purpose of a school readiness program is to prepare children to enter kindergarten.

Sec. 8. Minnesota Statutes 2014, section 124D.15, subdivision 3a, is amended to read:

Subd. 3a. **Application and reporting requirements.** (a) A school readiness program provider must submit a biennial plan for approval by the commissioner before receiving aid under section 124D.16. The plan must describe how the program meets the program requirements under subdivision 3. A school district ~~by April 1~~ or charter

school must submit the plan for approval by the commissioner in the form and manner and by the date prescribed by the commissioner. ~~One half the districts must first submit the plan by April 1, 2006, and one half the districts must first submit the plan by April 1, 2007, as determined by the commissioner.~~

(b) Programs receiving school readiness funds annually must submit a report to the department.

Sec. 9. Minnesota Statutes 2015 Supplement, section 124D.16, subdivision 2, is amended to read:

Subd. 2. **Amount of aid.** (a) A district or charter school is eligible to receive school readiness aid for eligible prekindergarten pupils enrolled in a school readiness program under section 124D.15 if the biennial plan required by section 124D.15, subdivision 3a, has been approved by the commissioner.

(b) A school district must receive school readiness aid equal to:

(1) the number of four-year-old children in the district on October 1 for the previous school year times the ratio of 50 percent of the total school readiness aid for that year to the total number of four-year-old children reported to the commissioner for the previous school year; plus

(2) the number of pupils enrolled in the school district from families eligible for the free or reduced-price school lunch program for the previous school year times the ratio of 50 percent of the total school readiness aid for that year to the total number of pupils in the state from families eligible for the free or reduced-price school lunch program for the previous school year.

(c) The total school readiness aid entitlement equals \$23,558,000 for fiscal year 2016 and \$33,683,000 for fiscal year 2017 and later.

(d) If the aid entitlement in paragraph (c) is increased above \$33,683,000 for any year, the commissioner must calculate the school readiness aid entitlement for charter schools equal to the aid entitlement in the current year less \$33,683,000. A charter school's school readiness aid equals:

(1) the number of kindergarten pupils enrolled in the charter school on October 1 for the previous school year times the ratio of 50 percent of the total charter school readiness aid for that year to the total number of charter school kindergarten pupils reported to the commissioner for the previous school year; plus

(2) the number of pupils enrolled in the charter school from families eligible for the free or reduced-price school lunch program for the previous school year times the ratio of 50 percent of the total charter school readiness aid for that year to the total number of pupils in all charter schools from families eligible for the free or reduced-price school lunch program for the previous school year.

(e) If the aid entitlement under paragraph (c) is increased above \$36,683,000, the commissioner must combine the counts for school districts and charter schools under paragraphs (b) and (c) and compute aid amounts accordingly.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2018 and later.

Sec. 10. Minnesota Statutes 2014, section 124D.16, subdivision 3, is amended to read:

Subd. 3. **Use of aid.** School readiness aid shall be used only to provide a school readiness program or an early learning program and may be used to provide transportation. Not more than five percent of program revenue, as defined in subdivision 5, may be used for the cost of administering the program. Aid must be used to supplement

and not supplant local, state, and federal funding. Aid may not be used for instruction and services required under sections 125A.03 to 125A.24 and 125A.65. Aid may not be used to purchase land or construct buildings, but may be used to lease or renovate existing buildings.

EFFECTIVE DATE. This section is effective for fiscal year 2017 and later.

Sec. 11. Minnesota Statutes 2014, section 124D.16, subdivision 5, is amended to read:

Subd. 5. **Reserve account.** School readiness revenue, which includes aids, fees, grants, and all other revenues received by the district school readiness programs, must be maintained in either an early learning program reserve account or a school readiness reserve account within the community service fund.

EFFECTIVE DATE. This section is effective for fiscal year 2017 and later.

Sec. 12. Minnesota Statutes 2014, section 124D.165, as amended by Laws 2015, First Special Session chapter 3, article 9, section 6, is amended to read:

124D.165 EARLY LEARNING SCHOLARSHIPS.

Subdivision 1. **Establishment; purpose.** There is established an early learning scholarships program in order to increase access to high-quality early childhood programs for children ages three to five.

Subd. 2. **Family eligibility.** (a) For a family to receive an early learning scholarship, parents or guardians must meet the following eligibility requirements:

(1) have a child three or four years of age on September 1 of the current school year, who has not yet started kindergarten; and

(2) have income equal to or less than 185 percent of federal poverty level income in the current calendar year, or be able to document their child's current participation in the free and reduced-price lunch program or child and adult care food program, National School Lunch Act, United States Code, title 42, sections 1751 and 1766; the Food Distribution Program on Indian Reservations, Food and Nutrition Act, United States Code, title 7, sections 2011-2036; Head Start under the federal Improving Head Start for School Readiness Act of 2007; Minnesota family investment program under chapter 256J; child care assistance programs under chapter 119B; the supplemental nutrition assistance program; or placement in foster care under section 260C.212.

(b) Notwithstanding the other provisions of this section, a child from birth to age five and not yet enrolled in kindergarten is eligible for an early learning scholarship if the child's family meets the income eligibility standard established in paragraph (a), clause (2), and:

(1) the child's parent is under age 21 who and is pursuing a high school or general education equivalency diploma is eligible for an early learning scholarship if the parent has a child age zero to five years old and meets the income eligibility guidelines in this subdivision;

(2) the child is in foster care or otherwise a child in need of protection or services; or

(3) the child's family has experienced homelessness in the last 24 months.

(c) Any siblings between the ages zero to five years old of a child who has been awarded a scholarship under this section must be awarded a scholarship upon request, provided the sibling attends the same program as long as funds are available.

(d) A child who has received a scholarship under this section must continue to receive a scholarship each year until that child is eligible for kindergarten under section 120A.20 and as long as funds are available.

(e) Early learning scholarships may not be counted as earned income for the purposes of medical assistance under chapter 256B, MinnesotaCare under chapter 256L, Minnesota family investment program under chapter 256J, child care assistance programs under chapter 119B, or Head Start under the federal Improving Head Start for School Readiness Act of 2007.

(f) A child from an adjoining state whose family resides at a Minnesota address as assigned by the United States Postal Service, who has received developmental screening under sections 121A.16 to 121A.19, who intends to enroll in a Minnesota school district, and whose family meets the criteria of paragraph (a) is eligible for an early learning scholarship under this section.

Subd. 3. **Administration.** (a) The commissioner shall establish application timelines and determine the schedule for awarding scholarships that meets operational needs of eligible families and programs. The commissioner may prioritize applications on factors including:

(1) family income;

(2) geographic location; and;

(3) whether the child's family is on a waiting list for a publicly funded program providing early education or child care services;

(4) whether the child is in foster care or otherwise a child in need of protection or services; and

(5) whether the child's family has experienced homelessness in the last 24 months.

(b) ~~For fiscal years 2014 and 2015 only, scholarships may not exceed \$5,000 per year for each eligible child.~~ For fiscal year 2016 and later, the commissioner shall establish a target for the average scholarship amount per child based on the results of the rate survey conducted under section 119B.02. The commissioner may award a scholarship in excess of this amount to a child who qualifies for priority enrollment under paragraph (a), clause (4) or (5).

(c) A four-star rated program that has children eligible for a scholarship enrolled in or on a waiting list for a program beginning in July, August, or September may notify the commissioner, in the form and manner prescribed by the commissioner, each year of the program's desire to enhance program services ~~or~~ and to serve more children than current funding provides. The commissioner may designate a predetermined number of scholarship slots for that program and notify the program of that number. Beginning July 1, 2016, a school district or Head Start program qualifying under this paragraph, a licensed child care center, or a family child care provider may use its established registration process to enroll scholarship recipients and may verify a scholarship recipient's family income in the same manner as for other program participants. Scholarships awarded under this section must be paid to the eligible program provider designated by the award recipient and must be transferred to another eligible program provider at the recipient's request.

(d) A scholarship is awarded for a 12-month period. If the scholarship recipient has not been accepted and subsequently enrolled in a rated program within ten months of the awarding of the scholarship, the scholarship cancels and the recipient must reapply in order to be eligible for another scholarship. A child may not be awarded more than one scholarship in a 12-month period.

(e) A child who receives a scholarship who has not completed development screening under sections 121A.16 to 121A.19 must complete that screening within 90 days of first attending an eligible program.

(f) For fiscal year ~~2017~~ 2018 and later, ~~a school district or Head Start program enrolling scholarship recipients under paragraph (e) may apply to the commissioner, in the form and manner prescribed by the commissioner, for direct payment of state aid. Upon receipt of the application, the commissioner must pay each program directly for each approved scholarship recipient enrolled under paragraph (e) according to the metered payment system or another schedule established by the commissioner.~~ the total amount of funding directly allocated to a program under paragraph (c) must not exceed the amount directly awarded to that program in fiscal year 2017.

Subd. 4. **Early childhood program eligibility.** (a) In order to be eligible to accept an early learning scholarship, a program must:

- (1) participate in the quality rating and improvement system under section 124D.142; and
 - (2) beginning July 1, ~~2016~~ 2020, have a three- or four-star rating in the quality rating and improvement system.
- (b) Any program accepting scholarships must use the revenue to supplement and not supplant federal funding.

(c) Notwithstanding paragraph (a), all Minnesota early learning foundation scholarship program pilot sites are eligible to accept an early learning scholarship under this section.

(d) Notwithstanding paragraph (a), beginning September 1, 2016, a qualifying newly opened program carries the rating of its affiliated program for its first two years of operation.

(e) For purposes of this subdivision, "qualifying newly opened program" means a program in its first two years of operation actively pursuing a rating whose on-site director has experience operating a three- or four-star rated program, and "affiliated program" means a program with which the newly opened program shares an ownership or management interest or is otherwise structurally linked.

Subd. 5. **Report required.** The commissioner shall contract with an independent contractor to evaluate the early learning scholarship program. The evaluation must include recommendations regarding the appropriate scholarship amount, efficiency, and effectiveness of the administration, and impact on kindergarten readiness. By January 15, 2016, the commissioner shall submit a written copy of the evaluation to the chairs and ranking minority members of the legislative committees and divisions with primary jurisdiction over kindergarten through grade 12 education.

EFFECTIVE DATE. This section is effective July 1, 2016.

Sec. 13. Laws 2015, First Special Session chapter 3, article 9, section 8, subdivision 7, is amended to read:

Subd. 7. **Parent-child home program.** For a grant to the parent-child home program:

\$350,000	.....	2016
\$ 350,000 <u>2,350,000</u>	.....	2017

The grant must be used for an evidence-based and research-validated early childhood literacy and school readiness program for children ages 16 months to four years at its existing suburban program location. The program must include urban and rural program locations for fiscal years 2016 and 2017.

The base appropriation for this program for fiscal year 2018 and later is \$350,000. The 2017 appropriation is available until June 30, 2019.

To the extent practicable, the parent-child home program is encouraged to expend the fiscal year 2017 appropriation equally over fiscal years 2017, 2018, and 2019.

Sec. 14. Laws 2015, First Special Session chapter 3, article 9, section 8, subdivision 9, is amended to read:

Subd. 9. **Quality Rating System.** For transfer to the commissioner of human services for the purposes of expanding the Quality Rating and Improvement System under Minnesota Statutes, section 124D.142, in greater Minnesota and increasing supports for providers participating in the Quality Rating and Improvement System:

	\$1,200,000	.....	2016
	\$ 2,300,000 <u>4,300,000</u>	.....	2017

To the extent possible, the commissioner must direct at least \$2,000,000 of the 2017 appropriation toward increasing access and providing training assistance to providers who are located in underserved or low-income neighborhoods.

Any balance in the first year does not cancel but is available in the second year. The base for this program in fiscal year 2018 and later is \$1,750,000.

EFFECTIVE DATE. This section is effective July 1, 2016.

Sec. 15. **REPORT ON EARLY CHILDHOOD PROGRAM PROVIDERS.**

The Department of Education, in coordination with the Department of Human Services, must provide a report to the legislature by February 15, 2017, summarizing available data collected on the demographics of early childhood providers and other early childhood program staff, administrators, and board members.

Sec. 16. **APPROPRIATION.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the commissioner of education for the fiscal year designated.

Subd. 2. **St. Cloud preschool pilot program.** For a grant to Independent School District No. 742, St. Cloud, to establish a preschool pilot program targeting low-income students and English language learners.

	\$430,000	2017
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Funds appropriated in this section are to be used to create morning and afternoon preschool sections, serving at least 90 students from families with low income or from families where English is not the primary language spoken in the child's home environment. The funds appropriated under this section may be used to purchase developmentally appropriate furniture and materials, instructional materials, and curriculum materials; hire and train teachers and staff; and offset transportation costs.

Independent School District No. 742, St. Cloud, must submit an annual report by January 15 of 2017, 2018, and 2019, describing the activities undertaken and outcomes achieved with this grant. The 2019 report must contain recommendations for other districts interested in similar prekindergarten programs.

This is a onetime appropriation. The fiscal year 2017 appropriation is available until June 30, 2019.

ARTICLE 13
SELF-SUFFICIENCY AND LIFELONG LEARNING

Section 1. Minnesota Statutes 2014, section 124D.52, subdivision 1, is amended to read:

Subdivision 1. **Program requirements.** (a) An adult basic education program is a day or evening program offered by a district that is for people ~~over 16 years of age~~ who do not attend an elementary or secondary school and are not subject to compulsory attendance. The program offers academic and English language instruction necessary to earn a high school diploma or equivalency certificate.

(b) Notwithstanding any law to the contrary, a school board or the governing body of a consortium offering an adult basic education program may adopt a sliding fee schedule based on a family's income, but must waive the fee for participants who are under the age of 21 or unable to pay. The fees charged must be designed to enable individuals of all socioeconomic levels to participate in the program. A program may charge a security deposit to assure return of materials, supplies, and equipment.

(c) Each approved adult basic education program must develop a memorandum of understanding with the local workforce development centers located in the approved program's service delivery area. The memorandum of understanding must describe how the adult basic education program and the workforce development centers will cooperate and coordinate services to provide unduplicated, efficient, and effective services to clients.

(d) Adult basic education aid must be spent for adult basic education purposes as specified in sections 124D.518 to 124D.531.

(e) A state-approved adult basic education program must count and submit student contact hours for a program that offers high school credit toward an adult high school diploma according to student eligibility requirements and measures of student progress toward work-based competency and, where appropriate, English language proficiency requirements established by the commissioner and posted on the department Web site in a readily accessible location and format.

Sec. 2. Minnesota Statutes 2014, section 124D.52, subdivision 2, is amended to read:

Subd. 2. **Program approval.** (a) To receive aid under this section, a district, ~~a consortium of districts,~~ the Department of Corrections, ~~or a private nonprofit organization,~~ or a consortium including districts, nonprofit organizations, or both must submit an application by June 1 describing the program, on a form provided by the department. The program must be approved by the commissioner according to the following criteria:

- (1) how the needs of different levels of learning and English language proficiency will be met;
- (2) for continuing programs, an evaluation of results;
- (3) anticipated number and education level of participants;
- (4) coordination with other resources and services;
- (5) participation in a consortium, if any, and money available from other participants;
- (6) management and program design;
- (7) volunteer training and use of volunteers;

- (8) staff development services;
- (9) program sites and schedules;
- (10) program expenditures that qualify for aid;
- (11) program ability to provide data related to learner outcomes as required by law; and
- (12) a copy of the memorandum of understanding described in subdivision 1 submitted to the commissioner.

(b) Adult basic education programs may be approved under this subdivision for up to five years. Five-year program approval must be granted to an applicant who has demonstrated the capacity to:

(1) offer comprehensive learning opportunities and support service choices appropriate for and accessible to adults at all basic skill and English language levels of need;

(2) provide a participatory and experiential learning approach based on the strengths, interests, and needs of each adult, that enables adults with basic skill needs to:

(i) identify, plan for, and evaluate their own progress toward achieving their defined educational and occupational goals;

(ii) master the basic academic reading, writing, and computational skills, as well as the problem-solving, decision making, interpersonal effectiveness, and other life and learning skills they need to function effectively in a changing society;

(iii) locate and be able to use the health, governmental, and social services and resources they need to improve their own and their families' lives; and

(iv) continue their education, if they desire, to at least the level of secondary school completion, with the ability to secure and benefit from continuing education that will enable them to become more employable, productive, and responsible citizens;

(3) plan, coordinate, and develop cooperative agreements with community resources to address the needs that the adults have for support services, such as transportation, English language learning, flexible course scheduling, convenient class locations, and child care;

(4) collaborate with business, industry, labor unions, and employment-training agencies, as well as with family and occupational education providers, to arrange for resources and services through which adults can attain economic self-sufficiency;

(5) provide sensitive and well trained adult education personnel who participate in local, regional, and statewide adult basic education staff development events to master effective adult learning and teaching techniques;

(6) participate in regional adult basic education peer program reviews and evaluations;

(7) submit accurate and timely performance and fiscal reports;

(8) submit accurate and timely reports related to program outcomes and learner follow-up information; and

(9) spend adult basic education aid on adult basic education purposes only, which are specified in sections 124D.518 to 124D.531.

(c) The commissioner shall require each district to provide notification by February 1, 2001, of its intent to apply for funds under this section as a single district or as part of an identified consortium of districts. A district receiving funds under this section must notify the commissioner by February 1 of its intent to change its application status for applications due the following June 1.

Sec. 3. Minnesota Statutes 2014, section 124D.55, is amended to read:

124D.55 GENERAL EDUCATION DEVELOPMENT (GED) TEST FEES.

The commissioner shall pay 60 percent of the fee that is charged to an eligible individual for the full battery of a general education development (GED) ~~test tests~~, but not more than \$40 for an eligible individual.

For fiscal year 2017 only, the commissioner shall pay 100 percent of the fee charged to an eligible individual for the full battery of general education development (GED) tests, but not more than the cost of one full battery of tests per year for any individual.

Sec. 4. Laws 2015, First Special Session chapter 3, article 11, section 3, subdivision 3, is amended to read:

Subd. 3. **GED tests.** For payment of 60 percent of the costs of GED tests under Minnesota Statutes, section 124D.55:

\$125,000	.....	2016
\$ 125,000 <u>245,000</u>	.....	2017

The base appropriation for fiscal year 2018 and later is \$125,000.

Sec. 5. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the commissioner of education for the fiscal years designated.

Subd. 2. **Adult basic education.** For a grant for additional adult basic aid:

\$400,000	<u>2017</u>
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The International Education Center, the American Indian Opportunities Industrialization Center, and the Minnesota Office of Communication Service for the Deaf are eligible for additional adult basic education aid for innovative programs for fiscal year 2017 only. The onetime aid for each organization equals \$400,000 times the ratio of the organization's number of students served for the previous fiscal year to the sum of the three organizations' number of students served for the previous fiscal year.

This is a onetime appropriation.

ARTICLE 14
STATE AGENCIES

Section 1. Minnesota Statutes 2014, section 122A.14, subdivision 9, is amended to read:

Subd. 9. **Fee.** Each person licensed by the Board of School Administrators shall pay the board a fee of \$75, collected each fiscal year. When transmitting notice of the license fee, the board also must notify the licensee of the penalty for failing to pay the fee within the time specified by the board. The board may provide a lower fee for persons on retired or inactive status. After receiving notice from the board, any licensed school administrator who does not pay the fee in the given fiscal year shall have all administrative licenses held by the person automatically suspended, without the right to a hearing, until the fee has been paid to the board. If the board suspends a licensed school administrator for failing to pay the fee, it must immediately notify the district currently employing the school administrator of the school administrator's suspension. The executive secretary shall deposit the fees in the educator licensure account in the special revenue fund in the state treasury.

EFFECTIVE DATE. This section is effective July 1, 2016.

Sec. 2. Minnesota Statutes 2014, section 122A.18, subdivision 7c, is amended to read:

Subd. 7c. **Temporary military license.** The Board of Teaching shall establish a temporary license in accordance with section 197.4552 for teaching. The fee for a temporary license under this subdivision shall be \$87.90 for an online application or \$86.40 for a paper application. The board must deposit the fees received from applicants in the educator licensure account in the special revenue fund.

EFFECTIVE DATE. This section is effective July 1, 2016.

Sec. 3. Minnesota Statutes 2014, section 122A.18, subdivision 8, is amended to read:

Subd. 8. **Background checks.** (a) The Board of Teaching and the commissioner of education must request a criminal history background check from the superintendent of the Bureau of Criminal Apprehension on all applicants for initial licenses under their jurisdiction. An application for a license under this section must be accompanied by:

(1) an executed criminal history consent form, including fingerprints; and

(2) ~~a money order or cashier's check payable to the Bureau of Criminal Apprehension for the fee for conducting payment to conduct~~ the criminal history background check. The Board of Teaching and the commissioner of education must deposit payments received under this subdivision in the educator licensure background check account in the special revenue fund.

(b) The superintendent of the Bureau of Criminal Apprehension shall perform the background check required under paragraph (a) by retrieving criminal history data as defined in section 13.87 and shall also conduct a search of the national criminal records repository. The superintendent is authorized to exchange fingerprints with the Federal Bureau of Investigation for purposes of the criminal history check. The superintendent shall recover the cost to the bureau of a background check through the fee charged to the applicant under paragraph (a).

(c) The Board of Teaching or the commissioner of education may issue a license pending completion of a background check under this subdivision, but must notify the individual that the individual's license may be revoked based on the result of the background check.

EFFECTIVE DATE. This section is effective July 1, 2016.

Sec. 4. **[122A.185] SPECIAL REVENUE FUND ACCOUNTS; EDUCATOR LICENSURE AND BACKGROUND CHECKS.**

Subdivision 1. Educator licensure account. An educator licensure account is created in the special revenue fund. Applicant licensure fees received by the Department of Education, the Board of Teaching, or the Board of School Administrators must be deposited in the educator licensure account. Any funds appropriated from this account that remain unexpended at the end of the biennium cancel to the educator licensure account in the special revenue fund.

Subd. 2. Background check account. An educator licensure background check account is created in the special revenue fund. The Department of Education, the Board of Teaching, and the Board of School Administrators must deposit all payments submitted by license applicants for criminal background checks conducted by the Bureau of Criminal Apprehension in the educator licensure background check account. Amounts in the account are annually appropriated to the commissioner of education for payment to the superintendent of the Bureau of Criminal Apprehension for the costs of background checks on applicants for licensure.

EFFECTIVE DATE. This section is effective July 1, 2016.

Sec. 5. Minnesota Statutes 2014, section 122A.21, subdivision 1, is amended to read:

Subdivision 1. Licensure applications. ~~Each applicant submitting an application for the issuance, renewal, or extension of to the Board of Teaching to issue, renew, or extend a teaching license to teach, including applications for licensure via portfolio under subdivision 2, must be accompanied by~~ include a processing fee of \$57. ~~Each application for issuing, renewing, or extending the license of a school administrator or supervisor must be accompanied by a processing fee in the amount set by the Board of Teaching.~~ The processing fee for a teacher's license and for the licenses of supervisory personnel must be paid to the executive secretary of the appropriate board and deposited in the educator licensure account in the special revenue fund. ~~The executive secretary of the board shall deposit the fees with the commissioner of management and budget.~~ The fees as set by the board are nonrefundable for applicants not qualifying for a license. However, ~~a fee must be refunded by~~ the commissioner of management and budget must refund a fee in any case in which the applicant already holds a valid unexpired license. The board may waive or reduce fees for applicants who apply at the same time for more than one license.

EFFECTIVE DATE. This section is effective July 1, 2016.

Sec. 6. Minnesota Statutes 2015 Supplement, section 122A.21, subdivision 2, is amended to read:

Subd. 2. Licensure via portfolio. (a) An eligible candidate may use licensure via portfolio to obtain an initial licensure or to add a licensure field, consistent with applicable Board of Teaching licensure rules.

(b) A candidate for initial licensure must submit to the Educator Licensing Division at the department one portfolio demonstrating pedagogical competence and one portfolio demonstrating content competence.

(c) A candidate seeking to add a licensure field must submit to the Educator Licensing Division at the department one portfolio demonstrating content competence.

(d) The Board of Teaching must notify a candidate who submits a portfolio under paragraph (b) or (c) within 90 calendar days after the portfolio is received whether or not the portfolio was approved. If the portfolio was not approved, the board must immediately inform the candidate how to revise the portfolio to successfully demonstrate the requisite competence. The candidate may resubmit a revised portfolio at any time and the Educator Licensing Division at the department must approve or disapprove the portfolio within 60 calendar days of receiving it.

(e) A candidate must pay to the executive secretary of the Board of Teaching a \$300 fee for the first portfolio submitted for review and a \$200 fee for any portfolio submitted subsequently. ~~The candidate must pay the fees must be paid to the executive secretary of the Board of Teaching. The revenue generated from Board of Teaching executive secretary must deposit the fee must be deposited in an education the educator licensure portfolio account in the special revenue fund.~~ The fees set by the Board of Teaching are nonrefundable for applicants not qualifying for a license. The Board of Teaching may waive or reduce fees for candidates based on financial need.

EFFECTIVE DATE. This section is effective July 1, 2016.

Sec. 7. Minnesota Statutes 2014, section 122A.21, is amended by adding a subdivision to read:

Subd. 3. **Annual appropriations.** The amounts collected under subdivision 2 and deposited in the educator licensure account in the special revenue fund are annually appropriated to the Board of Teaching.

EFFECTIVE DATE. This section is effective July 1, 2016.

Sec. 8. Minnesota Statutes 2015 Supplement, section 122A.415, subdivision 3, is amended to read:

Subd. 3. **Revenue timing.** (a) Districts, intermediate school districts, cooperatives, school sites, or charter schools with approved applications must receive alternative compensation revenue for each school year that the district, intermediate school district, cooperative, school site, or charter school implements an alternative teacher professional pay system under this subdivision and section 122A.414. A qualifying district, intermediate school district, cooperative, school site, or charter school that received alternative teacher compensation aid for the previous fiscal year must receive at least an amount of alternative teacher compensation revenue equal to the lesser of the amount it received for the previous fiscal year or the amount it qualifies for under subdivision 1 for the current fiscal year if the district, intermediate school district, cooperative, school site, or charter school submits a timely application and the commissioner determines that the district, intermediate school district, cooperative, school site, or charter school continues to implement an alternative teacher professional pay system, consistent with its application under this section.

(b) The commissioner shall approve applications that comply with subdivision 1, and section 122A.414, subdivisions 2, paragraph (b), and 2a, if the applicant is a charter school or cooperative, in the order in which they are received, select applicants that qualify for this program, notify school districts, intermediate school districts, cooperatives, school sites, and charter schools about the program, develop and disseminate application materials, and carry out other activities needed to implement this section.

(c) A school district, intermediate school district, cooperative, school site, or charter school with an approved application and a written notice from the commissioner that the district qualifies for its first year of alternative compensation revenue must receive revenue for that year according to section 127A.41, subdivision 2.

EFFECTIVE DATE. This section is effective for revenue for fiscal year 2016 and later.

Sec. 9. Minnesota Statutes 2014, section 127A.41, subdivision 2, is amended to read:

Subd. 2. **Errors in distribution.** (a) On determining that the amount of state aid distributed to a school district is in error, the commissioner is authorized to adjust the amount of aid consistent with this subdivision. On determining that the amount of aid is in excess of the school district's entitlement, the commissioner is authorized to recover the amount of the excess by any appropriate means. Notwithstanding the fiscal years designated by the appropriation, the excess may be recovered by reducing future aid payments to the district. Notwithstanding any law to the contrary, if the aid reduced is not of the same type as that overpaid, the district must adjust all necessary financial accounts to properly reflect all revenues earned in accordance with the uniform financial accounting and

reporting standards pursuant to sections 123B.75 to 123B.83. Notwithstanding the fiscal years designated by the appropriation, on determining that the amount of an aid paid is less than the school district's entitlement, the commissioner is authorized to increase such aid from the current appropriation. If the aid program has been discontinued and has no appropriation, the appropriation for general education shall be used for recovery or payment of the aid decrease or increase. Any excess of aid recovery over aid payment shall be canceled to the state general fund.

(b) If the commissioner determines that an error in aid payments to a school under section 122A.415, subdivision 3, paragraph (c), cannot be corrected under this section, the commissioner must transfer the necessary funds and make those payments from the Department of Education's annual operating budget.

EFFECTIVE DATE. This section is effective the day following final enactment for aid adjustments for fiscal year 2016 and later.

Sec. 10. Laws 2015, First Special Session chapter 3, article 12, section 4, is amended to read:

Sec. 4. **APPROPRIATIONS; DEPARTMENT OF EDUCATION.**

Subdivision 1. **Department of Education.** Unless otherwise indicated, the sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Department.** (a) For the Department of Education:

\$21,246,000	. . . . .	2016
\$ 21,973,000 <u>20,075,000</u>	. . . . .	2017

(b) The fiscal year 2017 appropriation includes \$19,173,000 from the general fund and \$916,000 is from the educator licensure account in the special revenue fund.

Of these amounts:

- (1) \$718,000 ~~each~~ in fiscal year 2016 is for the Board of Teaching;
 - (2) \$228,000 in fiscal year 2016 ~~and \$231,000 in fiscal year 2017 are~~ is for the Board of School Administrators;
 - (3) \$1,000,000 ~~each~~ in fiscal year 2016 only is for Regional Centers of Excellence under Minnesota Statutes, section 120B.115;
 - (4) \$500,000 each year is for the School Safety Technical Assistance Center under Minnesota Statutes, section 127A.052;
 - (5) \$250,000 each year is for the School Finance Division to enhance financial data analysis; and
 - (6) \$441,000 in fiscal year 2016 and \$720,000 in fiscal year 2017 is for implementing Laws 2014, chapter 272, article 1, Minnesota's Learning for English Academic Proficiency and Success Act, as amended.
- ~~(b)~~ (c) Any balance in the first year does not cancel but is available in the second year.
- ~~(e)~~ (d) None of the amounts appropriated under this subdivision may be used for Minnesota's Washington, D.C. office.

~~(d)~~ (e) The expenditures of federal grants and aids as shown in the biennial budget document and its supplements are approved and appropriated and shall be spent as indicated.

(f) This appropriation includes funds for information technology project services and support subject to the provisions of Minnesota Statutes, section 16E.0466. Any ongoing information technology costs will be incorporated into the service level agreement and will be paid to the Office of MN.IT Services by the Department of Education under the rates and mechanism specified in that agreement.

~~(f)~~ (g) If a school qualifying for aid under Minnesota Statutes, section 122A.415, subdivision 3, paragraph (c), does not receive aid under that section or Minnesota Statutes, section 127A.41, subdivision 2, paragraph (b), the commissioner must transfer the amounts necessary to make these payments from the agency appropriation in paragraph (a) to the appropriation for alternative compensation revenue.

(h) \$51,000 in fiscal year 2017 is for agency compliance.

(i) The agency's base budget in fiscal year 2018 is \$21,973,000 \$20,024,000. The agency's base budget in fiscal year 2019 is \$21,948,000 \$19,999,000.

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

Sec. 11. **TRANSFERS.**

Subdivision 1. **Portfolio account.** On July 1, 2016, the commissioner of management and budget shall transfer any balances in the educator licensure portfolio account in the special revenue fund to the educator licensure account in the special revenue fund.

Subd. 2. **Background check.** Any balance in an account that holds fees collected under Minnesota Statutes, section 122A.18, subdivision 8, is transferred to the educator licensure background check account in the special revenue fund under Minnesota Statutes, section 122A.185, subdivision 2. On July 2, 2016, \$80,000 is transferred from the education licensure background check account in the special revenue fund to the educator licensure account in the special revenue fund.

Sec. 12. **APPROPRIATION; BOARD OF TEACHING.**

\$718,000 in fiscal year 2017 is appropriated from the educator licensure account in the special revenue fund to the Board of Teaching.

Sec. 13. **APPROPRIATION; BOARD OF SCHOOL ADMINISTRATORS.**

\$231,000 in fiscal year 2017 is appropriated from the educator licensure account in the special revenue fund to the Board of School Administrators.

ARTICLE 15
FORECAST ADJUSTMENTS

Section 1. Laws 2015, First Special Session chapter 3, article 1, section 27, subdivision 4, is amended to read:

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

\$ 2,740,000 <u>3,051,000</u>	.....	2016
\$ 2,932,000 <u>3,425,000</u>	.....	2017

The 2016 appropriation includes \$278,000 for 2015 and ~~\$2,462,000~~ \$2,773,000 for 2016.

The 2017 appropriation includes ~~\$273,000~~ \$308,000 for 2016 and ~~\$2,659,000~~ \$3,117,000 for 2017.

Sec. 2. Laws 2015, First Special Session chapter 3, article 1, section 27, subdivision 5, is amended to read:

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

\$ 292,000 <u>22,000</u>	.....	2016
\$ 165,000 <u>0</u>	.....	2017

The 2016 appropriation includes \$22,000 for 2015 and ~~\$270,000~~ \$0 for 2016.

The 2017 appropriation includes ~~\$30,000~~ \$0 for 2016 and ~~\$135,000~~ \$0 for 2017.

Sec. 3. Laws 2015, First Special Session chapter 3, article 1, section 27, subdivision 6, is amended to read:

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

\$ 16,881,000 <u>16,759,000</u>	.....	2016
\$ 17,460,000 <u>17,235,000</u>	.....	2017

The 2016 appropriation includes \$1,575,000 for 2015 and ~~\$15,306,000~~ \$15,184,000 for 2016.

The 2017 appropriation includes ~~\$1,700,000~~ \$1,687,000 for 2016 and ~~\$15,760,000~~ \$15,548,000 for 2017.

Sec. 4. Laws 2015, First Special Session chapter 3, article 1, section 27, subdivision 7, is amended to read:

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

\$ 17,654,000 <u>17,673,000</u>	.....	2016
\$ 17,792,000 <u>18,103,000</u>	.....	2017

The 2016 appropriation includes \$1,816,000 for 2015 and ~~\$15,838,000~~ \$15,857,000 for 2016.

The 2017 appropriation includes ~~\$1,759,000~~ \$1,761,000 for 2016 and ~~\$16,033,000~~ \$16,342,000 for 2017.

Sec. 5. Laws 2015, First Special Session chapter 3, article 1, section 27, subdivision 9, is amended to read:

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

\$ 5,420,000 <u>5,922,000</u>	.....	2016
\$ 4,405,000 <u>4,262,000</u>	.....	2017

The 2016 appropriation includes \$574,000 for 2015 and ~~\$4,846,000~~ \$5,348,000 for 2016.

The 2017 appropriation includes ~~\$538,000~~ \$517,000 for 2016 and ~~\$3,867,000~~ \$3,745,000 for 2017.

Sec. 6. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 3, is amended to read:

Subd. 3. **Achievement and integration aid.** For achievement and integration aid under Minnesota Statutes, section 124D.862:

\$ 65,539,000 <u>65,439,000</u>	.....	2016
\$ 68,745,000 <u>69,255,000</u>	.....	2017

The 2016 appropriation includes \$6,382,000 for 2015 and ~~\$59,157,000~~ \$59,057,000 for 2016.

The 2017 appropriation includes ~~\$6,573,000~~ \$6,561,000 for 2016 and ~~\$62,172,000~~ \$62,694,000 for 2017.

Sec. 7. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 4, is amended to read:

Subd. 4. **Literacy incentive aid.** For literacy incentive aid under Minnesota Statutes, section 124D.98:

\$ 44,552,000 <u>44,538,000</u>	.....	2016
\$ 45,508,000 <u>45,855,000</u>	.....	2017

The 2016 appropriation includes \$4,683,000 for 2015 and ~~\$39,869,000~~ \$39,855,000 for 2016.

The 2017 appropriation includes ~~\$4,429,000~~ \$4,428,000 for 2016 and ~~\$41,079,000~~ \$41,427,000 for 2017.

Sec. 8. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 5, is amended to read:

Subd. 5. **Interdistrict desegregation or integration transportation grants.** For interdistrict desegregation or integration transportation grants under Minnesota Statutes, section 124D.87:

\$ 15,023,000 <u>14,423,000</u>	.....	2016
\$ 15,825,000 <u>15,193,000</u>	.....	2017

Sec. 9. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 7, is amended to read:

Subd. 7. **Tribal contract schools.** For tribal contract school aid under Minnesota Statutes, section 124D.83:

\$ 4,340,000 <u>3,539,000</u>	.....	2016
\$ 5,090,000 <u>3,715,000</u>	.....	2017

The 2016 appropriation includes \$204,000 for 2015 and ~~\$4,136,000~~ \$3,335,000 for 2016.

The 2017 appropriation includes ~~\$459,000~~ \$370,000 for 2016 and ~~\$4,631,000~~ \$3,345,000 for 2017.

Sec. 10. Laws 2015, First Special Session chapter 3, article 2, section 70, subdivision 11, is amended to read:

Subd. 11. **American Indian education aid.** For American Indian education aid under Minnesota Statutes, section 124D.81, subdivision 2a:

\$ 7,868,000 <u>7,740,000</u>	.....	2016
\$ 8,875,000 <u>8,878,000</u>	.....	2017

The 2016 appropriation includes \$0 for 2015 and ~~\$7,868,000~~ \$7,740,000 for 2016.

The 2017 appropriation includes ~~\$874,000~~ \$860,000 for 2016 and ~~\$8,001,000~~ \$8,018,000 for 2017.

Sec. 11. Laws 2015, First Special Session chapter 3, article 4, section 9, subdivision 2, is amended to read:

Subd. 2. **Charter school building lease aid.** For building lease aid under Minnesota Statutes, section ~~124D.11~~, subdivision 4 124E.22:

\$ 66,787,000 <u>63,540,000</u>	.....	2016
\$ 73,603,000 <u>69,962,000</u>	.....	2017

The 2016 appropriation includes \$6,032,000 for 2015 and ~~\$60,755,000~~ \$57,508,000 for 2016.

The 2017 appropriation includes ~~\$6,750,000~~ \$6,389,000 for 2016 and ~~\$66,853,000~~ \$63,573,000 for 2017.

Sec. 12. Laws 2015, First Special Session chapter 3, article 5, section 30, subdivision 3, is amended to read:

Subd. 3. **Travel for home-based services.** For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

\$ 361,000 <u>416,000</u>	.....	2016
\$ 371,000 <u>435,000</u>	.....	2017

The 2016 appropriation includes \$35,000 for 2015 and ~~\$326,000~~ \$381,000 for 2016.

The 2017 appropriation includes ~~\$36,000~~ \$42,000 for 2016 and ~~\$335,000~~ \$393,000 for 2017.

Sec. 13. Laws 2015, First Special Session chapter 3, article 5, section 30, subdivision 5, is amended to read:

Subd. 5. **Aid for children with disabilities.** For aid under Minnesota Statutes, section 125A.75, subdivision 3, for children with disabilities placed in residential facilities within the district boundaries for whom no district of residence can be determined:

\$ 1,406,000 <u>1,307,000</u>	.....	2016
\$ 1,629,000 <u>1,516,000</u>	.....	2017

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

Sec. 14. Laws 2015, First Special Session chapter 3, article 6, section 13, subdivision 2, is amended to read:

Subd. 2. **Long-term maintenance equalization aid.** For long-term maintenance equalization aid under Minnesota Statutes, section 123B.595:

\$0	.....	2016
\$ 52,088,000 <u>52,553,000</u>	.....	2017

The 2017 appropriation includes \$0 for 2016 and ~~\$52,088,000~~ \$52,553,000 for 2017.

Sec. 15. Laws 2015, First Special Session chapter 3, article 6, section 13, subdivision 3, is amended to read:

Subd. 3. **Debt service equalization.** For debt service aid according to Minnesota Statutes, section 123B.53, subdivision 6:

\$20,349,000	.....	2016
\$ 22,171,000 <u>22,926,000</u>	.....	2017

The 2016 appropriation includes \$2,295,000 for 2015 and \$18,054,000 for 2016.

The 2017 appropriation includes \$2,005,000 for 2016 and ~~\$20,166,000~~ \$20,921,000 for 2017.

Sec. 16. Laws 2015, First Special Session chapter 3, article 6, section 13, subdivision 6, is amended to read:

Subd. 6. **Deferred maintenance aid.** For deferred maintenance aid, according to Minnesota Statutes, section 123B.591, subdivision 4:

\$ 3,520,000 <u>3,523,000</u>	.....	2016
\$345,000	.....	2017

The 2016 appropriation includes \$409,000 for 2015 and ~~\$3,111,000~~ \$3,114,000 for 2016.

The 2017 appropriation includes \$345,000 for 2016 and \$0 for 2017.

Sec. 17. Laws 2015, First Special Session chapter 3, article 6, section 13, subdivision 7, is amended to read:

Subd. 7. **Health and safety revenue.** For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

\$ 501,000 <u>588,000</u>	.....	2016
\$ 48,000 <u>57,000</u>	.....	2017

The 2016 appropriation includes \$66,000 for 2015 and ~~\$435,000~~ \$522,000 for 2016.

The 2017 appropriation includes ~~\$48,000~~ \$57,000 for 2016 and \$0 for 2017.

Sec. 18. Laws 2015, First Special Session chapter 3, article 7, section 7, subdivision 2, is amended to read:

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

\$ 15,661,000 <u>16,251,000</u>	.....	2016
\$ 15,818,000 <u>16,739,000</u>	.....	2017

Sec. 19. Laws 2015, First Special Session chapter 3, article 7, section 7, subdivision 3, is amended to read:

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

\$ 9,731,000 <u>9,457,000</u>	.....	2016
\$ 10,361,000 <u>10,149,000</u>	.....	2017

Sec. 20. Laws 2015, First Special Session chapter 3, article 7, section 7, subdivision 4, is amended to read:

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

\$ 942,000 <u>788,000</u>	.....	2016
\$ 942,000 <u>788,000</u>	.....	2017

Sec. 21. Laws 2015, First Special Session chapter 3, article 9, section 8, subdivision 5, is amended to read:

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

\$ 28,444,000 <u>27,948,000</u>	.....	2016
\$ 29,939,000 <u>29,336,000</u>	.....	2017

The 2016 appropriation includes \$2,713,000 for 2015 and ~~\$25,731,000~~ \$25,235,000 for 2016.

The 2017 appropriation includes ~~\$2,858,000~~ \$2,803,000 for 2016 and ~~\$27,081,000~~ \$26,533,000 for 2017.

Sec. 22. Laws 2015, First Special Session chapter 3, article 9, section 8, subdivision 6, is amended to read:

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

\$ 3,363,000 <u>3,477,000</u>	.....	2016
\$ 3,369,000 <u>3,488,000</u>	.....	2017

The 2016 appropriation includes \$338,000 for 2015 and ~~\$3,025,000~~ \$3,139,000 for 2016.

The 2017 appropriation includes ~~\$336,000~~ \$348,000 for 2016 and ~~\$3,033,000~~ \$3,140,000 for 2017.

Sec. 23. Laws 2015, First Special Session chapter 3, article 10, section 3, subdivision 2, is amended to read:

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

\$ 788,000 <u>790,000</u>	.....	2016
\$ 554,000 <u>553,000</u>	.....	2017

The 2016 appropriation includes \$107,000 for 2015 and ~~\$681,000~~ \$683,000 for 2016.

The 2017 appropriation includes \$75,000 for 2016 and ~~\$479,000~~ \$478,000 for 2017.

Sec. 24. Laws 2015, First Special Session chapter 3, article 11, section 3, subdivision 2, is amended to read:

Subd. 2. **Adult basic education aid.** For adult basic education aid under Minnesota Statutes, section 124D.531:

\$ 49,118,000 <u>48,231,000</u>	.....	2016
\$ 50,592,000 <u>49,683,000</u>	.....	2017

The 2016 appropriation includes \$4,782,000 for 2015 and ~~\$44,336,000~~ \$43,449,000 for 2016.

The 2017 appropriation includes ~~\$4,926,000~~ \$4,827,000 for 2016 and ~~\$45,666,000~~ \$44,856,000 for 2017."

Delete the title and insert:

"A bill for an act relating to state government; conforming buyback level for the budget reserve with the most recent forecast; eliminating obsolete language; providing policy and finance for the Office of Higher Education, the Minnesota State Colleges and Universities, and the University of Minnesota, including programs for student loans, students with disabilities, fetal tissue research, psychiatric drug trials, and collegiate recovery; providing funding and policy for early childhood and family, prekindergarten through grade 12, and adult education, including general

education, education excellence, charter schools, special education, early childhood education, self-sufficiency, lifelong learning, and state agencies; appropriating money; requiring reports; amending Minnesota Statutes 2014, sections 120A.22, subdivision 12; 120A.42; 120B.02, by adding a subdivision; 120B.021, subdivisions 1, 3; 120B.11, subdivisions 1a, 2, 5; 120B.15; 120B.35; 120B.36, as amended; 121A.53; 121A.61, subdivision 1; 121A.64; 122A.07, subdivision 2; 122A.09, subdivision 10, by adding a subdivision; 122A.14, subdivision 9; 122A.16; 122A.18, subdivisions 7c, 8; 122A.21, subdivision 1, by adding a subdivision; 122A.245, subdivision 8; 122A.31, subdivision 3; 122A.40, subdivision 10; 122A.41, by adding a subdivision; 122A.4144; 122A.416; 122A.42; 122A.72, subdivision 5; 123A.24, subdivision 2; 123B.49, subdivision 4; 123B.571, subdivision 2; 123B.60, subdivision 1; 123B.71, subdivision 8; 123B.79, subdivisions 5, 8, 9; 124D.111, by adding a subdivision; 124D.13, subdivisions 1, 5, 9; 124D.135, subdivisions 5, 7; 124D.15, subdivisions 1, 3a, 15; 124D.16, subdivisions 3, 5; 124D.165, as amended; 124D.52, subdivisions 1, 2; 124D.55; 124D.59, by adding a subdivision; 124D.861, subdivision 1, by adding a subdivision; 124D.896; 125A.091, subdivision 11; 125A.0942, subdivision 4; 126C.10, subdivision 24; 126C.15, subdivision 3; 126C.40, subdivision 5; 126C.63, subdivision 7; 127A.095; 127A.353, subdivision 4; 127A.41, subdivision 2; 127A.45, subdivision 6a; 127A.51; 129C.10, subdivision 1; 136A.01, by adding a subdivision; 136A.101, subdivision 10; 245.92; 245.94; 245.945; 245.95, subdivision 1; 245.97, subdivision 5; Minnesota Statutes 2015 Supplement, sections 16A.152, subdivision 2; 120B.021, subdivision 4; 120B.125; 120B.30, subdivisions 1, 1a; 120B.31, subdivision 4; 122A.21, subdivision 2; 122A.30; 122A.414, subdivisions 1, 2, 2b; 122A.415, subdivision 3; 122A.60, subdivision 4; 123B.53, subdivision 1; 123B.595, subdivisions 4, 7, 8, 9, 10, 11, by adding a subdivision; 124D.16, subdivision 2; 124D.231, subdivision 2; 124D.73, subdivision 4; 124E.05, subdivisions 4, 5, 7; 124E.10, subdivisions 1, 5; 124E.16, subdivision 2; 125A.08; 125A.083; 125A.0942, subdivision 3; 125A.11, subdivision 1; 125A.21, subdivision 3; 125A.63, subdivision 4; 125A.76, subdivision 2c; 125A.79, subdivision 1; 126C.10, subdivisions 1, 13a; 126C.15, subdivisions 1, 2; 126C.48, subdivision 8; 127A.05, subdivision 6; 127A.47, subdivision 7; 136A.121, subdivision 7a; 136A.125, subdivisions 2, 4; 136A.1791, subdivisions 4, 5, 6; 136A.87; 136F.302, subdivision 1; Laws 2010, chapter 396, section 7; Laws 2011, First Special Session chapter 11, article 4, section 8; Laws 2012, chapter 263, section 1, as amended; Laws 2013, chapter 116, article 7, section 19, as amended; Laws 2015, chapter 69, article 1, sections 3, subdivision 28; 5, subdivision 2; article 3, section 20, subdivision 15; Laws 2015, First Special Session chapter 3, article 1, section 27, subdivisions 2, 4, 5, 6, 7, 9; article 2, section 70, subdivisions 2, 3, 4, 5, 6, 7, 11, 12; article 3, section 15, subdivision 3; article 4, sections 4; 9, subdivision 2; article 5, section 30, subdivisions 2, 3, 5; article 6, section 13, subdivisions 2, 3, 6, 7; article 7, section 7, subdivisions 2, 3, 4; article 9, section 8, subdivisions 5, 6, 7, 9; article 10, section 3, subdivision 2; article 11, section 3, subdivisions 2, 3; article 12, section 4; proposing coding for new law in Minnesota Statutes, chapters 119A; 122A; 124D; 127A; 129C; 136A; 136F; 137; 181; repealing Minnesota Statutes 2014, sections 120B.299, subdivision 5; 122A.40, subdivision 11; 122A.41, subdivision 14; 122A.413, subdivision 3; 122A.74; 123B.60, subdivision 2; 123B.79, subdivisions 2, 6; Minnesota Statutes 2015 Supplement, section 122A.413, subdivisions 1, 2; Minnesota Rules, part 3535.0110, subparts 6, 7, 8."

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

The report was adopted.

Davids from the Committee on Taxes to which was referred:

H. F. No. 2820, A bill for an act relating to local government; amending laws relating to the Washington County Housing and Redevelopment Authority; creating the Washington County Community Development Agency; amending Laws 1974, chapter 475, sections 1, as amended; 2, as amended; 3, as amended.

Reported the same back with the recommendation that the bill be placed on the General Register.

The report was adopted.

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

H. F. No. 3925, A bill for an act relating to Iron Range resources and rehabilitation; modifying duties of the commissioner; creating a Legislative-Citizen Commission; providing legislative oversight; modifying appropriations and distributions; making conforming changes; requiring a study; appropriating money; amending Minnesota Statutes 2014, sections 116J.423, subdivision 1; 116J.424; 298.001, by adding a subdivision; 298.018, subdivision 1; 298.17; 298.22; 298.221; 298.2211, subdivisions 3, 6; 298.2213; 298.2214, subdivision 2; 298.223; 298.227; 298.27; 298.28, subdivisions 7, 7a, 9c, 9d, 11; 298.292, subdivision 2; 298.294; 298.296; 298.2961; 298.297; 298.298; 298.46.

Reported the same back with the following amendments:

Page 7, line 19, after "members" insert "each meeting" and after the period, insert "A citizen member, a senate member, and a house of representatives member shall serve as chairs. The citizen members, senate members, and house of representative members must select their respective chairs."

With the recommendation that when so amended the bill be re-referred to the Committee on Civil Law and Data Practices.

The report was adopted.

Pursuant to Joint Rule 2.03 and in accordance with Senate Concurrent Resolution No. 8, H. F. No. 3925 was re-referred to the Committee on Rules and Legislative Administration.

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

H. F. No. 3931, A bill for an act relating to state government; making supplemental appropriations for jobs, economic development, and energy affordability; appropriating money to the Departments of Employment and Economic Development, Labor and Industry, and Commerce, the Housing Finance Agency, Public Utilities Commission, Public Facilities Authority, Explore Minnesota Tourism, Bureau of Mediation Services, and Public Employment Relations Board; making policy changes to jobs and economic development, labor and industry, housing, workers' compensation, unemployment insurance, telephone regulation, broadband development, and energy; requiring reports; amending Minnesota Statutes 2014, sections 115C.09, subdivisions 1, 3; 116C.779, subdivision 1, by adding a subdivision; 116J.395, subdivisions 4, 6, 7, by adding subdivisions; 116J.548, subdivisions 2, 3; 116J.8737, subdivision 3; 116J.8747, subdivisions 1, 2; 116M.15, subdivision 1; 176.011, subdivision 7a; 176.081, subdivisions 1, 3; 176.137, subdivisions 1, 4, by adding a subdivision; 176.331; 176.361, subdivisions 1, 2, 3, 4, 5, 6, by adding a subdivision; 176.471, subdivisions 3, 5; 176.511, subdivisions 2, 3; 176.571, subdivision 1; 182.653, subdivision 9; 216A.03, subdivision 1, by adding a subdivision; 216B.1641; 216B.241, subdivisions 1, 1a, 1c; 216B.243, subdivision 8; 216C.20, subdivision 3; 216E.03, subdivision 5; 216H.01, by adding a subdivision; 216H.03, subdivision 1; 237.01, by adding subdivisions; 237.012, subdivisions 1, 2; 268.035, subdivisions 12, 20, 23a, 29, by adding subdivisions; 268.051, subdivision 5; 268.085, subdivisions 4, 5; 268.0865, subdivisions 3, 4; 268.095, subdivisions 1, 2, 5; 268.101, subdivision 2; 268.18; 268.182, subdivision 2; 383B.142; 462A.204, subdivisions 1, 3; Minnesota Statutes 2015 Supplement, sections 16A.967, subdivisions 2, 7; 116J.394; 176.135, subdivision 7a; 176.136, subdivision 1b; 268.07, subdivision 3b; 268.085, subdivision 2; Laws 2001, chapter 130, section 3; Laws 2015, First Special Session chapter 1, article 1, sections 2, subdivision 3; 8, subdivision 8; proposing coding for new law in Minnesota Statutes, chapters 116J; 216E; 237; 383B; repealing Minnesota Statutes 2014, sections 116U.26; 179A.50; 179A.51; 179A.52; 179A.53.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
AGRICULTURE APPROPRIATIONS

Section 1. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to the appropriations in Laws 2015, First Special Session chapter 4, or appropriated to the agencies and for the purposes specified in this act. The appropriations are from the general fund, or another named fund, and are available for the fiscal year indicated for each purpose. The figures "2016" and "2017" used in this act mean that the appropriations listed under them are available for the fiscal year ending June 30, 2016, or June 30, 2017, respectively. "The first year" is fiscal year 2016. "The second year" is fiscal year 2017. Appropriations for fiscal year 2016 are effective the day following final enactment.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2016</u>	<u>2017</u>

Sec. 2. **DEPARTMENT OF AGRICULTURE**

Subdivision 1. **Total Appropriation**

<u>\$-0-</u>	<u>\$7,883,000</u>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. **Animal Health**

<u>-0-</u>	<u>2,083,000</u>
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\$1,800,000 the second year is for a grant to the Board of Regents of the University of Minnesota to develop, in consultation with the commissioner of agriculture and the Board of Animal Health, a software tool or application through the Veterinary Diagnostic Laboratory that empowers veterinarians and producers to understand the movement of unique pathogen strains in livestock and poultry production systems, monitor antibiotic resistance, and implement effective biosecurity measures that promote animal health and limit production losses. This is a onetime appropriation available until June 30, 2019.

\$283,000 the second year is for a grant to the Board of Regents of the University of Minnesota to maintain and increase animal disease testing capacity through the purchase of Veterinary Diagnostic Laboratory equipment. This is a onetime appropriation.

Subd. 3. **Farm Safety**

<u>-0-</u>	<u>250,000</u>
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\$250,000 the second year is for the tractor rollover protection pilot program. This is a onetime appropriation.

Subd. 4. Agriculture Laboratory and Emergency Response

-0-

5,550,000

\$2,218,000 the second year is for equipment and instruments for the Department of Agriculture laboratory. This is a onetime appropriation available until June 30, 2022.

\$3,332,000 the second year is for transfer to the agricultural emergency account in the agricultural fund. This is a onetime transfer.

Sec. 3. [17.055] AGRICULTURAL EMERGENCY ACCOUNT; APPROPRIATION.

Subdivision 1. **Establishment; appropriation.** An agricultural emergency account is established in the agricultural fund. Money in the account, including interest, is appropriated to the commissioner for emergency response and preparedness activities for agricultural emergencies affecting producers of livestock, poultry, crops, or other agricultural products. Eligible uses include, but are not limited to, purchasing necessary equipment and reimbursing costs incurred by local units of government that are not eligible for reimbursement from other sources.

Subd. 2. **Transfer authorized.** The commissioner may transfer money in the account to the Board of Animal Health, other state agencies, or the University of Minnesota for purposes of subdivision 1.

Subd. 3. **Annual report.** No later than February 1 each year, the commissioner must report activities and expenditures under this section to the legislative committees and divisions with jurisdiction over agriculture finance.

Sec. 4. Minnesota Statutes 2014, section 17.117, subdivision 4, is amended to read:

Subd. 4. **Definitions.** (a) For the purposes of this section, the terms defined in this subdivision have the meanings given them.

(b) "Agricultural and environmental revolving accounts" means accounts in the agricultural fund, controlled by the commissioner, which hold funds available to the program.

(c) "Agriculture supply business" means a person, partnership, joint venture, corporation, limited liability company, association, firm, public service company, or cooperative that provides materials, equipment, or services to farmers or agriculture-related enterprises.

(d) "Allocation" means the funds awarded to an applicant for implementation of best management practices through a competitive or noncompetitive application process.

(e) "Applicant" means a local unit of government eligible to participate in this program that requests an allocation of funds as provided in subdivision 6b.

(f) "Best management practices" has the meaning given in sections 103F.711, subdivision 3, and 103H.151, subdivision 2, ~~or~~. Best management practices also means other practices, techniques, and measures that have been demonstrated to the satisfaction of the commissioner: (1) to prevent or reduce adverse environmental impacts by using the most effective and practicable means of achieving environmental goals; or (2) to achieve drinking water quality standards under chapter 103H or under Code of Federal Regulations, title 40, parts 141 and 143, as amended.

(g) "Borrower" means a farmer, an agriculture supply business, or a rural landowner applying for a low-interest loan.

(h) "Commissioner" means the commissioner of agriculture, including when the commissioner is acting in the capacity of chair of the Rural Finance Authority, or the designee of the commissioner.

(i) "Committed project" means an eligible project scheduled to be implemented at a future date:

(1) that has been approved and certified by the local government unit; and

(2) for which a local lender has obligated itself to offer a loan.

(j) "Comprehensive water management plan" means a state approved and locally adopted plan authorized under section 103B.231, 103B.255, 103B.311, 103C.331, 103D.401, or 103D.405.

(k) "Cost incurred" means expenses for implementation of a project accrued because the borrower has agreed to purchase equipment or is obligated to pay for services or materials already provided as a result of implementing an approved eligible project.

(l) "Farmer" means a person, partnership, joint venture, corporation, limited liability company, association, firm, public service company, or cooperative that regularly participates in physical labor or operations management of farming and files a Schedule F as part of filing United States Internal Revenue Service Form 1040 or indicates farming as the primary business activity under Schedule C, K, or S, or any other applicable report to the United States Internal Revenue Service.

(m) "Lender agreement" means an agreement entered into between the commissioner and a local lender which contains terms and conditions of participation in the program.

(n) "Local government unit" means a county, soil and water conservation district, or an organization formed for the joint exercise of powers under section 471.59 with the authority to participate in the program.

(o) "Local lender" means a local government unit as defined in paragraph (n), a state or federally chartered bank, a savings association, a state or federal credit union, Agribank and its affiliated organizations, or a nonprofit economic development organization or other financial lending institution approved by the commissioner.

(p) "Local revolving loan account" means the account held by a local government unit and a local lender into which principal repayments from borrowers are deposited and new loans are issued in accordance with the requirements of the program and lender agreements.

(q) "Nonpoint source" has the meaning given in section 103F.711, subdivision 6.

(r) "Program" means the agriculture best management practices loan program in this section.

(s) "Project" means one or more components or activities located within Minnesota that are required by the local government unit to be implemented for satisfactory completion of an eligible best management practice.

(t) "Rural landowner" means the owner of record of Minnesota real estate located in an area determined by the local government unit to be rural after consideration of local land use patterns, zoning regulations, jurisdictional boundaries, local community definitions, historical uses, and other pertinent local factors.

(u) "Water-quality cooperative" has the meaning given in section 115.58, paragraph (d), except as expressly limited in this section.

Sec. 5. Minnesota Statutes 2014, section 17.117, subdivision 11a, is amended to read:

Subd. 11a. **Eligible projects.** (a) All projects that remediate or mitigate adverse environmental impacts are eligible if:

~~(1) the project is eligible under the an allocation agreement and funding sources designated by the local government unit to finance the project; and,~~

~~(2) (b) A manure management projects remediate project is eligible if the project remediates or mitigate mitigates impacts from facilities with less than 1,000 animal units as defined in Minnesota Rules, chapter 7020, and otherwise meets the requirements of this section.~~

~~(c) A drinking water project is eligible if the project:~~

~~(1) remediates the adverse environmental impacts or presence of contaminants in private well water;~~

~~(2) implements best management practices to achieve drinking water standards; and~~

~~(3) otherwise meets the requirements of this section.~~

Sec. 6. **[17.119] TRACTOR ROLLOVER PROTECTION PILOT GRANT PROGRAM.**

Subdivision 1. **Grants; eligibility.** (a) The commissioner must award cost-share grants to Minnesota farmers who retrofit eligible tractors with eligible rollover protective structures. Grants are limited to 70 percent of the farmer's documented cost to purchase, ship, and install an eligible rollover protective structure. The commissioner must increase the grant award amount over the 70 percent grant limitation requirement if necessary to limit a farmer's cost per tractor to no more than \$500.

(b) A rollover protective structure is eligible if it meets or exceeds SAE International standard J2194.

(c) A tractor is eligible if the tractor was built before 1987.

Subd. 2. **Promotion; administration.** The commissioner may spend up to 20 percent of total program dollars each fiscal year to promote the program to Minnesota farmers. The commissioner must minimize administrative costs by cooperating with the New York Center for Agricultural Medicine and Health to administer the grant program.

Subd. 3. **Nonstate funds; appropriation.** The commissioner must solicit contributions from nonstate sources to supplement state appropriations for this program. Funds received under this subdivision are appropriated to the commissioner for purposes of this section.

Subd. 4. **Expiration.** This section expires June 30, 2019.

Sec. 7. Minnesota Statutes 2014, section 18B.26, subdivision 3, is amended to read:

Subd. 3. **Registration application and gross sales fee.** (a) For an agricultural pesticide, a registrant shall pay an annual registration application fee for each agricultural pesticide of \$350. The fee is due by December 31 preceding the year for which the application for registration is made. The fee is nonrefundable.

(b) For a nonagricultural pesticide, a registrant shall pay a minimum annual registration application fee for each nonagricultural pesticide of \$350. The fee is due by December 31 preceding the year for which the application for registration is made. The fee is nonrefundable. ~~The~~ If the registrant's annual gross sales of the nonagricultural

~~pesticide exceeded \$70,000 in the previous calendar year, the registrant of a nonagricultural pesticide shall pay, in addition to the \$350 minimum fee, a fee of equal to 0.5 percent of that portion of the annual gross sales of the over \$70,000. For purposes of this subdivision, gross sales includes both nonagricultural pesticide sold in the state and the annual gross sales of the nonagricultural pesticide sold into the state for use in this state. No additional fee is required if the fee due amount based on percent of annual gross sales of a nonagricultural pesticide is less than \$10. The registrant shall secure sufficient sales information of nonagricultural pesticides distributed into this state from distributors and dealers, regardless of distributor location, to make a determination. Sales of nonagricultural pesticides in this state and sales of nonagricultural pesticides for use in this state by out-of-state distributors are not exempt and must be included in the registrant's annual report, as required under paragraph (g), and fees shall be paid by the registrant based upon those reported sales. Sales of nonagricultural pesticides in the state for use outside of the state are exempt from the gross sales fee in this paragraph if the registrant properly documents the sale location and distributors. A registrant paying more than the minimum fee shall pay the balance due by March 1 based on the gross sales of the nonagricultural pesticide by the registrant for the preceding calendar year. A pesticide determined by the commissioner to be a sanitizer or disinfectant is exempt from the gross sales fee.~~

(c) For agricultural pesticides, a licensed agricultural pesticide dealer or licensed pesticide dealer shall pay a gross sales fee of 0.55 percent of annual gross sales of the agricultural pesticide in the state and the annual gross sales of the agricultural pesticide sold into the state for use in this state.

(d) In those cases where a registrant first sells an agricultural pesticide in or into the state to a pesticide end user, the registrant must first obtain an agricultural pesticide dealer license and is responsible for payment of the annual gross sales fee under paragraph (c), record keeping under paragraph (i), and all other requirements of section 18B.316.

(e) If the total annual revenue from fees collected in fiscal year 2011, 2012, or 2013, by the commissioner on the registration and sale of pesticides is less than \$6,600,000, the commissioner, after a public hearing, may increase proportionally the pesticide sales and product registration fees under this chapter by the amount necessary to ensure this level of revenue is achieved. The authority under this section expires on June 30, 2014. The commissioner shall report any fee increases under this paragraph 60 days before the fee change is effective to the senate and house of representatives agriculture budget divisions.

(f) An additional fee of 50 percent of the registration application fee must be paid by the applicant for each pesticide to be registered if the application is a renewal application that is submitted after December 31.

(g) A registrant must annually report to the commissioner the amount, type and annual gross sales of each registered nonagricultural pesticide sold, offered for sale, or otherwise distributed in the state. The report shall be filed by March 1 for the previous year's registration. The commissioner shall specify the form of the report or approve the method for submittal of the report and may require additional information deemed necessary to determine the amount and type of nonagricultural pesticide annually distributed in the state. The information required shall include the brand name, United States Environmental Protection Agency registration number, and amount of each nonagricultural pesticide sold, offered for sale, or otherwise distributed in the state, but the information collected, if made public, shall be reported in a manner which does not identify a specific brand name in the report.

(h) A licensed agricultural pesticide dealer or licensed pesticide dealer must annually report to the commissioner the amount, type, and annual gross sales of each registered agricultural pesticide sold, offered for sale, or otherwise distributed in the state or into the state for use in the state. The report must be filed by January 31 for the previous year's sales. The commissioner shall specify the form, contents, and approved electronic method for submittal of the report and may require additional information deemed necessary to determine the amount and type of agricultural pesticide annually distributed within the state or into the state. The information required must include the brand name, United States Environmental Protection Agency registration number, and amount of each agricultural pesticide sold, offered for sale, or otherwise distributed in the state or into the state.

(i) A person who registers a pesticide with the commissioner under paragraph (b), or a registrant under paragraph (d), shall keep accurate records for five years detailing all distribution or sales transactions into the state or in the state and subject to a fee and surcharge under this section.

(j) The records are subject to inspection, copying, and audit by the commissioner and must clearly demonstrate proof of payment of all applicable fees and surcharges for each registered pesticide product sold for use in this state. A person who is located outside of this state must maintain and make available records required by this subdivision in this state or pay all costs incurred by the commissioner in the inspecting, copying, or auditing of the records.

(k) The commissioner may adopt by rule regulations that require persons subject to audit under this section to provide information determined by the commissioner to be necessary to enable the commissioner to perform the audit.

(l) A registrant who is required to pay more than the minimum fee for any pesticide under paragraph (b) must pay a late fee penalty of \$100 for each pesticide application fee paid after March 1 in the year for which the license is to be issued.

Sec. 8. Minnesota Statutes 2014, section 41A.12, subdivision 2, is amended to read:

Subd. 2. **Activities authorized.** For the purposes of this program, the commissioner may issue grants, loans, or other forms of financial assistance. Eligible activities include, but are not limited to, grants to livestock producers under the livestock investment grant program under section 17.118, ~~bioenergy awards made by the NextGen Energy Board under section 41A.105,~~ cost-share grants for the installation of biofuel blender pumps, and financial assistance to support other rural economic infrastructure activities.

Sec. 9. Minnesota Statutes 2015 Supplement, section 41A.14, is amended to read:

41A.14 AGRICULTURE RESEARCH, EDUCATION, EXTENSION, AND TECHNOLOGY TRANSFER GRANT PROGRAM.

Subdivision 1. **Duties; grants.** The agriculture research, education, extension, and technology transfer grant program is created. The purpose of the grant program is to provide investments that will most efficiently achieve long-term agricultural productivity increases through improved infrastructure, vision, and accountability. The scope and intent of the grants, to the extent possible, shall provide for a long-term base funding that allows the ~~research~~ grantee to continue the functions of the research, education, ~~and extension,~~ and technology transfer efforts to a practical conclusion. Priority for grants shall be given to human infrastructure. The commissioner shall provide grants for:

(1) agricultural research, extension, and technology transfer needs ~~and recipients including agricultural research and extension at the University of Minnesota, research and outreach centers, the College of Food, Agricultural and Natural Resource Sciences, the Minnesota Agricultural Experiment Station, University of Minnesota Extension Service, the University of Minnesota Veterinary School, the Veterinary Diagnostic Laboratory, the Stakman Borlaug Center, and the Minnesota Agriculture Fertilizer Research and Education Council;~~ for use by any of the following:

(i) the College of Food, Agricultural and Natural Resource Sciences;

(ii) the Minnesota Agricultural Experiment Station;

(iii) the University of Minnesota Extension Service;

(iv) the University of Minnesota Veterinary School;

(v) the Veterinary Diagnostic Laboratory; or

(vi) the Stakman-Borlaug Center;

(2) agriculture rapid response for plant and animal diseases and pests; and

(3) agricultural education including but not limited to the Minnesota Agriculture Education Leadership Council, farm business management, mentoring programs, graduate debt forgiveness, and high school programs.

Subd. 2. **Advisory panel.** (a) In awarding grants under this section, the commissioner and a representative of the College of Food, Agricultural and Natural Resource Sciences at the University of Minnesota must consult with an advisory panel consisting of the following stakeholders:

~~(1) a representative of the College of Food, Agricultural and Natural Resource Sciences at the University of Minnesota;~~

~~(2) (1) a representative of the Minnesota State Colleges and Universities system;~~

~~(3) (2) a representative of the Minnesota Farm Bureau;~~

~~(4) (3) a representative of the Minnesota Farmers Union;~~

~~(5) (4) a person representing agriculture industry statewide;~~

~~(6) (5) a representative of each of the state commodity councils organized under section 17.54 and the Minnesota Pork Board;~~

~~(7) (6) a person representing an association of primary manufacturers of forest products;~~

~~(8) (7) a person representing organic or sustainable agriculture; and~~

~~(9) (8) a person representing statewide environment and natural resource conservation organizations.~~

(b) Members under paragraph (a), clauses (1) to (3) and (5), shall be chosen by their respective organizations.

Subd. 3. **Account.** An agriculture research, education, extension, and technology transfer account is created in the agricultural fund in the state treasury. The account consists of money received in the form of gifts, grants, reimbursement, or appropriations from any source for any of the purposes provided in subdivision 1, and any interest or earnings of the account. Money in the account is appropriated to the commissioner of agriculture for the purposes under subdivision 1.

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

Sec. 10. Minnesota Statutes 2015 Supplement, section 41A.15, subdivision 2, is amended to read:

Subd. 2. **Advanced biofuel.** "Advanced biofuel" ~~has the meaning given~~ means advanced biofuel as defined in section 239.051, subdivision 1a, and biobutanol.

Sec. 11. Minnesota Statutes 2015 Supplement, section 41A.15, is amended by adding a subdivision to read:

Subd. 2a. **Biobased content.** "Biobased content" means a chemical, polymer, monomer, or plastic that is not sold primarily for use as food, feed, or fuel and that has a biobased percentage of at least 51 percent as determined by testing representative samples using American Society for Testing and Materials specification D6866.

Sec. 12. Minnesota Statutes 2015 Supplement, section 41A.15, is amended by adding a subdivision to read:

Subd. 2b. **Biobased formulated product.** "Biobased formulated product" means a product that is not sold primarily for use as food, feed, or fuel and that has a biobased content percentage of at least ten percent as determined by testing representative samples using American Society for Testing and Materials specification D6866, or that contains a biobased chemical constituent that displaces a known hazardous or toxic constituent previously used in the product formulation.

Sec. 13. Minnesota Statutes 2015 Supplement, section 41A.15, is amended by adding a subdivision to read:

Subd. 2c. **Biobutanol.** "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. 14. Minnesota Statutes 2015 Supplement, section 41A.15, is amended by adding a subdivision to read:

Subd. 2d. **Biobutanol facility.** "Biobutanol facility" means a facility at which biobutanol is produced.

Sec. 15. Minnesota Statutes 2015 Supplement, section 41A.15, is amended by adding a subdivision to read:

Subd. 9a. **Quarterly.** "Quarterly" means any of the following three-month intervals in a calendar year: January through March, April through June, July through September, or October through December.

Sec. 16. Minnesota Statutes 2015 Supplement, section 41A.15, subdivision 10, is amended to read:

Subd. 10. **Renewable chemical.** "Renewable chemical" means a chemical with biobased content as defined in section 41A.105, subdivision 1a.

Sec. 17. Minnesota Statutes 2015 Supplement, section 41A.16, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this section must source at least 80 percent raw materials from Minnesota. If a facility is sited 50 miles or less from the state border, raw materials may be sourced from within a 100-mile radius. Raw materials must be from agricultural or forestry sources or from solid waste. The facility must be located in Minnesota, must begin production at a specific location by June 30, 2025, and must not begin operating above ~~95,000~~ 23,750 MMBtu of ~~annual~~ quarterly biofuel production before July 1, 2015. Eligible facilities include existing companies and facilities that are adding advanced biofuel production capacity, or retrofitting existing capacity, as well as new companies and facilities. Production of conventional corn ethanol and conventional biodiesel is not eligible. Eligible advanced biofuel facilities must produce at least ~~95,000~~ 23,750 MMBtu ~~a year~~ of biofuel quarterly.

(b) No payments shall be made for advanced biofuel production that occurs after June 30, 2035, for those eligible biofuel producers under paragraph (a).

(c) An eligible producer of advanced biofuel shall not transfer the producer's eligibility for payments under this section to an advanced biofuel facility at a different location.

(d) A producer that ceases production for any reason is ineligible to receive payments under this section until the producer resumes production.

(e) Renewable chemical production for which payment has been received under section 41A.17, and biomass thermal production for which payment has been received under section 41A.18, are not eligible for payment under this section.

Sec. 18. Minnesota Statutes 2015 Supplement, section 41A.17, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this program must source at least 80 percent biobased content, ~~as defined in section 41A.105, subdivision 1a, clause (1),~~ from Minnesota. If a facility is sited 50 miles or less from the state border, biobased content must be sourced from within a 100-mile radius. Biobased content must be from agricultural or forestry sources or from solid waste. The facility must be located in Minnesota, must begin production at a specific location by June 30, 2025, and must not begin production of ~~3,000,000~~ 750,000 pounds of chemicals ~~annually~~ quarterly before January 1, 2015. Eligible facilities include existing companies and facilities that are adding production capacity, or retrofitting existing capacity, as well as new companies and facilities. Eligible renewable chemical facilities must produce at least ~~3,000,000~~ 750,000 pounds ~~per year~~ of renewable chemicals quarterly. Renewable chemicals produced through processes that are fully commercial before January 1, 2000, are not eligible.

(b) No payments shall be made for renewable chemical production that occurs after June 30, 2035, for those eligible renewable chemical producers under paragraph (a).

(c) An eligible producer of renewable chemicals shall not transfer the producer's eligibility for payments under this section to a renewable chemical facility at a different location.

(d) A producer that ceases production for any reason is ineligible to receive payments under this section until the producer resumes production.

(e) Advanced biofuel production for which payment has been received under section 41A.16, and biomass thermal production for which payment has been received under section 41A.18, are not eligible for payment under this section.

Sec. 19. Minnesota Statutes 2015 Supplement, section 41A.17, subdivision 2, is amended to read:

Subd. 2. **Payment amounts; bonus; limits.** (a) The commissioner shall make payments to eligible producers of renewable chemicals located in the state. The amount of the payment for each producer's annual production is \$0.03 per pound of sugar-derived renewable chemical, \$0.03 per pound of cellulosic sugar, and \$0.06 per pound of cellulosic-derived renewable chemical produced at a specific location for ten years after the start of production.

(b) An eligible facility producing renewable chemicals using agricultural cellulosic biomass is eligible for a 20 percent bonus payment for each ~~MMBtu~~ pound produced from agricultural biomass that is derived from perennial crop or cover crop biomass.

(c) Total payments under this section to an eligible renewable chemical producer in a fiscal year may not exceed the amount necessary for 99,999,999 pounds of renewable chemical production. Total payments under this section to all eligible renewable chemical producers in a fiscal year may not exceed the amount necessary for 599,999,999 pounds of renewable chemical production. The commissioner shall award payments on a first-come, first-served basis within the limits of available funding.

(d) For purposes of this section, an entity that holds a controlling interest in more than one renewable chemical production facility is considered a single eligible producer.

Sec. 20. Minnesota Statutes 2015 Supplement, section 41A.18, subdivision 1, is amended to read:

Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this section must source at least 80 percent raw materials from Minnesota. If a facility is sited 50 miles or less from the state border, raw materials should be sourced from within a 100-mile radius. Raw materials must be from agricultural or forestry sources. The facility must be located in Minnesota, must have begun production at a specific location by June 30, 2025, and must not begin before July 1, 2015. Eligible facilities include existing companies and facilities that are adding production capacity, or retrofitting existing capacity, as well as new companies and facilities. Eligible biomass thermal production facilities must produce at least ~~1,000~~ 250 MMBtu ~~per year~~ of biomass thermal quarterly.

(b) No payments shall be made for biomass thermal production that occurs after June 30, 2035, for those eligible biomass thermal producers under paragraph (a).

(c) An eligible producer of biomass thermal production shall not transfer the producer's eligibility for payments under this section to a biomass thermal production facility at a different location.

(d) A producer that ceases production for any reason is ineligible to receive payments under this section until the producer resumes production.

(e) Biofuel production for which payment has been received under section 41A.16, and renewable chemical production for which payment has been received under section 41A.17, are not eligible for payment under this section.

Sec. 21. Minnesota Statutes 2015 Supplement, section 116D.04, subdivision 2a, 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.

(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~~ 41A.15, subdivision ~~4a~~ 2d, based on the capacity of the expanded or converted facility to produce alcohol fuel, but must be required if the ethanol plant or biobutanol facility 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 or biobutanol facility 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.

A mandatory environmental impact statement shall not be required for a facility or plant located outside the seven-county metropolitan area that produces less than 125,000,000 gallons of ethanol, biobutanol, or cellulosic biofuel annually, or produces less than 400,000 tons of chemicals annually, if the facility or plant is: an ethanol

plant, as defined in section 41A.09, subdivision 2a, paragraph (b); a biobutanol facility, as defined in section ~~41A.105~~ 41A.15, subdivision 1a, ~~clause (1) 2d~~; or a cellulosic biofuel facility. A facility or plant that only uses a cellulosic feedstock to produce chemical products for use by another facility as a feedstock shall not be considered a fuel conversion facility as used in rules adopted under this chapter.

(b) The responsible governmental unit shall promptly publish notice of the completion of an environmental assessment worksheet by publishing the notice in at least one newspaper of general circulation in the geographic area where the project is proposed, by posting the notice on a Web site that has been designated as the official publication site for publication of proceedings, public notices, and summaries of a political subdivision in which the project is proposed, or in any other manner 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 100 individuals who reside or own property in the state, 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. When an environmental impact statement is prepared for a project requiring multiple permits for which two or more agencies' decision processes include either mandatory or discretionary hearings before a hearing officer prior to the agencies' decision on the permit, the agencies may, notwithstanding any law or rule to the contrary, conduct the hearings in a single consolidated hearing process if requested by the proposer. All agencies having jurisdiction over a permit that is included in the consolidated hearing shall participate. The responsible governmental unit shall establish appropriate procedures for the consolidated hearing process, including procedures to ensure that the consolidated hearing process is consistent with the applicable requirements for each permit regarding the rights and duties of parties to the hearing, and shall utilize the earliest applicable hearing procedure to initiate the hearing.

(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. 22. Laws 2015, First Special Session chapter 4, article 1, section 2, subdivision 4, is amended to read:

Subd. 4. Agriculture, Bioenergy, and Bioproduct Advancement	14,993,000	19,010,000
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\$4,483,000 the first year and \$8,500,000 the second year are for transfer to the agriculture research, education, extension, and technology transfer account under Minnesota Statutes, section 41A.14, subdivision 3. The transfer in this paragraph includes

money for plant breeders at the University of Minnesota for wild rice, potatoes, and grapes. Of these amounts, at least \$600,000 each year is for ~~agriculture rapid response~~ the Minnesota Agricultural Experiment Station's Agriculture Rapid Response Fund under Minnesota Statutes, section 41A.14, subdivision 1, clause (2). Of the amount appropriated in this paragraph, \$1,000,000 each year is for transfer to the Board of Regents of the University of Minnesota for research to determine (1) what is causing avian influenza, (2) why some fowl are more susceptible, and (3) prevention measures that can be taken. Of the amount appropriated in this paragraph, \$2,000,000 each year is for grants to the Minnesota Agriculture Education Leadership Council to enhance agricultural education with priority given to Farm Business Management challenge grants. The commissioner shall transfer the remaining grant funds in this appropriation each year to the Board of Regents of the University of Minnesota for purposes of Minnesota Statutes, section 41A.14.

To the extent practicable, funds expended under Minnesota Statutes, section 41A.14, subdivision 1, clauses (1) and (2), must supplement and not supplant existing sources and levels of funding. The commissioner may use up to 4.5 percent of this appropriation for costs incurred to administer the program. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

\$10,235,000 the first year and \$10,235,000 the second year are for the agricultural growth, research, and innovation program in Minnesota Statutes, section 41A.12. No later than February 1, 2016, and February 1, 2017, the commissioner must report to the legislative committees with jurisdiction over agriculture policy and finance regarding the commissioner's accomplishments and anticipated accomplishments in the following areas: facilitating the start-up, modernization, or expansion of livestock operations including beginning and transitioning livestock operations; developing new markets for Minnesota farmers by providing more fruits, vegetables, meat, grain, and dairy for Minnesota school children; assisting value-added agricultural businesses to begin or expand, access new markets, or diversify products; developing urban agriculture; facilitating the start-up, modernization, or expansion of other beginning and transitioning farms including loans under Minnesota Statutes, section 41B.056; sustainable agriculture on farm research and demonstration; development or expansion of food hubs and other alternative community-based food distribution systems; and research on bioenergy, biobased content, or biobased formulated products and other renewable energy development. The commissioner may use up to 4.5 percent of this appropriation for costs incurred to administer the program. Any unencumbered balance does not cancel at the end of the first year and is available for the second year. Notwithstanding Minnesota Statutes, section 16A.28, the

appropriations encumbered under contract on or before June 30, 2017, for agricultural growth, research, and innovation grants are available until June 30, ~~2019~~ 2021.

The commissioner may use funds appropriated for the agricultural growth, research, and innovation program as provided in this paragraph. The commissioner may award grants to owners of Minnesota facilities producing bioenergy, biobased content, or a biobased formulated product; to organizations that provide for on-station, on-farm field scale research and outreach to develop and test the agronomic and economic requirements of diverse strands of prairie plants and other perennials for bioenergy systems; or to certain nongovernmental entities. For the purposes of this paragraph, "bioenergy" includes transportation fuels derived from cellulosic material, as well as the generation of energy for commercial heat, industrial process heat, or electrical power from cellulosic materials via gasification or other processes. Grants are limited to 50 percent of the cost of research, technical assistance, or equipment related to bioenergy, biobased content, or biobased formulated product production or \$500,000, whichever is less. Grants to nongovernmental entities for the development of business plans and structures related to community ownership of eligible bioenergy facilities together may not exceed \$150,000. The commissioner shall make a good-faith effort to select projects that have merit and, when taken together, represent a variety of bioenergy technologies, biomass feedstocks, and geographic regions of the state. Projects must have a qualified engineer provide certification on the technology and fuel source. Grantees must provide reports at the request of the commissioner.

Of the amount appropriated for the agricultural growth, research, and innovation program in this subdivision, \$1,000,000 the first year and \$1,000,000 the second year are for distribution in equal amounts to each of the state's county fairs to preserve and promote Minnesota agriculture.

Of the amount appropriated for the agricultural growth, research, and innovation program in this subdivision, \$500,000 in fiscal year 2016 and \$1,500,000 in fiscal year 2017 are for incentive payments under Minnesota Statutes, sections 41A.16, 41A.17, and 41A.18. If the appropriation exceeds the total amount for which all producers are eligible in a fiscal year, the balance of the appropriation is available to the commissioner for the agricultural growth, research, and innovation program. Notwithstanding Minnesota Statutes, section 16A.28, the first year appropriation is available until June 30, 2017, and the second year appropriation is available until June 30, 2018. The commissioner may use up to 4.5 percent of the appropriation for administration of the incentive payment programs.

Of the amount appropriated for the agricultural growth, research, and innovation program in this subdivision, \$250,000 the first year is for grants to communities to develop or expand food hubs and other alternative community-based food distribution systems. Of this amount, \$50,000 is for the commissioner to consult with existing food hubs, alternative community-based food distribution systems, and University of Minnesota Extension to identify best practices for use by other Minnesota communities. No later than December 15, 2015, the commissioner must report to the legislative committees with jurisdiction over agriculture and health regarding the status of emerging alternative community-based food distribution systems in the state along with recommendations to eliminate any barriers to success. Any unencumbered balance does not cancel at the end of the first year and is available for the second year. This is a onetime appropriation.

\$250,000 the first year and \$250,000 the second year are for grants that enable retail petroleum dispensers to dispense biofuels to the public in accordance with the biofuel replacement goals established under Minnesota Statutes, section 239.7911. A retail petroleum dispenser selling petroleum for use in spark ignition engines for vehicle model years after 2000 is eligible for grant money under this paragraph if the retail petroleum dispenser has no more than 15 retail petroleum dispensing sites and each site is located in Minnesota. The grant money received under this paragraph must be used for the installation of appropriate technology that uses fuel dispensing equipment appropriate for at least one fuel dispensing site to dispense gasoline that is blended with 15 percent of agriculturally derived, denatured ethanol, by volume, and appropriate technical assistance related to the installation. A grant award must not exceed 85 percent of the cost of the technical assistance and appropriate technology, including remetering of and retrofits for retail petroleum dispensers and replacement of petroleum dispenser projects. The commissioner may use up to \$35,000 of this appropriation for administrative expenses. The commissioner shall cooperate with biofuel stakeholders in the implementation of the grant program. The commissioner must report to the legislative committees with jurisdiction over agriculture policy and finance by February 1 each year, detailing the number of grants awarded under this paragraph and the projected effect of the grant program on meeting the biofuel replacement goals under Minnesota Statutes, section 239.7911. These are onetime appropriations.

\$25,000 the first year and \$25,000 the second year are for grants to the Southern Minnesota Initiative Foundation to promote local foods through an annual event that raises public awareness of local foods and connects local food producers and processors with potential buyers.

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

Sec. 23. Laws 2015, First Special Session chapter 4, article 1, section 5, is amended to read:

Sec. 5. AVIAN INFLUENZA RESPONSE ACTIVITIES; EMERGENCY PREPAREDNESS; APPROPRIATIONS AND TRANSFERS.

(a) ~~\$3,619,000~~ \$519,000 is appropriated from the general fund in fiscal year 2016 to the commissioner of agriculture for avian influenza emergency response activities. The commissioner may use money appropriated under this paragraph to purchase necessary euthanasia and composting equipment and to reimburse costs incurred by local units of government directly related to avian influenza emergency response activities that are not eligible for federal reimbursement. This appropriation is available the day following final enactment until June 30, 2017.

(b) \$1,853,000 is appropriated from the general fund in fiscal year 2016 to the Board of Animal Health for ~~avian influenza emergency response activities. The Board may use money appropriated under this paragraph to purchase necessary euthanasia and composting equipment.~~ any animal disease emergency response or planning activity, including but not limited to:

(1) the retention of staff trained in disease response;

(2) costs associated with the relocation and expansion of the Minnesota Poultry Testing Laboratory;

(3) the identification of risk factors for disease transmission; and

(4) the implementation of strategies to prevent or reduce the risk of disease introduction and transmission.

This appropriation is available the day following final enactment until June 30, ~~2017~~ 2019.

(c) \$103,000 is appropriated from the general fund in fiscal year 2016 to the commissioner of health for avian influenza emergency response activities. This appropriation is available the day following final enactment until June 30, 2017.

(d) \$350,000 is appropriated from the general fund in fiscal year 2016 to the commissioner of natural resources for sampling wild animals to detect and monitor the avian influenza virus. This appropriation may also be used to conduct serology sampling, in consultation with the Board of Animal Health and the University of Minnesota Pomeroy Chair in Avian Health, from birds within a control zone and outside of a control zone. This appropriation is available the day following final enactment until June 30, 2017.

(e) \$544,000 is appropriated from the general fund in fiscal year 2016 to the commissioner of public safety to operate the State Emergency Operation Center in coordination with the statewide avian influenza response activities. Appropriations under this paragraph may also be used to support a staff person at the state's agricultural incident command post in Willmar. This appropriation is available the day following final enactment until June 30, 2017.

(f) The commissioner of management and budget may transfer unexpended balances from the appropriations in this section to any state agency for operating expenses related to avian influenza emergency response activities. The commissioner of management and budget must report each transfer to the chairs and ranking minority members of the senate Committee on Finance and the house of representatives Committee on Ways and Means.

(g) In addition to the transfers required under Laws 2015, chapter 65, article 1, section 17, no later than September 30, 2015, the commissioner of management and budget must transfer \$4,400,000 from the fiscal year 2015 closing balance in the general fund to the disaster assistance contingency account in Minnesota Statutes, section 12.221, subdivision 6. This amount is available for ~~avian influenza emergency response~~ eligible activities as provided in Laws 2015, chapter 65, article 1, section 18, as amended.

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

Sec. 24. **TRANSFER REQUIRED.**

Of the amount appropriated from the general fund to the commissioner of agriculture for transfer to the rural finance authority revolving loan account in Laws 2015, First Special Session chapter 4, article 2, section 6, the commissioner of management and budget must transfer \$6,713,000 back to the general fund in fiscal year 2016. This is a onetime transfer.

ARTICLE 2
ENVIRONMENT AND NATURAL RESOURCES APPROPRIATIONS

Section 1. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to the appropriations in Laws 2015, First Special Session chapter 4, or appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal year indicated for each purpose. The figures "2016" and "2017" used in this article mean that the addition to the appropriations listed under them are available for the fiscal year ending June 30, 2016, or June 30, 2017, respectively. "The first year" is fiscal year 2016. "The second year" is fiscal year 2017. Appropriations for fiscal year 2016 are effective the day following final enactment.

	<u>APPROPRIATIONS</u>	
	<u>Available for the Year</u>	
	<u>Ending June 30</u>	
	<u>2016</u>	<u>2017</u>
Sec. 2. <u>NATURAL RESOURCES</u>		
Subdivision 1. <u>Total Appropriation</u>	<u>\$2,462,000</u>	<u>\$6,183,000</u>
<u>Appropriations by Fund</u>		
	<u>2016</u>	<u>2017</u>
<u>General</u>	<u>1,742,000</u>	<u>2,158,000</u>
<u>Natural Resources</u>	<u>50,000</u>	<u>4,025,000</u>
<u>Game and Fish</u>	<u>670,000</u>	<u>-0-</u>

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

Subd. 2. <u>Ecological and Water Resources</u>	<u>-0-</u>	<u>225,000</u>
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\$225,000 the second year is from the water management account in the natural resources fund for water appropriation monitoring, modeling, and reporting for the Cold Spring Creek area as required under this act. This is a onetime appropriation and is available until June 30, 2022.

Subd. 3. Forest Management-0--0-Appropriations by Fund

	<u>2016</u>	<u>2017</u>
General	<u>-0-</u>	<u>(1,500,000)</u>
Natural Resources	<u>-0-</u>	<u>1,500,000</u>

\$1,500,000 the second year is a reduction from the general fund. This is a onetime reduction.

\$1,500,000 the second year is from the forest management investment account in the natural resources fund. Of this amount, up to \$3,000 is for purposes of the report required on public engagement regarding Sand Dunes State Forest required under this act. This is a onetime appropriation.

Of the amount appropriated in Laws 2015, First Special Session chapter 4, article 3, section 3, subdivision 4, from the general fund in fiscal year 2016, up to \$3,000 may be used for the report on prescribed burning required under this act.

Subd. 4. Parks and Trails Management50,0002,300,000

\$2,300,000 the second year is from the state parks account in the natural resources fund. This is a onetime appropriation.

\$50,000 the first year is from the water recreation account in the natural resources fund for implementation of Minnesota Statutes, section 86B.532, established in this act. This is a onetime appropriation.

Subd. 5. Enforcement670,000-0-

\$670,000 the first year is from the game and fish fund for aviation services. This is a onetime appropriation.

Subd. 6. Operations Support1,742,0003,658,000

\$1,742,000 the first year and \$3,658,000 the second year are for legal costs related to the NorthMet mining project. Of this amount, up to \$143,000 the first year and up to \$1,289,000 the second year may be transferred to other agencies for legal costs associated with the NorthMet mining project. This is a onetime appropriation and is available until June 30, 2019.

Sec. 3. LEGISLATURE\$25,000\$-0-

\$25,000 the first year is from the Minnesota future resources fund to the Legislative Coordinating Commission for the Aggregate Resources Task Force established in this act. This is a onetime appropriation and is available until June 30, 2018.

Sec. 4. **ADMINISTRATION****\$250,000****\$-0-**

\$250,000 the first year is from the state forest suspense account in the permanent school fund for the school trust lands director to initiate real estate development projects on school trust lands as determined by the school trust lands director. This is a onetime appropriation.

Sec. 5. Laws 2015, First Special Session chapter 4, article 3, section 3, subdivision 2, is amended to read:

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

6,461,000

5,521,000

Appropriations by Fund

	2016	2017
General	1,585,000	1,585,000
Natural Resources	3,332,000	3,392,000
Game and Fish	344,000	344,000
Remediation	1,000,000	-0-
Permanent School	200,000	200,000

~~\$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 \$34,000 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.~~

~~\$2,755,000 the first year and \$2,815,000 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.~~

~~\$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 long-term economic return from the school trust lands consistent with fiduciary responsibilities and sound natural resources conservation and management principles.~~

Notwithstanding Minnesota Statutes, section 115B.20, \$1,000,000 the first year is from the dedicated account within the remediation fund for the purposes of Minnesota Statutes, section 115B.20, subdivision 2, clause (4), to acquire salt lands as described under Minnesota Statutes, section 92.05, within Bear Head Lake State Park. This is a onetime appropriation and is available until June 30, 2018.

ARTICLE 3
ENVIRONMENT AND NATURAL RESOURCES STATUTORY CHANGES

Section 1. Minnesota Statutes 2014, section 17.4982, subdivision 18a, is amended to read:

Subd. 18a. **Nonindigenous species.** "Nonindigenous species" means a species of fish or other aquatic life that is:

- (1) not known to have been historically present in the state;
- (2) not known to be naturally occurring in a particular part of the state; or
- (3) ~~listed~~ designated by rule as a prohibited or regulated invasive species.

Sec. 2. Minnesota Statutes 2014, section 84.027, subdivision 13, is amended to read:

Subd. 13. **Game and fish rules.** (a) The commissioner of natural resources may adopt rules under sections 97A.0451 to 97A.0459 and this subdivision that are authorized under:

(1) chapters 97A, 97B, and 97C to set open seasons and areas, to close seasons and areas, to select hunters for areas, to provide for tagging and registration of game and fish, to prohibit or allow taking of wild animals to protect a species, to prevent or control wildlife disease, to open or close bodies of water or portions of bodies of water for night bow fishing, and to prohibit or allow importation, transportation, or possession of a wild animal;

(2) sections 84.093, 84.15, and 84.152 to set seasons for harvesting wild ginseng roots and wild rice and to restrict or prohibit harvesting in designated areas; and

(3) section 84D.12 to ~~list~~ designate prohibited invasive species, regulated invasive species, and unregulated nonnative species; and to list infested waters.

(b) If conditions exist that do not allow the commissioner to comply with sections 97A.0451 to 97A.0459, including the need to adjust season variables on an annual basis based upon current biological and harvest data, the commissioner may adopt a rule under this subdivision by submitting the rule to the attorney general for review under section 97A.0455, publishing a notice in the State Register and filing the rule with the secretary of state and the Legislative Coordinating Commission, and complying with section 97A.0459, and including a statement of the conditions and a copy of the rule in the notice. The conditions for opening a water body or portion of a water body for night bow fishing under this section may include the need to temporarily open the area to evaluate compatibility of the activity on that body of water prior to permanent rulemaking. The notice may be published after it is received from the attorney general or five business days after it is submitted to the attorney general, whichever is earlier.

(c) Rules adopted under paragraph (b) are effective upon publishing in the State Register and may be effective up to seven days before publishing and filing under paragraph (b), if:

- (1) the commissioner of natural resources determines that an emergency exists;

(2) the attorney general approves the rule; and

(3) for a rule that affects more than three counties the commissioner publishes the rule once in a legal newspaper published in Minneapolis, St. Paul, and Duluth, or for a rule that affects three or fewer counties the commissioner publishes the rule once in a legal newspaper in each of the affected counties.

(d) Except as provided in paragraph (e), a rule published under paragraph (c), clause (3), may not be effective earlier than seven days after publication.

(e) A rule published under paragraph (c), clause (3), may be effective the day the rule is published if the commissioner gives notice and holds a public hearing on the rule within 15 days before publication.

(f) The commissioner shall attempt to notify persons or groups of persons affected by rules adopted under paragraphs (b) and (c) by public announcements, posting, and other appropriate means as determined by the commissioner.

(g) Notwithstanding section 97A.0458, a rule adopted under this subdivision is effective for the period stated in the notice but not longer than 18 months after the rule is effective.

Sec. 3. Minnesota Statutes 2015 Supplement, section 84.027, subdivision 13a, is amended to read:

Subd. 13a. **Game and fish expedited permanent rules.** (a) In addition to the authority granted in subdivision 13, the commissioner of natural resources may adopt rules under section 14.389 that are authorized under:

(1) chapters 97A, 97B, and 97C to describe zone or permit area boundaries, to designate fish spawning beds or fish preserves, to select hunters or anglers for areas, to provide for registration of game or fish, to prevent or control wildlife disease, or to correct errors or omissions in rules that do not have a substantive effect on the intent or application of the original rule; or

(2) section 84D.12 to ~~list~~ designate prohibited invasive species, regulated invasive species, and unregulated nonnative species.

(b) The commissioner of natural resources may adopt rules under section 14.389 that are authorized under chapters 97A, 97B, and 97C, for purposes in addition to those listed in paragraph (a), clause (1), subject to the notice and public hearing provisions of section 14.389, subdivision 5.

Sec. 4. Minnesota Statutes 2014, section 84.091, subdivision 2, is amended to read:

Subd. 2. **License required; exception exemptions.** (a) Except as provided in ~~paragraph (b)~~ this subdivision, a person may not harvest, buy, sell, transport, or possess aquatic plants without a license required under this chapter. A license shall be issued in the same manner as provided under the game and fish laws.

(b) A resident under the age of 18 years may harvest wild rice without a license, if accompanied by a person with a wild rice license.

(c) Tribal band members who possess a valid tribal identification card from a federally recognized tribe located in Minnesota are deemed to have a license to harvest wild rice under this section.

Sec. 5. Minnesota Statutes 2014, section 84D.01, subdivision 2, is amended to read:

Subd. 2. **Aquatic macrophyte.** "Aquatic macrophyte" means macro algae or a macroscopic nonwoody plant, either a submerged, floating leafed, floating, or emergent plant that naturally grows in water.

Sec. 6. Minnesota Statutes 2014, section 84D.05, subdivision 1, is amended to read:

Subdivision 1. **Prohibited activities.** A person may not possess, import, purchase, sell, propagate, transport, or introduce a prohibited invasive species, except:

- (1) under a permit issued by the commissioner under section 84D.11;
- (2) in the case of purple loosestrife, as provided by sections 18.75 to 18.88;
- (3) under a restricted species permit issued under section 17.457;
- (4) when being transported to the department, or another destination as the commissioner may direct, in a sealed container for purposes of identifying the species or reporting the presence of the species;
- (5) when being transported for disposal as part of a harvest or control activity when specifically authorized under a permit issued by the commissioner according to section 103G.615, when being transported for disposal as specified under a commercial fishing license issued by the commissioner according to section 97A.418, 97C.801, 97C.811, 97C.825, 97C.831, or 97C.835, or when being transported as specified by the commissioner;
- ~~(6) when the specimen has been lawfully acquired dead and, in the case of plant species, all seeds are removed or are otherwise secured in a sealed container;~~
- ~~(7) in the form of herbaria or other preserved specimens;~~
- ~~(8) (6) when being removed from watercraft and equipment, or caught while angling, and immediately returned to the water from which they came; or~~
- ~~(9) (7) as the commissioner may otherwise prescribe by rule.~~

Sec. 7. **[84D.075] NONNATIVE SPECIES, AQUATIC PLANTS, AND AQUATIC MACROPHYTES; PARTS AND LIFE STAGE.**

A law relating to a nonnative species, aquatic plant, or aquatic macrophyte applies in the same manner to a part of a nonnative species, aquatic plant, or aquatic macrophyte, whether alive or dead, and to any life stage or form.

Sec. 8. Minnesota Statutes 2014, section 84D.09, subdivision 2, is amended to read:

Subd. 2. **Exceptions.** Unless otherwise prohibited by law, a person may transport aquatic macrophytes:

- (1) that are duckweeds in the family Lemnaceae;
- (2) for purposes of constructing shooting or observation blinds in amounts sufficient for that purpose, provided that the aquatic macrophytes are emergent and cut above the waterline;
- (3) when legally purchased or traded by or from commercial or hobbyist sources for aquarium, wetland or lakeshore restoration, or ornamental purposes;

- (4) when harvested for personal or commercial use if in a motor vehicle;
- (5) to the department, or another destination as the commissioner may direct, in a sealed container for purposes of identifying a species or reporting the presence of a species;
- (6) that are wild rice harvested under section 84.091;
- (7) in the form of fragments of emergent aquatic macrophytes incidentally transported in or on watercraft or decoys used for waterfowl hunting during the waterfowl season; ~~or~~
- (8) when removing water-related equipment from waters of the state for purposes of cleaning off aquatic macrophytes before leaving a water access site; or
- (9) when being transported from riparian property to a legal disposal site that is at least 100 feet from any surface water, ditch, or seasonally flooded land, provided the aquatic macrophytes are in a covered commercial vehicle specifically designed and used for hauling trash.

Sec. 9. Minnesota Statutes 2014, section 84D.10, subdivision 4, is amended to read:

Subd. 4. **Persons transporting water-related equipment.** (a) When leaving ~~waters~~ a water of the state, a person must drain water-related equipment holding water and live wells and bilges by removing the drain plug before transporting the water-related equipment ~~off the water access site or riparian property.~~ For the purposes of this paragraph, "transporting" includes moving water-related equipment over land between connected or unconnected water bodies, but does not include moving water-related equipment within the immediate area required for loading and preparing the water-related equipment for transport over land.

(b) Drain plugs, bailers, valves, or other devices used to control the draining of water from ballast tanks, bilges, and live wells must be removed or opened while transporting water-related equipment.

(c) Emergency response vehicles and equipment may be transported on a public road with the drain plug or other similar device replaced only after all water has been drained from the equipment upon leaving the water body.

(d) Portable bait containers used by licensed aquatic farms, portable bait containers when fishing through the ice except on waters listed infested for viral hemorrhagic septicemia, and marine sanitary systems are exempt from this subdivision.

(e) A person must not dispose of bait in waters of the state.

(f) A boat lift, dock, swim raft, or associated equipment that has been removed from any water body may not be placed in another water body until a minimum of 21 days have passed.

(g) A person who transports water that is appropriated from noninfested surface water bodies and that is transported by a commercial vehicle, excluding watercraft, or commercial trailer, which vehicle or trailer is specifically designed and used for water hauling, is exempt from paragraphs (a) and (b), provided that the person does not discharge the transported water to other surface waters or within 100 feet of a surface water body.

(h) A person transporting water from noninfested surface water bodies for firefighting or emergencies that threaten human safety or property is exempt from paragraphs (a) and (b).

Sec. 10. Minnesota Statutes 2014, section 84D.108, is amended by adding a subdivision to read:

Subd. 2a. **Lake Minnetonka pilot study.** (a) The commissioner may issue an additional permit to service providers to return to Lake Minnetonka water-related equipment with zebra mussels attached after the equipment has been seasonally stored, serviced, or repaired. The permit must include verification and documentation requirements and any other conditions the commissioner deems necessary.

(b) Water-related equipment with zebra mussels attached may be returned only to Lake Minnetonka (DNR Division of Waters number 27-0133) by service providers permitted under subdivision 1.

(c) The service provider's place of business must be within the Lake Minnetonka Conservation District as established according to sections 103B.601 to 103B.645.

(d) A service provider applying for a permit under this subdivision must, if approved for a permit and before the permit is valid, furnish a corporate surety bond in favor of the state for \$50,000 payable upon violation of this chapter.

(e) This subdivision expires December 1, 2018.

Sec. 11. Minnesota Statutes 2015 Supplement, section 84D.11, subdivision 1, is amended to read:

Subdivision 1. **Prohibited invasive species.** (a) The commissioner may issue a permit for the propagation, possession, importation, purchase, or transport of a prohibited invasive species for the purposes of disposal, decontamination, control, research, or education.

(b) The commissioner may issue a permit as provided under section 84D.108, subdivision 2a, to a service provider to allow water-related equipment to be placed back into the same body of water after being seasonally stored, serviced, or repaired by the service provider. This paragraph expires December 1, 2018.

Sec. 12. Minnesota Statutes 2014, section 84D.13, subdivision 4, is amended to read:

Subd. 4. **Warnings; civil citations.** After appropriate training, conservation officers, other licensed peace officers, and other department personnel designated by the commissioner may issue warnings or citations to a person who:

- (1) unlawfully transports prohibited invasive species or aquatic macrophytes;
- (2) unlawfully places or attempts to place into waters of the state water-related equipment that has aquatic macrophytes or prohibited invasive species attached;
- (3) intentionally damages, moves, removes, or sinks a buoy marking, as prescribed by rule, Eurasian watermilfoil;
- (4) fails to remove plugs, open valves, and drain water from water-related equipment before leaving waters of the state or when transporting water-related equipment as provided in section 84D.10, subdivision 4; ~~or~~
- (5) transports infested water, in violation of rule, off riparian property;
- (6) fails to comply with a decontamination order when a decontamination unit is available on site;
- (7) fails to complete decontamination of water-related equipment or to remove invasive species from water-related equipment by the date specified on a tagging notice and order; or
- (8) fails to complete the aquatic invasive species offender training course required under section 86B.13.

Sec. 13. Minnesota Statutes 2015 Supplement, section 84D.13, subdivision 5, is amended to read:

Subd. 5. **Civil penalties.** (a) A civil citation issued under this section must impose the following penalty amounts:

- (1) for transporting aquatic macrophytes in violation of section 84D.09, \$100;
 - (2) for placing or attempting to place into waters of the state water-related equipment that has aquatic macrophytes attached, \$200;
 - (3) for unlawfully possessing or transporting a prohibited invasive species other than an aquatic macrophyte, \$500;
 - (4) for placing or attempting to place into waters of the state water-related equipment that has prohibited invasive species attached when the waters are not listed by the commissioner as being infested with that invasive species, \$500;
 - (5) for intentionally damaging, moving, removing, or sinking a buoy marking, as prescribed by rule, Eurasian watermilfoil, \$100;
 - (6) for failing to have drain plugs or similar devices removed or opened while transporting water-related equipment or for failing to remove plugs, open valves, and drain water from water-related equipment, other than marine sanitary systems, before leaving waters of the state, \$100;
 - (7) for transporting infested water off riparian property without a permit as required by rule, \$200; ~~and~~
 - (8) for failing to have aquatic invasive species affirmation displayed or available for inspection as provided in sections 86B.401 and 97C.301, subdivision 2a, \$25-;
 - (9) for failing to comply with a decontamination order when a decontamination unit is available on site, \$250;
 - (10) for failing to complete decontamination of water-related equipment or to remove invasive species from water-related equipment by the date specified on a tagging notice and order, \$250; and
 - (11) for failing to complete the aquatic invasive species offender training course required under section 86B.13, \$25.
- (b) A civil citation that is issued to a person who has one or more prior convictions or final orders for violations of this chapter is subject to twice the penalty amounts listed in paragraph (a).

Sec. 14. Minnesota Statutes 2014, section 86B.005, is amended by adding a subdivision to read:

Subd. 4a. **Enclosed accommodation compartment.** "Enclosed accommodation compartment" means one contiguous space, surrounded by boat structure, that contains all of the following:

- (1) designated sleeping accommodations;
- (2) a galley area with sink; and
- (3) a head compartment.

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

Sec. 15. Minnesota Statutes 2014, section 86B.005, is amended by adding a subdivision to read:

Subd. 4b. **Enclosed occupancy compartment.** "Enclosed occupancy compartment" means one contiguous enclosed space surrounded by boat structure that may be occupied by a person.

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

Sec. 16. Minnesota Statutes 2014, section 86B.005, is amended by adding a subdivision to read:

Subd. 8a. **Marine carbon monoxide detection system.** "Marine carbon monoxide detection system" means a device or system that meets the requirements of the American Boat and Yacht Council Standard A-24, July 2015, for carbon monoxide detection systems.

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

Sec. 17. **[86B.532] CARBON MONOXIDE DETECTION DEVICE REQUIREMENTS.**

Subdivision 1. **Requirements.** (a) After May 1, 2017, no motorboat that has an enclosed accommodation compartment may be operated on any waters of the state unless the motorboat is equipped with a functioning marine carbon monoxide detection system installed according to the manufacturer's instructions.

(b) After May 1, 2017, no new motorboat that has an enclosed accommodation compartment may be sold or offered for sale in Minnesota unless the motorboat is equipped with a new functioning marine carbon monoxide detection system installed according to the manufacturer's instructions.

Subd. 2. **Boating safety courses.** All state-sponsored boating safety courses and all boating safety courses that require state approval by the commissioner must incorporate information about the dangers of being overcome by carbon monoxide poisoning while on or behind a motorboat and how to prevent that poisoning.

Subd. 3. **Carbon monoxide poisoning warning labels.** (a) After May 1, 2017, no gasoline-powered motorboat that has an enclosed occupancy compartment may be operated on any waters of the state unless labels warning of carbon monoxide dangers are affixed in the vicinity of the aft reboarding/stern area and the steering station and in or at the entrance to any enclosed occupancy compartment.

(b) For a motorboat sold by a dealer, the dealer must ensure that specified warning labels have been affixed before completion of the transaction.

(c) Warning labels approved by the American Boat and Yacht Council, National Marine Manufacturers Association, or the commissioner satisfy the requirements of this section when installed as specified.

Subd. 4. **License agents; distribution.** The commissioner shall mail the information and labels to all motorboat owners of watercraft that are 21 feet and greater in length no later than May 1, 2017. The commissioner must also provide license agents with informational brochures and warning labels about the dangers of carbon monoxide poisoning while boating. A license agent must make the brochure and labels available to motorboat owners and make efforts to inform new owners of the requirement. The commissioner shall highlight the new requirements on the watercraft renewal reminder postcard for three consecutive three-year license cycles and in the Minnesota Boating Guide. The brochure must instruct motorboat owners to place the labels according to subdivision 3 and inform motorboat owners of carbon monoxide dangers of gasoline-powered generators.

Subd. 5. **Safety warning.** A first violation of this section does not result in a penalty, but is punishable only by a safety warning. A second or subsequent violation is a petty misdemeanor.

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

Sec. 18. Minnesota Statutes 2014, section 88.01, is amended by adding a subdivision to read:

Subd. 28. **Prescribed burn.** "Prescribed burn" means a fire that is intentionally ignited, managed, and controlled by an entity meeting certification requirements established by the commissioner for the purpose of managing vegetation. A prescribed burn that has exceeded its prescribed boundaries and requires suppression action is considered a wildfire.

Sec. 19. Minnesota Statutes 2014, section 88.22, subdivision 1, is amended to read:

Subdivision 1. **Imposition of restrictions.** (a) **Road closure.** When the commissioner of natural resources shall determine that conditions conducive to wildfire hazards exist in the wildfire areas of the state and that the presence of persons in the wildlife areas tends to aggravate wildfire hazards, render forest trails impassable by driving thereon during wet seasons and hampers the effective enforcement of state timber trespass and game laws, the commissioner may by written order, close any road or trail leading into any land used for any conservation purposes, to all modes of travel except that considered essential such as residents traveling to and from their homes or in other cases to be determined by the authorized forest officers assigned to guard the area.

(b) **Burning ban.** The commissioner may also, upon such determination, by written order, suspend the issuance of permits for open fires or prescribed burns, revoke or suspend the operation of a permit previously issued and, to the extent the commissioner deems necessary, prohibit the building of all or some kinds of open fires or prescribed burns in all or any part of a wildfire area regardless of whether a permit is otherwise required; and the commissioner also may, by written order, prohibit smoking except at places of habitation or automobiles or other enclosed vehicles properly equipped with an efficient ash tray.

Sec. 20. Minnesota Statutes 2014, section 93.0015, subdivision 3, is amended to read:

Subd. 3. **Expiration.** The committee expires June 30, ~~2016~~ 2026.

Sec. 21. Minnesota Statutes 2014, section 93.2236, is amended to read:

93.2236 MINERALS MANAGEMENT ACCOUNT.

(a) The minerals management account is created as an account in the natural resources fund. Interest earned on money in the account accrues to the account. Money in the account may be spent or distributed only as provided in paragraphs (b) and (c).

(b) If the balance in the minerals management account exceeds \$3,000,000 on March 31, June 30, September 30, or December 31, the amount exceeding \$3,000,000 must be distributed to the permanent school fund, the permanent university fund, and taxing districts as provided in section 93.22, subdivision 1, paragraph (c). The amount distributed to each fund must be in the same proportion as the total mineral lease revenue received in the previous biennium from school trust lands, university lands, and lands held by the state in trust for taxing districts.

(c) Subject to appropriation by the legislature, money in the minerals management account may be spent by the commissioner of natural resources for mineral resource management and projects to enhance future mineral income and promote new mineral resource opportunities.

Sec. 22. Minnesota Statutes 2014, section 94.3495, subdivision 2, is amended to read:

Subd. 2. **Classes of land; definitions.** (a) The classes of public land that may be involved in an expedited exchange under this section are:

(1) Class 1 land, which for the purpose of this section is Class A land as defined in section 94.342, subdivision 1, ~~except for:~~

~~(i) school trust land as defined in section 92.025; and~~

~~(ii) university land granted to the state by acts of Congress;~~

(2) Class 2 land, which for the purpose of this section is Class B land as defined in section 94.342, subdivision 2; and

(3) Class 3 land, which for the purpose of this section is all land owned in fee by a governmental subdivision of the state.

(b) "School trust land" has the meaning given in section 92.025.

(c) "University land" means land granted to the state by acts of Congress for university purposes.

Sec. 23. Minnesota Statutes 2014, section 94.3495, subdivision 3, is amended to read:

Subd. 3. **Valuation of land.** (a) In an exchange of Class 1 land for Class 2 or 3 land, the value of all the land shall be determined by the commissioner of natural resources, but the county board must approve the value determined for the Class 2 land, and the governmental subdivision of the state must approve the value determined for the Class 3 land. In an exchange of Class 2 land for Class 3 land, the value of all the land shall be determined by the county board of the county in which the land lies, but the governmental subdivision of the state must approve the value determined for the Class 3 land.

~~(b) To determine the value of the land, the parties to the exchange may either (1) cause the land to be appraised, utilize the valuation process provided under section 84.0272, subdivision 3, or obtain a market analysis from a qualified real estate broker or (2) determine the value for each 40-acre tract or lot, or a portion thereof, using the most current township or county assessment schedules for similar land types from the county assessor of the county in which the lands are located. Merchantable timber value must should be determined and considered in finalizing valuation of the lands.~~

~~(b) All~~ (c) Except for school trust lands and university lands, the lands exchanged under this section shall be exchanged only for lands of at least substantially equal value. For the purposes of this subdivision, "substantially equal value" has the meaning given under section 94.343, subdivision 3, paragraph (b). No payment is due either party if the lands, other than school trust lands or university lands, are of substantially equal value but are not of the same value.

(d) School trust lands and university lands exchanged under this section must be exchanged only for lands of equal or greater value.

Sec. 24. Minnesota Statutes 2014, section 94.3495, subdivision 7, is amended to read:

Subd. 7. ~~**Reversionary interest; Mineral and water power rights and other reservations.**~~ ~~(a) All deeds conveying land given in an expedited land exchange under this section shall include a reverter that provides that title to the land automatically reverts to the conveying governmental unit if:~~

~~(1) the receiving governmental unit sells, exchanges, or otherwise transfers title of the land within 40 years of the date of the deed conveying ownership; and~~

~~(2) there is no prior written approval for the transfer from the conveying governmental unit. The authority for granting approval is the commissioner of natural resources for former Class 1 land, the county board for former Class 2 land, and the governing body for former Class 3 land.~~

(b) Class 1 land given in exchange is subject to the reservation provisions of section 94.343, subdivision 4. Class 2 land given in exchange is subject to the reservation provisions of section 94.344, subdivision 4. County fee land given in exchange is subject to the reservation provisions of section 373.01, subdivision 1, paragraph (g).

Sec. 25. Laws 2015, First Special Session chapter 4, article 4, section 131, is amended to read:

Sec. 131. **SURPLUS STATE LAND SALES.**

The school trust lands director shall identify, in consultation with the commissioner of natural resources, at least \$5,000,000 in state-owned lands suitable for sale or exchange with school trust lands. The lands identified shall not be within a unit of the outdoor recreation system under Minnesota Statutes, section 86A.05, an administrative site, or trust land. The commissioner shall sell or exchange at least \$3,000,000 worth of lands identified under this section by June 30, 2017. Land exchanged under this section may be exchanged in accordance with Minnesota Statutes, section 94.3495. The value of the surplus land exchanged shall serve as compensation to the permanent school fund as provided under Minnesota Statutes, section 84.027, subdivision 18, paragraph (b). Notwithstanding the restrictions on sale of riparian land and the public sale provisions under Minnesota Statutes, sections 92.45, 94.09, and 94.10, the commissioner may offer the surplus land, including land bordering public water, for public or private sale. Notwithstanding Minnesota Statutes, section 94.16, subdivision 3, or any other law to the contrary, the amount an amount equal to 90 percent of the proceeds from the sale of lands that exceeds the actual expenses of selling the lands must be deposited in the school trust lands account and used to extinguish the school trust interest as provided under Minnesota Statutes, section 92.83, on school trust lands that have public water access sites or old growth forests located on them. Notwithstanding Minnesota Statutes, section 92.83, the remaining ten percent of the proceeds must be used to fund transactional and legal work associated with the Boundary Waters Canoe Area Wilderness land exchange and sale projects under Minnesota Statutes, sections 92.80 and 92.82.

Sec. 26. **AGGREGATE RESOURCES TASK FORCE.**

Subdivision 1. **Creation; membership.** (a) The Aggregate Resources Task Force consists of eight members appointed as follows:

(1) the speaker of the house shall appoint four members of the house of representatives to include two members of the majority party and two members of the minority party, with one member being the chair of the committee with jurisdiction over aggregate mining; and

(2) the senate Subcommittee on Committees of the Committee on Rules and Administration shall appoint four members of the senate to include two members of the majority party and two members of the minority party, with one member being the chair of the committee with jurisdiction over aggregate mining.

(b) The appointing authorities must make their respective appointments no later than July 15, 2016.

(c) The first meeting of the task force must be convened by the chairs of the house of representatives and senate committees with jurisdiction over aggregate mining who will serve as cochairs of the task force.

Subd. 2. **Duties.** The task force must study and provide recommendations on:

(1) the Department of Natural Resources' and Metropolitan Council's aggregate mapping progress and needs;

(2) the effectiveness of recent aggregate tax legislation and the use of the revenues collected by counties;

(3) the use of state funds to preserve aggregate reserves; and

(4) local land use and permitting issues, environmental review requirements, and the impacts of other state regulations on aggregate reserves.

Subd. 3. **Report.** No later than January 15, 2018, the task force shall submit a report to the chairs of the house of representatives and senate committees and divisions with jurisdiction over aggregate mining and environment and natural resources finance containing the findings of the study.

Subd. 4. **Expiration.** The Aggregate Resources Task Force expires 45 days after the report and recommendations are delivered to the legislature or on June 30, 2018, whichever date is earlier.

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

Sec. 27. **MARINE CARBON MONOXIDE DETECTORS; REPORT.**

The commissioner of natural resources shall submit a report to the legislature by November 1, 2018. The report must outline any issues encountered relating to implementation of Minnesota Statutes, section 86B.532, any changes to marine manufacturing industry standards relating to carbon monoxide, the availability of plug-in or battery-powered marine certified carbon monoxide detectors, and best practices in preventing carbon monoxide poisoning relating to motorboat operation, including the feasibility of requiring carbon monoxide detectors that are more sensitive in measuring carbon monoxide than required in this act.

Sec. 28. **PRESCRIBED BURN REQUIREMENTS; REPORT.**

The commissioner of natural resources, in cooperation with prescribed burning professionals, nongovernmental organizations, and local and federal governments, must develop criteria for certifying an entity to conduct a prescribed burn under a general permit. The certification requirements must include training, equipment, and experience requirements and include an apprentice program to allow entities without experience to become certified. The commissioner must establish provisions for decertifying entities. The commissioner must not require additional certification or requirements for burns conducted as part of normal agricultural practices not currently subject to prescribed burn specifications. The commissioner must submit a report with recommendations and any legislative changes needed to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over environment and natural resources by January 15, 2017.

Sec. 29. **SAND DUNES STATE FOREST; REPORT.**

(a) Until July 1, 2017, the commissioner of natural resources shall not log, enter into a logging contract, or otherwise remove trees for purposes of creating oak savanna in the Sand Dunes State Forest. This paragraph does not prohibit work done under contracts entered into before the effective date of this section or work on school trust lands.

(b) By January 15, 2017, the commissioner must submit a report, prepared by the Division of Forestry, to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over environment and natural resources with the Division of Forestry's progress on collaborating with local citizens and other stakeholders over the past year when making decisions that impact the landscape, including forest conversions and other clear-cutting activities, and the division's progress on other citizen engagement activities.

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

Sec. 30. **COLD SPRING WATER APPROPRIATION PERMITS; REPORT.**

(a) The commissioner of natural resources shall amend the city of Cold Spring's water appropriation permit to allow an increase in the city's water withdrawal of 100 million gallons per year from city wells 4, 5, and 6, provided a combined reduction of ten million gallons per year is made from city well 3 or water appropriations under any permits held by brewing companies in the Cold Spring Creek area. The city and any other permit holder with permit modifications made under this section must comply with all existing reporting requirements and demonstrate that increased pumping does not result in violations of the Safe Drinking Water Act. The increases under this section are available on an interim basis, not to exceed five years, to allow the city to establish a new well field and long-term water supply solution for the city and area businesses.

(b) The commissioner must conduct necessary monitoring of stream flow and water levels and develop a groundwater model to determine the amount of water that can be sustainably pumped in the area of Cold Spring Creek for area businesses, agriculture, and city needs. Beginning July 1, 2017, the commissioner must submit an annual progress report to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over environment and natural resources. The commissioner must submit a final report by January 15, 2022.

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

Sec. 31. **WATER LEVEL CONTROL PERMIT FOR BIG LAKE; GRANT COUNTY.**

Notwithstanding Minnesota Statutes, sections 103G.407 and 103G.408, the commissioner of natural resources must issue a permit to the Bois de Sioux Watershed District to allow Big Lake in Grant County to be maintained at an elevation of 1,073 feet from May 1 to October 1, and to be drawn down to an elevation of 1,072 feet prior to the lake freezing.

Sec. 32. **LAKE SERVICE PROVIDER FEASIBILITY REPORT.**

The commissioner of natural resources shall report to the chairs of the house of representatives and senate committees with jurisdiction over natural resources by January 15, 2019, regarding the feasibility of expanding permitting to service providers as described in Minnesota Statutes, section 84D.108, subdivision 2a, to other water bodies in the state. The report must:

(1) include recommendations for state and local resources needed to implement the program;

(2) assess local government inspection roles under Minnesota Statutes, section 84D.105, subdivision 2, paragraph (g); and

(3) assess whether mechanisms to ensure that water-related equipment placed back into the same body of water from which it was removed can adequately protect other water bodies.

Sec. 33. **CITATION.**

Sections 14, 15, 16, 17, and 27 may be known and cited as "Sophia's Law."

Sec. 34. **REPEALER.**

Minnesota Statutes 2014, section 116P.13, is repealed.

EFFECTIVE DATE. This section is effective July 1, 2018, and any funds remaining in the Minnesota future resources fund on July 1, 2018, are transferred to the general fund.

ARTICLE 4
JOBS APPROPRIATIONS

Section 1. **APPROPRIATIONS**

The sums shown in the columns under "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2015, First Special Session, chapter 1, or other law to the specified agencies. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2016" and "2017" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2016, or June 30, 2017, respectively. Appropriations for the fiscal year ending June 30, 2016, are effective the day following final enactment. Reductions may be taken in either fiscal year.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2016</u>	<u>2017</u>

Sec. 2. **DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT**

Subdivision 1. **Total Appropriation**

	<u>\$-0-</u>	<u>\$7,653,000</u>
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Subd. 2. **Business and Community Development**

		<u>(11,947,000)</u>
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(a) \$12,000,000 in fiscal year 2017 is a onetime reduction in the general fund appropriation for the Minnesota investment fund under Minnesota Statutes, section 116J.8731. The base funding for this purpose is \$5,000,000 in fiscal year 2018 and each fiscal year thereafter.

(b) \$8,500,000 in fiscal year 2017 is a onetime reduction in the general fund appropriation for the Minnesota job creation fund under Minnesota Statutes, section 116J.8748. The base funding for this program is \$7,500,000 in fiscal year 2018 and each fiscal year thereafter.

(c) \$1,000,000 in fiscal year 2017 is from the general fund for the redevelopment program under Minnesota Statutes, section 116J.571. This is a onetime appropriation.

(d) \$1,000,000 in fiscal year 2017 is from the workforce development fund for a grant to the Neighborhood Development Center for developing and supporting entrepreneurial skills and job creation in communities served by the Neighborhood Development Center. Funds may be used for activities including but not limited to business plan training, business workshops, technical assistance to small business owners, development and support of business incubators, entrepreneurial network development, and the expansion of entrepreneurial capacity in communities. This is a onetime appropriation.

(e) \$100,000 in fiscal year 2017 is from the general fund for an easy-to-understand manual to instruct aspiring business owners in how to start a child care business. The commissioner shall work in consultation with relevant state and local agencies and affected stakeholders to produce the manual. The manual must be made available electronically to interested persons. This is a onetime appropriation and is available until June 30, 2019.

(f) \$500,000 in fiscal year 2017 is from the workforce development fund for a grant to Enterprise Minnesota, Inc. Of this amount, \$250,000 is for the small business growth acceleration program under Minnesota Statutes, section 116O.115, and \$250,000 is for operations under Minnesota Statutes, sections 116O.01 to 116O.061. This is a onetime appropriation.

(g) \$12,000 in fiscal year 2017 is a reduction in the general fund appropriation for the Upper Minnesota Film Office.

(h) \$1,825,000 in fiscal year 2017 is a reduction in the general fund appropriation for the Minnesota Film and TV Board.

(i) \$5,000,000 in fiscal year 2017 is from the general fund for the workforce housing grant program in Minnesota Statutes, section 116J.549. This is a onetime appropriation.

(j) \$2,290,000 in fiscal year 2017 is from the general fund for a grant to Mille Lacs County to develop and operate the Lake Mille Lacs area economic relief program established in article 5, section 11. This is a onetime appropriation.

(k) \$500,000 in fiscal year 2017 is from the general fund for grants to local communities outside of the metropolitan area as defined under Minnesota Statutes, section 473.121, subdivision 2, to increase the supply of quality child care providers in order to support regional economic development. Grant recipients must match state funds on a dollar-for-dollar basis. Grant funds available under this section must be used to implement solutions to reduce the child care shortage in the state, including but not limited to funding for child care business start-up or expansion, training, facility modifications or improvements required for licensing, and assistance with licensing and other regulatory requirements. In awarding grants, the commissioner must give priority to communities in greater Minnesota that have documented a shortage of child care providers in the area. This is a onetime appropriation and is available until June 30, 2019.

By September 30, 2017, grant recipients must report to the commissioner on the outcomes of the grant program, including but not limited to the number of new providers, the number of additional child care provider jobs created, the number of additional child care slots, and the amount of local funds invested.

By January 1, 2018, the commissioner must report to the standing committees of the legislature having jurisdiction over child care and economic development on the outcomes of the program to date.

Subd. 3. Workforce Development

3,900,000

(a) \$600,000 in fiscal year 2017 is from the workforce development fund for a grant to Ujamaa Place for job training, employment preparation, internships, education, training in the construction trades, housing, and organizational capacity building. This is a onetime appropriation.

(b) \$800,000 in fiscal year 2017 is from the workforce development fund for a grant to Latino Communities United in Service (CLUES) to expand culturally tailored programs that address employment and education skill gaps for working parents and underserved youth. Funds must be used to provide new job skills training to stimulate higher wages for low-income people, family support systems designed to reduce generational poverty, and youth programming to promote educational advancement and career pathways. At least 50 percent of the total grant funds must be used for programming in greater Minnesota. CLUES shall submit a report to the chairs and ranking minority members of the legislative committees and divisions of the senate and house of representatives with primary jurisdiction over jobs with findings of program outcomes by March 1, 2018. The report must include the type, duration, and attendance of each program and quantifiable measures of success. This is a onetime appropriation and is available until June 30, 2019.

(c) \$600,000 in fiscal year 2017 is from the workforce development fund for performance grants under Minnesota Statutes, section 116J.8747, to Twin Cities RISE! to provide training to hard-to-train individuals. This is onetime appropriation.

(d) \$1,000,000 in fiscal year 2017 is from the general fund for a grant to the Construction Careers Foundation for the construction career pathway initiative to provide year-round educational and experiential learning opportunities for teens and young adults under the age of 21 that lead to careers in the construction industry. This is a onetime appropriation and is available until June 30, 2019. Grant funds must be used to:

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

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

(3) increase the number of summer internship opportunities;

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

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

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

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

(e) \$400,000 in fiscal year 2017 is from the general fund for the Youth at Work youth workforce development competitive grant program. Of this amount, up to five percent is for administration and monitoring of the program. This is a onetime appropriation and is available until June 30, 2018.

(f) \$500,000 in fiscal year 2017 is appropriated from the workforce development fund for a grant to the YWCA of Minneapolis to provide economically challenged individuals the jobs skills training, career counseling, and job placement assistance necessary to secure a child development associate credential and to have a career path in early childhood education. This is a onetime appropriation.

Subd. 4. Vocational Rehabilitation

500,000

\$500,000 in fiscal year 2017 is from the general fund for grants to centers for independent living under Minnesota Statutes, section 268A.11. This is a onetime appropriation.

Subd. 5. State Services for the Blind

200,000

\$200,000 in fiscal year 2017 is from the general fund for State Services for the Blind. Funds appropriated must be used to provide services for senior citizens who are becoming blind. At least half of the funds appropriated must be used to provide training services for seniors who are becoming blind. Training services must provide independent living skills to seniors who are becoming blind to allow them to continue to live independently in their homes. This is a onetime appropriation.

Subd. 6. Broadband Development15,000,000

(a) \$15,000,000 in fiscal year 2017 is from the general fund for deposit in the border-to-border broadband fund account under Minnesota Statutes, section 116J.396, for the purpose of awarding grants under that section. The base funding for this program is \$25,000,000 in fiscal year 2018. These are onetime appropriations.

(b) \$500,000 must be awarded to projects that propose to expand the availability and adoption of broadband service to areas that contain a significant proportion of low-income households. For the purposes of this subdivision, "low-income households" means households whose household income is less than or equal to 200 percent of the most recent calculation of the United States federal poverty guidelines published by the federal Department of Health and Human Services, adjusted for family size.

(c) Minnesota Statutes, section 116J.395, subdivision 5a, does not apply to applications for grants under paragraph (b) and does not apply to applications for grants under paragraph (a) in underserved areas.

(d) If grant awards in any area are insufficient to fully expend the funds available for that area, the commissioner may reallocate unexpended funds to other areas.

Sec. 3. HOUSING FINANCE AGENCY**Subdivision 1. Total Appropriation**\$-0-\$(4,750,000)**Subd. 2. Challenge Program**(5,000,000)

(a) This is a onetime general fund appropriation reduction in fiscal year 2017.

(b) The base funding for this program in fiscal year 2018 and thereafter is \$12,925,000.

Subd. 3. Family Homeless Prevention250,000

\$250,000 in fiscal year 2017 is from the general fund for grants to eligible applicants to create or expand risk mitigation programs to reduce landlord financial risks for renting to persons eligible under Minnesota Statutes, section 462A.204. Eligible programs may reimburse landlords for costs including but not limited to nonpayment of rent, or damage costs above those costs covered by security deposits. The agency may give higher priority to applicants that can demonstrate a matching amount of money by a local unit of government, business, or nonprofit organization. Grantees must establish a procedure to review and validate claims and reimbursements under this grant program. This is a onetime appropriation.

Sec. 4. **EXPLORE MINNESOTA TOURISM****\$-0-****\$800,000**

(a) \$300,000 in fiscal year 2017 is from the general fund for a grant to the Mille Lacs Tourism Council to enhance marketing activities related to tourism promotion in the Mille Lacs Lake area. This is a onetime appropriation.

(b) \$500,000 in fiscal year 2017 is from the general fund for a pilot project to assist in funding and securing major events benefiting communities throughout the state. The pilot project must measure the economic impact of visitors on state and local economies, increased lodging and nonlodging sales taxes in addition to visitor spending, and increased media awareness of the state as an event destination. This is a onetime appropriation.

Sec. 5. **DEPARTMENT OF LABOR AND INDUSTRY**Subdivision 1. **Total Appropriation****\$-0-****\$250,000**Subd. 2. **Labor Standards and Apprenticeship**\$250,000

\$250,000 in fiscal year 2017 is from the general fund for the apprenticeship program under Minnesota Statutes, chapter 178.

Sec. 6. **BUREAU OF MEDIATION SERVICES****\$-0-****\$(125,000)**

This is a reduction in the general fund appropriation in fiscal year 2017 for the Public Employment Relations Board.

Sec. 7. **DEPARTMENT OF COMMERCE**Subdivision 1. **Total Appropriation****\$-0-****\$(151,000)**Subd. 2. **Telecommunications**(376,000)

The base amount for this purpose is \$558,000 in fiscal year 2018 and \$482,000 in fiscal year 2019.

Subd. 3. **Energy Resources****-0-**100,000

\$100,000 in fiscal year 2017 is from the general fund for energy regulation and planning unit staff. This appropriation is not subject to assessment under Minnesota Statutes, section 216B.62.

Subd. 4. **Insurance**125,000

\$125,000 in fiscal year 2017 is from the general fund for insurance fraud enforcement under Minnesota Statutes, section 45.0135, subdivision 9.

Sec. 8. **PUBLIC UTILITIES COMMISSION**

\$-0-

\$(56,000)

(a) Of the amount appropriated, \$112,000 in fiscal year 2017 is from the general fund for costs related to implementation of solar energy standards and community solar garden requirements under Laws 2013, chapter 85, and Laws 2015, First Special Session chapter 1, article 3. This appropriation is not subject to assessment under Minnesota Statutes, section 216B.62.

(b) Of the amount in fiscal year 2017, \$375,000 is a onetime reduction in the general fund appropriation for telecommunications regulation.

(c) Of the amount appropriated in fiscal year 2017, \$207,000 is from the general fund for expenses related to additional Public Utilities Commission members.

(d) The base funding for the Public Utilities Commission is \$7,155,000 in fiscal year 2018 and \$7,461,000 in fiscal year 2019.

Sec. 9. **PUBLIC FACILITIES AUTHORITY**

\$-0-

\$11,500,000

\$11,500,000 in fiscal year 2017 is from the general fund for a grant to the Lewis and Clark Joint Powers Board to acquire land, design, engineer, and construct facilities and infrastructure necessary to complete Phase 3 of the Lewis and Clark Regional Water System project, including extension of the project from the Lincoln-Pipestone Rural Water System connection near Adrian to Worthington, construction of a reservoir in Nobles County and a meter building in Worthington, and acquiring and installing a supervisory control and data acquisition (SCADA) system. This is a onetime appropriation and is not available until the commissioner of management and budget determines that at least \$9,000,000 is committed to the Phase 3 of the project from nonstate sources. This appropriation is available until the project is completed or abandoned, subject to Minnesota Statutes, section 16A.642.

Sec. 10. Laws 2015, First Special Session chapter 1, article 1, section 2, subdivision 3, is amended to read:

Subd. 3. **Workforce Development**

Appropriations by Fund

General	2,189,000	1,789,000
Workforce Development	17,567,000	16,767,000

(a) \$1,039,000 each year from the general fund and \$3,104,000 each year from the workforce development fund are for the adult workforce development competitive grant program. Of this amount, up to five percent is for administration and monitoring of the adult workforce development competitive grant program. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year.

(b) \$4,050,000 each year is from the workforce development fund for the Minnesota youth program under Minnesota Statutes, sections 116L.56 and 116L.561, to provide employment and career advising to youth, including career guidance in secondary schools, to address the youth career advising deficiency, to carry out activities outlined in Minnesota Statutes, section 116L.561, to provide support services, and to provide work experience to youth in the workforce service areas. The funds in this paragraph may be used for expansion of the pilot program combining career and higher education advising in Laws 2013, chapter 85, article 3, section 27. Activities in workforce services areas under this paragraph may serve all youth up to age 24.

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

(d) \$450,000 each year is from the workforce development fund for a grant to Minnesota Diversified Industries, Inc., to provide progressive development and employment opportunities for people with disabilities.

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

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

(g) \$750,000 each year is from the workforce development fund for a grant to the Minnesota Alliance of Boys and Girls Clubs to administer a statewide project of youth 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.

(h) \$250,000 the first year and \$250,000 the second year are for pilot programs in the workforce service areas to combine career and higher education advising.

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

(j) \$900,000 in fiscal year 2016 and \$1,100,000 in fiscal year 2017 are from the workforce development fund for a grant to the Minnesota High Tech Association to support SciTechsperience, a program that supports science, technology, engineering, and math (STEM) internship opportunities for two- and four-year college students in their field of study. The internship opportunities must match students with paid internships within STEM disciplines at small, for-profit companies located in the seven-county metropolitan area, having fewer than 150 total employees; or at small or medium, for-profit companies located outside of the seven-county metropolitan area, having fewer than 250 total employees. At least 200 students must be matched in the first year and at least 250 students must be matched in the second year. Selected hiring companies shall receive from the grant 50 percent of the wages paid to the intern, capped at \$2,500 per intern. The program must work toward increasing the participation among women or other underserved populations.

(k) \$50,000 each year is from the workforce development fund for a grant to the St. Cloud Area Somali Salvation Youth Organization for youth development and crime prevention activities. Grant funds may be used to train and place mentors in elementary and secondary schools; for athletic, social, and other activities to foster leadership development; to provide a safe place for participating youth to gather after school, on weekends, and on holidays; and activities to improve the organizational and job readiness skills of participating youth. This is a onetime appropriation and is available until June 30, 2019. Funds appropriated the first year are available for use in the second year of the biennium.

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

(m) \$400,000 in fiscal year 2016 is for a grant to YWCA Saint Paul for training and job placement assistance, including commercial driver's license training, through the job placement and retention program. This is a onetime appropriation.

(n) \$800,000 in fiscal year 2016 is from the workforce development fund for the customized training program for manufacturing industries under article 2, section 24. This is a onetime appropriation and is available in either year of the biennium. Of this amount:

(1) \$350,000 is for a grant to Central Lakes College for the purposes of this paragraph;

(2) \$250,000 is for Minnesota West Community and Technical College for the purposes of this paragraph; and

(3) \$200,000 is for South Central College for the purposes of this paragraph.

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

(p) \$200,000 in fiscal year 2016 and \$200,000 in fiscal year 2017 are from the workforce development fund for performance grants under Minnesota Statutes, section 116J.8747, to Twin Cities RISE! to provide training to hard-to-train individuals. This is a onetime appropriation.

(q) \$200,000 in fiscal year 2016 is from the workforce development fund for the foreign-trained health care professionals grant program modeled after the pilot program conducted under Laws 2006, chapter 282, article 11, section 2, subdivision 12, to encourage state licensure of foreign-trained health care professionals, including: physicians, with preference given to primary care physicians who commit to practicing for at least five years after licensure in underserved areas of the state; nurses; dentists; pharmacists; mental health professionals; and other allied health care professionals. The commissioner must collaborate with health-related licensing boards and Minnesota workforce centers to award grants to foreign-trained health care professionals sufficient to cover the actual costs of taking a course to prepare health care professionals for required licensing examinations and the fee for the state licensing examinations. When awarding grants, the commissioner must consider the following factors:

(1) whether the recipient's training involves a medical specialty that is in high demand in one or more communities in the state;

(2) whether the recipient commits to practicing in a designated rural area or an underserved urban community, as defined in Minnesota Statutes, section 144.1501;

(3) whether the recipient's language skills provide an opportunity for needed health care access for underserved Minnesotans; and

(4) any additional criteria established by the commissioner.

This is a onetime appropriation and is available until June 30, 2019.

Sec. 11. Laws 2015, First Special Session chapter 1, article 1, section 8, subdivision 8, is amended to read:

Subd. 8. **Insurance**

Appropriations by Fund

General	4,095,000	4,004,000
Workers' Compensation	553,000	553,000

\$642,000 each year is for health insurance rate review staffing.

\$91,000 in fiscal year 2016 is for the task force on no-fault auto insurance issues.

\$125,000 in fiscal year 2017 is for insurance fraud enforcement under Minnesota Statutes, section 45.0135, subdivision 9.

ARTICLE 5
JOBS AND ECONOMIC DEVELOPMENT

Section 1. Minnesota Statutes 2015 Supplement, section 16A.967, subdivision 2, is amended to read:

Subd. 2. **Authorization to issue appropriation bonds.** (a) Subject to the limitations of this subdivision, the commissioner may sell and issue appropriation bonds of the state under this section for public purposes as provided by law, ~~including, in particular, the financing of the land acquisition, design, engineering, and construction of facilities and infrastructure necessary to complete the next phase of the Lewis and Clark Regional Water System project, including completion of the pipeline to Magnolia, extension of the project to the Lincoln Pipestone Rural Water System connection near Adrian, and engineering, design, and easement acquisition for the final phase of the project to Worthington. No bonds shall be sold until the commissioner determines that a nonstate match of at least \$9,000,000 is committed to this project phase.~~ Grant agreements entered into under this section must provide for reimbursement to the state from any federal money provided for the project, consistent with the Lewis and Clark Regional Water System, Inc., agreement.

(b) The appropriation bonds may be issued and sold only after the commissioner determines that the construction and administration for work done on the project will comply with (1) all federal requirements and regulations associated with the Lewis and Clark Rural Water System Act of 2000, and (2) the cooperative agreement between the United States Department of the Interior and the Lewis and Clark Regional Water System, Inc. Proceeds of the appropriation bonds must be credited to a special appropriation Lewis and Clark bond proceeds fund in the state treasury. All income from investment of the bond proceeds, as estimated by the commissioner, is appropriated to the commissioner for the payment of principal and interest on the appropriation bonds.

(c) Appropriation bonds may be sold and issued in amounts that, in the opinion of the commissioner, are necessary to provide sufficient money to the Public Facilities Authority under subdivision 7, not to exceed \$19,000,000 net of costs of issuance, for the purposes as provided under this paragraph ~~(a)~~, and pay debt service including capitalized interest, costs of issuance, costs of credit enhancement, or make payments under other agreements entered into under paragraph (e). The bonds authorized by this paragraph are for the purposes of financing the land acquisition, design, engineering, and construction of facilities and infrastructure necessary to complete Phase 2 of the Lewis and Clark Regional Water System project, including completion of the pipeline to Magnolia; extension of the project to the Lincoln-Pipestone Rural Water System connection near Adrian; and engineering, design, and easement acquisition for the final phase of the project to Worthington. No bonds shall be sold under this subdivision until the commissioner determines that a nonstate match of at least \$9,000,000 is

committed to this project phase. Upon completion of Phase 2, the unspent, unencumbered portion of the appropriation in this subdivision is available for the purposes of Phase 3, which includes extension of the project from the Lincoln-Pipestone Rural Water System connection near Adrian to Worthington, construction of a reservoir in Nobles County and a meter building in Worthington, and acquiring and installing a supervisory control and data acquisition (SCADA) system.

(d) Appropriation bonds may be issued in one or more issues or 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 appropriation bonds may not exceed 25 years. The appropriation bonds of each issue and series thereof shall be dated and bear interest, and may be includable in or excludable from the gross income of the owners for federal income tax purposes.

(e) 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, grant agreements, lease or use agreements, operating agreements, management agreements, 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.

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

(g) The appropriation bonds are not subject to chapter 16C.

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

Sec. 2. Minnesota Statutes 2015 Supplement, section 16A.967, subdivision 7, is amended to read:

Subd. 7. **Appropriation of proceeds.** The proceeds of appropriation bonds issued under this section and interest credited to the special appropriation Lewis and Clark bond proceeds fund are appropriated ~~to the commissioner;~~

(1) to the Public Facilities Authority for a grant to the Lewis and Clark Joint Powers Board for payment of capital expenses for the purposes provided by as specified in subdivision 2, paragraph (a); and

(2) to the commissioner for debt service on the bonds including capitalized interest, nonsalary costs of issuance of the bonds, costs of credit enhancement of the bonds and payments under any agreements entered into under subdivision 2, paragraph (e), each as permitted by state and federal law, and such proceeds may be granted, loaned, or otherwise provided for the public purposes provided by subdivision 2, paragraph (a).

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

Sec. 3. Minnesota Statutes 2014, section 116J.548, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For purposes of this section:

(a) "Capital costs" means expenditures for the public acquisition and of land and buildings, betterment of public lands and buildings, and ~~for~~ other publicly owned capital improvements. Capital costs also include expenditures for predesign, design, engineering, and similar activities for specifically identified eligible projects.

(b) "Eligible project" means a development or redevelopment project that will generate economic development within a time frame of five years or less or facilitate the preparation of long-term economic development within a host community.

(c) "Economic development" means assistance in preparation of a redevelopment or development area contained in the application that results in at least one of the following:

(1) job creation, including jobs relating to construction and temporary jobs;

(2) an increase in the tax base;

(3) the ~~capacity~~ ability of the eligible project to attract private investment, and;

(4) long-term economic development;

(5) needed public infrastructure or transportation-related improvements to facilitate long-term redevelopment or development; or

(6) other objective criteria established by the commissioner that demonstrate a public benefit to the host community.

(d) "Host community" means a city located within the seven-county metropolitan area, as defined in section 473.121, subdivision 2, that is the site of a waste disposal facility that meets the standards in section 473.849, that accepts unprocessed mixed municipal solid waste generated in the metropolitan area.

(e) "Long-term economic development" means capital costs associated with economic development projects identified by a host community comprehensive plan or redevelopment plan that will generate eligible economic development.

Sec. 4. Minnesota Statutes 2014, section 116J.548, subdivision 3, is amended to read:

Subd. 3. **Application.** Host communities may apply for a grant under this section on a form and in a manner prescribed by the commissioner. In awarding grants under this section, ~~the commissioner shall give priority to eligible projects that, based on a cost benefit analysis, provide the highest return on public investment.~~ the commissioner must allocate available money between host communities as evenly as practicable.

Sec. 5. Minnesota Statutes 2014, section 116J.8737, subdivision 3, is amended to read:

Subd. 3. **Certification of qualified investors.** (a) Investors may apply to the commissioner for certification as a qualified investor for a taxable year. The application must be in the form and be made under the procedures specified by the commissioner, accompanied by an application fee of \$350. Application fees are deposited in the small business investment tax credit administration account in the special revenue fund. The application for certification for 2010 must be made available on the department's Web site by August 1, 2010. Applications for subsequent years' certification must be made available on the department's Web site by November 1 of the preceding year.

(b) Within 30 days of receiving an application for certification under this subdivision, the commissioner must either certify the investor as satisfying the conditions required of a qualified investor, request additional information from the investor, or reject the application for certification. If the commissioner requests additional information from the investor, the commissioner must either certify the investor or reject the application within 30 days of receiving the additional information. If the commissioner neither certifies the investor nor rejects the application within 30 days of receiving the original application or within 30 days of receiving the additional information requested, whichever is later, then the application is deemed rejected, and the commissioner must refund the \$350 application fee. An investor who applies for certification and is rejected may reapply.

(c) To receive certification, an investor must (1) be a natural person; and (2) certify to the commissioner that the investor will only invest in a transaction that is exempt under section 80A.46, clause (13) or (14), in a security exempt under section 80A.461, or in a security registered under section 80A.50, paragraph (b).

(d) In order for a qualified investment in a qualified small business to be eligible for tax credits, a qualified investor who makes the investment must have applied for and received certification for the calendar year prior to making the qualified investment, except in the case of an investor who is not an accredited investor, within the meaning of Regulation D of the Securities and Exchange Commission, Code of Federal Regulations, title 17, section 230.501, paragraph (a), application for certification may be made within 30 days after making the qualified investment.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2015.

Sec. 6. Minnesota Statutes 2014, section 116J.8747, subdivision 1, is amended to read:

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

(1) ~~a \$9,000~~ an \$11,000 placement grant paid to a job training program upon placement in employment of a qualified graduate of the program; and

(2) ~~a \$9,000~~ an \$11,000 retention grant paid to a job training program upon retention in employment of a qualified graduate of the program for at least one year.

Sec. 7. Minnesota Statutes 2014, section 116J.8747, subdivision 2, is amended to read:

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

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

(2) the program must spend ~~at least~~, on average, \$15,000 or more per graduate of the program;

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

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

(ii) thinking skills, such as reasoning, creative thinking, decision making, and problem solving; and

(iii) personal qualities, such as responsibility, self-esteem, self-management, honesty, and integrity;

(4) the program ~~must~~ may provide income supplements, when needed, to participants for housing, counseling, tuition, and other basic needs;

(5) the program's education and training course must last for an average of at least six months;

(6) individuals served by the program must:

(i) be 18 years of age or older;

(ii) have federal adjusted gross income of no more than ~~\$11,000~~ \$12,000 per year in the calendar year immediately before entering the program;

(iii) have assets of no more than ~~\$7,000~~ \$10,000, excluding the value of a homestead; and

(iv) not have been claimed as a dependent on the federal tax return of another person in the previous taxable year; and

(7) the program must be certified by the commissioner of employment and economic development as meeting the requirements of this subdivision.

Sec. 8. Minnesota Statutes 2014, section 116M.15, subdivision 1, is amended to read:

Subdivision 1. **Creation; membership.** The Urban Initiative Board is created and consists of the commissioner of employment and economic development, the commissioner of human rights, the chair of the Metropolitan Council, and eight members from the general public appointed by the governor. Six of the public members must be representatives from minority business enterprises. No more than four of the public members may be of one gender. All public members must be experienced in business or economic development.

Sec. 9. Minnesota Statutes 2014, section 383B.142, is amended to read:

383B.142 PROCEDURE.

Subdivision 1. **Delegation of authority.** The county board may by resolution delegate the powers and duties enumerated in sections 383B.141 to ~~383B.151~~ 383B.1511, and those powers and duties necessary to the implementation of the purposes of central purchasing specifying the nature, scope and extent of the delegation. The authority and responsibility subject to delegation shall include, but not be limited to the following:

(a) purchasing and contracting for all goods, materials, supplies, equipment and contracted services, as provided in section 383B.143;

(b) preparation, review, modification and approval of all plans and specifications for goods, materials, supplies, equipment and contracted services;

(c) the transfer of any goods, materials, supplies, equipment or contracted services to or between departments, boards, commissions and agencies;

(d) selling or otherwise disposing of goods, materials, supplies, equipment and contracted services which are unusable or no longer required; and

(e) periodically reviewing and requiring department heads to supply necessary data concerning inventories and surpluses and monitoring compliance by department heads with purchasing laws, rules, regulations and procedures.

Subd. 2. **Administrator's duties.** Notwithstanding the provisions of section 373.02, the county board may delegate its purchasing powers and duties to the county administrator. The county administrator, wherever referred to in sections 383B.141 to ~~383B.151~~ 383B.1511, may designate and delegate a purchasing manager or other person to perform the tasks empowered or assigned to the county administrator. Any purchase in excess of \$3,500 shall require the signature of the county administrator or designee.

Sec. 10. **[383B.1511] JOB ORDER CONTRACTING.**

Subdivision 1. Definitions. (a) In this section, the definitions in this subdivision apply.

(b) "Job order contracting" means a project delivery method that requests a limited number of bids from a list of qualified contractors, selected from a registry of qualified contractors who have been prescreened and who have entered into master contracts with the county, as provided in this section.

(c) "Project" means an undertaking by the county to construct, alter, maintain, repair, or enlarge a building, structure, road, or bridge, or make other improvements.

(d) "Request for qualifications" means the document or publication soliciting qualifications for a job order contracting contract.

Subd. 2. **Authority.** Notwithstanding any law to the contrary, the county may utilize job order contracting for projects that do not exceed a construction cost of \$250,000.

Subd. 3. **Job order contracting request for qualifications.** (a) The county is authorized to issue a request for qualifications that includes the criteria that will be used for the projects, provided that these criteria (1) do not unduly restrict competition or impose conditions beyond reasonable requirements, in order to ensure maximum participation of all qualified contractors, and (2) do not relate to the collective bargaining status of the contractor.

(b) The request for qualifications must be publicized in a manner designated by the county that ensures open and unrestricted access for any potential responder. To the extent practical, this must include posting on a county Web site.

Subd. 4. **Qualified contractors.** (a) The county shall review the responses to the request for qualifications and determine each proposer's ability to enter into the master contract that will be utilized for the projects. The county shall establish a list of qualified contractors based on the proposers' ability to enter into a master contract as described in the request for qualifications.

(b) The county may establish a reasonable limit to the number of contractors on the registry of qualified contractors, based on the reasonable needs of the county. The county may reserve up to 75 percent of the registry for certified small business enterprises that may include minority-owned business enterprises, women-owned business enterprises, and veteran-owned businesses. The remaining 25 percent of the registry may include qualified businesses of any size or ownership.

(c) The county shall establish procedures to allow firms to submit qualifications at least every 24 months to allow placement on the list of contractors qualified to enter into a master contract. The county is not prohibited from accepting qualifications more frequently or on an ongoing or rolling basis.

Subd. 5. **Construction services bidding.** The county shall request bids for construction services for any project using job order contracting from qualified contractors as follows:

(1) for projects up to a maximum cost of \$50,000, the county shall request a minimum of two bids;

(2) for projects with a cost greater than \$50,000, but less than or equal to \$100,000, the county shall request a minimum of three bids; and

(3) for projects with a cost greater than \$100,000, but less than or equal to \$250,000, the county shall request a minimum of four bids.

Subd. 6. **Qualified contractor selection.** The county shall select the contractor who submits the lowest price bid for the construction services proposed. At the discretion of the county, any or all bids may be rejected if it is determined to be in the best interest of the county.

Subd. 7. **Reasonable distribution of bid requests among qualified contractors.** The county, in requesting bidding for projects using job order contracting as described in this section, shall develop a system to ensure a reasonable opportunity for all qualified contractors to periodically bid on construction services.

Subd. 8. **Expiration.** The authority to enter into new contracts under this section expires on December 31, 2019.

Subd. 9. **Reporting.** Hennepin County must provide reports to the chairs of the committees in the senate and the house of representatives that have jurisdiction over local government operations, describing the uses of the authority provided in this section. Uses of the authority described in the reports may include identifying the total number of projects where this procurement method was used, the total number of contractors qualified by the county, and the total annual expenditures for projects under this section. The first report must be made by January 15, 2018, and subsequent reports must be made on January 15 of each subsequent even-numbered year.

Sec. 11. LAKE MILLE LACS AREA ECONOMIC RELIEF PROGRAM.

Subdivision 1. **Relief program established.** Mille Lacs County must develop and implement a Lake Mille Lacs area economic relief program to assist businesses adversely affected by a decline in walleye fishing on Lake Mille Lacs.

Subd. 2. **Available relief.** (a) The economic relief program established under this section may include grants or loans as provided in this section to the extent that funds are available. Prior to awarding a grant to Mille Lacs County for the relief program under this section:

(1) the county must develop criteria, procedures, and requirements for:

(i) determining eligibility for assistance;

(ii) the duration, terms, underwriting and security requirements, and repayment requirements for loans;

(iii) evaluating applications for assistance;

(iv) awarding assistance; and

(v) administering the grant and loan program authorized under this section;

(2) the county must submit its criteria, procedures, and requirements developed pursuant to clause (1) to the commissioner of employment and economic development for review; and

(3) the commissioner must approve the criteria, procedures, and requirements as developed pursuant to clause (1) to be used by the county in determining eligibility for assistance, evaluating, awarding, and administering the grant and loan program.

(b) The relief authorized under this section includes:

(1) grants not to exceed \$50,000 per business. Grants may be awarded to applicants only when the county determines that a loan is not appropriate to address the needs of the applicant; and

(2) loans, with or without interest, and deferred or forgivable loans. The maximum loan amount under this subdivision is \$100,000 per business. The lending criteria adopted by the county for loans under this subdivision must:

(i) specify that an entity receiving a deferred or forgivable loan must remain in the local community a minimum of five years after the date of the loan. The maximum loan deferral period must not exceed five years from the date the loan is approved. The maximum amount of a loan that may be forgiven must not exceed 50 percent of the principle amount and may be forgiven only if the business has remained in operation in the community for at least ten years after the loan is approved; and

(ii) require submission of a business plan for continued operation until the walleye fishing resource recovers. The plan must document the probable success of the applicant's business plan and probable success in repaying the loan according to the terms established for the loan program; and

(3) tourism promotion grants to the Mille Lacs Tourism Council.

(c) All loan repayment funds under this subdivision must be paid to the commissioner of employment and economic development for deposit in the Minnesota investment fund disaster contingency account under Minnesota Statutes, section 116J.8731.

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

(1) be located within one of the following municipalities surrounding Lake Mille Lacs:

(i) in Crow Wing County, the city of Garrison, township of Garrison, or township of Roosevelt;

(ii) in Aitkin County, the township of Hazelton, township of Wealthwood, township of Malmo, or township of Lakeside; or

(iii) in Mille Lacs County, the city of Isle, city of Wahkon, city of Onamia, township of East Side, township of Isle Harbor, township of South Harbor, or township of Kathio;

(2) document a reduction of at least ten percent in gross receipts in any two-year period since 2010; and

(3) be a business in one of the following industries, as defined within the North American Industry Classification System: accommodation, restaurants, bars, amusement and recreation, food and beverages retail, sporting goods, miscellaneous retail, general retail, museums, historical sites, health and personal care, gas station, general merchandise, business and professional membership, movies, or nonstore retailer, as determined by Mille Lacs County in consultation with the commissioner of employment and economic development.

Subd. 4. Monitoring. (a) Mille Lacs County must establish performance measures that include, but are not limited to, the following components:

(1) the number of loans approved and the amounts and terms of the loans;

(2) the number of grants awarded, award amounts, and the reason that a grant award was made in lieu of a loan;

(3) the loan default rate;

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

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

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

(b) The commissioner of employment and economic development must monitor Mille Lacs County's compliance with this section and the performance measures developed under paragraph (a).

(c) Mille Lacs County must comply with all requests made by the commissioner under this section.

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

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

EFFECTIVE DATE. This section, except for subdivision 4, is effective July 1, 2016, and expires June 30, 2017. Subdivision 4 is effective July 1, 2016, and expires on the date the last loan is repaid or forgiven as provided under this section.

Sec. 12. **REPEALER.**

Minnesota Statutes 2014, section 116U.26, is repealed.

ARTICLE 6
LABOR AND INDUSTRY

Section 1. Minnesota Statutes 2014, section 182.653, subdivision 9, is amended to read:

Subd. 9. **Standard industrial classification list.** The commissioner shall adopt, in accordance with section 182.655, a rule specifying a list of either standard industrial classifications of employers or North American industry classifications of employers who must comply with subdivision 8. The commissioner shall demonstrate the need to include each industrial classification on the basis of the safety record or workers' compensation record of that industry segment. An employer must comply with subdivision 8 six months following the date the standard industrial classification or North American industry classification that applies to the employee is placed on the list. ~~An employer having less than 51 employees must comply with subdivision 8 six months following the date the standard industrial classification or North American industry classification that applies to the employee is placed on the list or by July 1, 1993, whichever is later.~~ The list shall be updated every ~~two~~ five years.

Sec. 2. **HANDS OFF CHILD CARE; REPEALER.**

Minnesota Statutes 2014, sections 179A.50; 179A.51; 179A.52; and 179A.53, are repealed.

ARTICLE 7
HOUSING

Section 1. Minnesota Statutes 2014, section 462A.204, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** The agency may establish a family homeless prevention and assistance program to assist families who are homeless or are at imminent risk of homelessness. The term "family" may include single individuals. The agency may make grants to develop and implement family homeless prevention and assistance projects under the program. For purposes of this section, "families" means families and persons ~~under the age of 22~~ 24 years of age or younger.

Sec. 2. Minnesota Statutes 2014, section 462A.204, subdivision 3, is amended to read:

Subd. 3. **Set aside.** At least one grant must be awarded in an area located outside of the metropolitan area. A county, a group of contiguous counties jointly acting together, a tribe, a group of tribes, or a community-based nonprofit organization with a sponsoring resolution from each of the county boards of the counties located within its operating jurisdiction may apply for and receive grants for areas located outside the metropolitan area.

ARTICLE 8
WORKERS' COMPENSATION COURT OF APPEALS PROPOSALS

Section 1. Minnesota Statutes 2014, section 176.081, subdivision 1, is amended to read:

Subdivision 1. **Limitation of fees.** (a) A fee for legal services of 20 percent of the first \$130,000 of compensation awarded to the employee is the maximum permissible fee and does not require approval by the commissioner, compensation judge, or any other party. All fees, including fees for obtaining medical or rehabilitation benefits, must be calculated according to the formula under this subdivision, except as otherwise provided in clause (1) or (2).

(1) The contingent attorney fee for recovery of monetary benefits according to the formula in this section is presumed to be adequate to cover recovery of medical and rehabilitation benefit or services concurrently in dispute. Attorney fees for recovery of medical or rehabilitation benefits or services shall be assessed against the employer or insurer only if the attorney establishes that the contingent fee is inadequate to reasonably compensate the attorney for representing the employee in the medical or rehabilitation dispute. In cases where the contingent fee is inadequate the employer or insurer is liable for attorney fees based on the formula in this subdivision or in clause (2).

For the purposes of applying the formula where the employer or insurer is liable for attorney fees, the amount of compensation awarded for obtaining disputed medical and rehabilitation benefits under sections 176.102, 176.135, and 176.136 shall be the dollar value of the medical or rehabilitation benefit awarded, where ascertainable.

(2) The maximum attorney fee for obtaining a change of doctor or qualified rehabilitation consultant, or any other disputed medical or rehabilitation benefit for which a dollar value is not reasonably ascertainable, is the amount charged in hourly fees for the representation or \$500, whichever is less, to be paid by the employer or insurer.

(3) The fees for obtaining disputed medical or rehabilitation benefits are included in the \$26,000 limit in paragraph (b). An attorney must concurrently file all outstanding disputed issues. An attorney is not entitled to attorney fees for representation in any issue which could reasonably have been addressed during the pendency of other issues for the same injury.

(b) All fees for legal services related to the same injury are cumulative and may not exceed \$26,000. If multiple injuries are the subject of a dispute, the commissioner, compensation judge, or court of appeals shall specify the attorney fee attributable to each injury.

(c) If the employer or the insurer or the defendant is given written notice of claims for legal services or disbursements, the claim shall be a lien against the amount paid or payable as compensation. Subject to the foregoing maximum amount for attorney fees, up to 20 percent of the first \$130,000 of periodic compensation awarded to the employee may be withheld from the periodic payments for attorney fees or disbursements if the payor of the funds clearly indicates on the check or draft issued to the employee for payment the purpose of the withholding, the name of the attorney, the amount withheld, and the gross amount of the compensation payment before withholding. In no case shall fees be calculated on the basis of any undisputed portion of compensation awards. Allowable fees under this chapter shall be based solely upon genuinely disputed claims or portions of claims, including disputes related to the payment of rehabilitation benefits or to other aspects of a rehabilitation plan. The existence of a dispute is dependent upon a disagreement after the employer or insurer has had adequate time and information to take a position on liability. Neither the holding of a hearing nor the filing of an application for a hearing alone may determine the existence of a dispute. Except where the employee is represented by an attorney in other litigation pending at the department or at the Office of Administrative Hearings, a fee may not be charged after June 1, 1996, for services with respect to a medical or rehabilitation issue arising under section 176.102, 176.135, or 176.136 performed before the employee has consulted with the department and the department certifies that there is a dispute and that it has tried to resolve the dispute.

(d) An attorney who is claiming legal fees for representing an employee in a workers' compensation matter shall file a statement of attorney fees with the commissioner, or compensation judge before whom the matter was heard, ~~or Workers' Compensation Court of Appeals on cases before the court.~~ A copy of the signed retainer agreement shall also be filed. The employee and insurer shall receive a copy of the statement. The statement shall be on a form prescribed by the commissioner and shall report the number of hours spent on the case.

(e) Employers and insurers may not pay attorney fees or wages for legal services of more than \$26,000 per case.

(f) An attorney must file a statement of attorney fees within 12 months of the date the attorney has submitted the written notice specified in paragraph (c). If the attorney has not filed a statement of attorney fees within the 12 months, the attorney must send a renewed notice of lien to the insurer. If 12 months have elapsed since the last notice of lien has been received by the insurer and no statement of attorney fees has been filed, the insurer must release the withheld money to the employee, except that before releasing the money to the employee, the insurer must give the attorney 30 days' written notice of the pending release. The insurer must not release the money if the attorney files a statement of attorney fees within the 30 days.

Sec. 2. Minnesota Statutes 2014, section 176.081, subdivision 3, is amended to read:

Subd. 3. **Review.** A party that is dissatisfied with ~~its~~ attorney fees awarded by the commissioner or a compensation judge may file ~~an application~~ a petition for review by the Workers' Compensation Court of Appeals. The ~~application~~ petition shall state the basis for the need of review and whether or not a hearing is requested. A copy of the ~~application~~ petition shall be served by the court upon the party's attorney ~~by the court administrator and if a hearing is requested by either party, the matter shall be set for hearing~~ awarded or denied attorney fees. ~~The notice of hearing shall be served upon known interested parties.~~ The Workers' Compensation Court of Appeals shall have the authority to raise the issue of the attorney fees at any time upon its own motion and shall have continuing jurisdiction over attorney fees.

Sec. 3. Minnesota Statutes 2014, section 176.471, subdivision 3, is amended to read:

Subd. 3. **Service of writ ~~and bond~~; filing fee.** To effect a review upon certiorari, the party shall serve a writ of certiorari ~~and a bond~~ upon the administrator of the Workers' Compensation Court of Appeals within the 30-day period referred to in subdivision 1. The party shall also at this time pay to the ~~administrator~~ clerk of the appellate courts the fee prescribed by rule ~~103.01~~ 116.03 of the Rules of Civil Appellate Procedure ~~which shall be disposed of in the manner provided by that rule.~~

Sec. 4. Minnesota Statutes 2014, section 176.471, subdivision 5, is amended to read:

Subd. 5. **Bond.** ~~The bond required by subdivision 3 shall be executed in such amount and with such sureties as the Workers' Compensation Court of Appeals directs and approves. The bond shall be conditioned to pay the cost of the review. The Workers' Compensation Court of Appeals may, upon motion of any respondent and a showing that extraordinary circumstances warrant the requirement of a cost bond, order that a bond be provided as prescribed by rule 107.02 of the Rules of Civil Appellate Procedure.~~

Sec. 5. Minnesota Statutes 2014, section 176.511, subdivision 2, is amended to read:

Subd. 2. **Disbursements, taxation.** The commissioner or compensation judge, or ~~on appeal~~ the Workers' Compensation Court of Appeals on cases before the court, may award the prevailing party reimbursement for actual and necessary disbursements. ~~These~~ Disbursements shall be taxed upon ~~five~~ ten days' written notice to adverse parties.

Sec. 6. Minnesota Statutes 2014, section 176.511, subdivision 3, is amended to read:

Subd. 3. **Attorney fee, allowance.** Where ~~upon an appeal to the Workers' Compensation Court of Appeals, (1)~~ an award of compensation is affirmed, or modified and affirmed, ~~or (2)~~ an order disallowing compensation is reversed, ~~or (3) a petition to vacate an award is granted,~~ the Workers' Compensation Court of Appeals may include in its award ~~as an incident to its review on appeal~~ an amount to cover a reasonable attorney fee; ~~or it may allow the~~ an attorney fee in a proceeding to tax disbursements.

If the employer or insurer files a notice of discontinuance of an employee's benefits and an administrative conference is held to resolve the dispute, but the employer or insurer fails to attend the administrative conference, the commissioner or compensation judge may order the employer or insurer to pay the employee's attorney fees as a cost under this section if the employee's benefits are continued.

Sec. 7. **EFFECTIVE DATE.**

Sections 1 to 6 are effective the day following final enactment.

ARTICLE 9 WORKERS' COMPENSATION DEPARTMENT PROPOSALS

Section 1. Minnesota Statutes 2015 Supplement, section 176.135, subdivision 7a, is amended to read:

Subd. 7a. **Electronic transactions.** (a) For purposes of this subdivision, the following terms have the meanings given:

(1) "workers' compensation payer" means a workers' compensation insurer and an employer, or group of employers, that is self-insured for workers' compensation;

(2) "clearinghouse" has the meaning given in section 62J.51, subdivision 11a; and

(3) "electronic transactions" means the health care administrative transactions described in section 62J.536.

(b) In addition to the requirements of section 62J.536, workers' compensation payers and health care providers must comply with the requirements in paragraphs (c) to (e).

(c) No later than January 1, 2016, each workers' compensation payer must place the following information in a prominent location on its Web site or otherwise provide the information to health care providers:

(1) the name of each clearinghouse with which the workers' compensation payer has an agreement to exchange or transmit electronic transactions, along with the identification number each clearinghouse has assigned to the payer in order to route electronic transactions through intermediaries or other clearinghouses to the payer;

(2) information about how a health care provider can obtain the claim number assigned by the workers' compensation payer for an employee's claim and how the provider should submit the claim number in the appropriate field on the electronic bill to the payer; and

(3) the name, phone number, and e-mail address of contact persons who can answer questions related to electronic transactions on behalf of the workers' compensation payer and the clearinghouses with which the payer has agreements.

(d) No later than ~~July 1, 2016~~ January 1, 2017:

(1) health care providers must electronically submit copies of medical records or reports that substantiate the nature of the charge and its relationship to the work injury using the ~~most recently approved~~ ASC X12N 5010 version of the ASC X12N 275 transaction ("Additional Information to Support Health Care Claim or Encounter"), according to the requirements in the corresponding implementation guide. The ASC X12N 275 transaction is the only one that shall be used to electronically submit attachments unless a national standard is adopted by federal law or rule. If a new version of the attachment transaction is approved, it must be used one year after the approval date;

(2) workers' compensation payers and all clearinghouses receiving or transmitting workers' compensation bills must accept attachments using the ASC X12N 275 transaction and must respond with the ~~most recently approved~~ ASC X12N 5010 version of the ASC X12 electronic acknowledgment for the attachment transaction. If a new version of the acknowledgment transaction is approved, it must be used one year after the approval date; and

(3) if a different national claims attachment or acknowledgment requirement is adopted by federal law or rule, it will replace the ASC X12N 275 transaction, and the new standard must be used on the date that it is required by the federal law or rule.

(e) No later than September 1, 2015, workers' compensation payers must provide the patient's name and patient control number on or with all payments made to a provider under this chapter, whether payment is made by check or electronic funds transfer. The information provided on or with the payment must be sufficient to allow providers to match the payment to specific bills. If a bulk payment is made to a provider for more than one patient, the check or electronic funds transfer statement must also specify the amount being paid for each patient. For purposes of this paragraph, the patient control number is located on the electronic health care claim 837 transaction, loop 2300, segment CLM01, and on the electronic health care claim payment/advice 835 transaction, loop 2100, CLP01.

(f) The commissioner may assess a monetary penalty of \$500 for each violation of this section, not to exceed \$25,000 for identical violations during a calendar year. Before issuing a penalty for a first violation of this section, the commissioner must provide written notice to the noncompliant payer, clearinghouse, or provider that a penalty may be issued if the violation is not corrected within 30 days. Penalties under this paragraph are payable to the commissioner for deposit in the assigned risk safety account.

Sec. 2. Minnesota Statutes 2015 Supplement, section 176.136, subdivision 1b, is amended to read:

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

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

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

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

Sec. 3. Minnesota Statutes 2014, section 176.571, subdivision 1, is amended to read:

Subdivision 1. **Preliminary investigation.** When the head of a department has filed a report or the commissioner of administration has otherwise received information of the occurrence of an injury to a state employee for which liability to pay compensation may exist, the commissioner of administration shall make a preliminary investigation to determine the question of probable liability.

In making this investigation, the commissioner of administration may require the assistance of the head of any department or any employee of the state. The commissioner of ~~management and budget~~ administration may require that all facts be furnished which appear in the records of any state department bearing on the issue.

Sec. 4. **EFFECTIVE DATE.**

Sections 1 to 3 are effective the day following enactment.

ARTICLE 10 WORKERS' COMPENSATION LITIGATION-RELATED PROPOSALS

Section 1. Minnesota Statutes 2014, section 176.011, subdivision 7a, is amended to read:

Subd. 7a. ~~(4)~~ **Compensation judge.** "Compensation judge" means a workers' compensation judge at the Office of Administrative Hearings.

(2) ~~Calendar judge.~~ "Calendar judge" means a workers' compensation judge at the Office of Administrative Hearings.

(3) ~~Compensation judge.~~ "Compensation judge" means a compensation judge at the Department of Labor and Industry. Compensation judges may conduct settlement conferences, issue summary decisions, approve settlements and issue awards thereon, determine petitions for attorney fees and costs, and make other determinations, decisions, orders, and awards as may be delegated to them by law or the commissioner. Compensation judges must be learned in the law.

Sec. 2. Minnesota Statutes 2014, section 176.137, subdivision 1, is amended to read:

Subdivision 1. **Requirement; determination.** The employer shall furnish to an employee who is permanently disabled because of a personal injury suffered in the course of employment with that employer such alteration or remodeling of the employee's principal residence as is reasonably required to enable the employee to move freely into and throughout the residence and to otherwise adequately accommodate the disability. Any remodeling or alteration shall be furnished only when the division ~~or Workers' Compensation Court of Appeals~~ determines that the injury is to such a degree that the employee is substantially prevented from functioning within the principal residence.

Sec. 3. Minnesota Statutes 2014, section 176.137, subdivision 4, is amended to read:

Subd. 4. **Certification required; exceptions.** (a) Except as provided in paragraph (b), no award may be made except upon the certification of a licensed architect to the division ~~or Workers' Compensation Court of Appeals~~ that the proposed alteration or remodeling of an existing residence or the building or purchase of a new or different residence is reasonably required for the purposes specified in subdivision 1. The Council on Disability shall advise the division ~~or Workers' Compensation Court of Appeals~~ as provided in section 256.482, subdivision 5, clause (7). The alteration or remodeling of an existing residence, or the building or purchase of a new home must be done under the supervision of a licensed architect relative to the specific needs to accommodate the disability.

(b) Remodeling or alteration projects do not require an architect's certification and supervision if the project is:

(1) approved by the Council on Disability;

(2) performed by a residential building contractor or residential remodeler licensed under section 326B.805, subdivision 1; and

(3) approved by a certified building official or certified accessibility specialist under section 326B.133, subdivision 3a, paragraphs (b) and (d), who states in writing that the proposed remodeling or alterations are reasonably required to enable the employee to move freely into and throughout the residence and to otherwise accommodate the disability.

Sec. 4. Minnesota Statutes 2014, section 176.137, is amended by adding a subdivision to read:

Subd. 6. **Disputes.** A proceeding to resolve a dispute under this section shall be initiated by petition under sections 176.271 and 176.291 and decided by a compensation judge at the office under section 176.305, 176.322, or 176.341. The decision of the compensation judge is appealable to the Workers' Compensation Court of Appeals under section 176.421.

Sec. 5. Minnesota Statutes 2014, section 176.331, is amended to read:

176.331 PROCEEDINGS WHEN ANSWER NOT FILED.

Except in cases involving multiple employers or multiple insurers, if an adverse party fails to file and serve an answer or obtain an extension from the commissioner or the petitioner as required by section 176.321, subdivision 3, the commissioner shall refer the matter to the chief administrative law judge for an immediate hearing and prompt award or other order. The adverse party that failed to file an answer may appear at the hearing, present evidence and question witnesses, but shall not be granted a continuance ~~for any reason~~ except upon a showing of good cause.

If an adverse party who fails to serve and file an answer is neither insured for workers' compensation liability nor a licensed self-insured as required by section 176.181 and the special compensation fund is a party to the proceeding, the commissioner or compensation judge may enter an order awarding benefits to the petitioning party without a hearing if so requested by the special compensation fund.

Sec. 6. Minnesota Statutes 2014, section 176.361, subdivision 1, is amended to read:

Subdivision 1. **Right to intervene.** A person who has an interest in any matter before the Workers' Compensation Court of Appeals, or commissioner, or compensation judge such that the person may either gain or lose by an order or decision may intervene in the proceeding by filing ~~an application or~~ a motion in writing stating the facts which show the interest. The commissioner is considered to have an interest and shall be permitted to intervene at the appellate level when a party relies in its claim or defense upon any statute or rule administered by the commissioner, or upon any rule, order, requirement, or agreement issued or made under the statute or rule.

The commissioner may adopt rules, not inconsistent with this section to govern intervention. The Workers' Compensation Court of Appeals shall adopt rules to govern the procedure for intervention in matters before it.

If the Department of Human Services or the Department of Employment and Economic Development seeks to intervene in any matter before the division, a compensation judge or the Workers' Compensation Court of Appeals, a nonattorney employee of the department, acting at the direction of the staff of the attorney general, may prepare, sign, serve and file motions for intervention and related documents, ~~appear at~~ attend prehearing conferences, and participate in matters before a compensation judge or the Workers' Compensation Court of Appeals. Any other interested party may intervene using a nonattorney and may participate in any proceeding to the same extent an attorney could. This activity shall not be considered to be the unauthorized practice of law. An intervenor represented by a nonattorney shall be deemed to be represented by an attorney for the purposes of the conclusive presumption of section 176.521, subdivision 2.

Subdivisions 3 to 6 do not apply to ~~matters pending in the mediation or rehabilitation and medical services sections~~ the following proceedings conducted by the Department of Labor and Industry or the office: mediation proceedings; discontinuance conferences under section 176.239; or administrative conferences under section 176.106.

Sec. 7. Minnesota Statutes 2014, section 176.361, subdivision 2, is amended to read:

Subd. 2. **Written ~~application or~~ motion.** A person desiring to intervene in a workers' compensation case as a party, including but not limited to a health care provider who has rendered services to an employee or an insurer who has paid benefits under section 176.191, shall submit a timely written ~~application or~~ motion to intervene to the commissioner, the office, or to the court of appeals, whichever is applicable.

(a) The ~~application or~~ motion must be served on all parties, except for other intervenors, either personally, by first class mail, or by registered mail, return receipt requested. ~~An application or~~ A motion to intervene must be served and filed within 60 days after a potential intervenor has been served with notice of a right to intervene or

within 30 days of notice of an administrative conference. Upon the filing of a timely ~~application or~~ motion to intervene, the potential intervenor shall be granted intervenor status without the need for an order. Objections to the intervention may be subsequently addressed by a compensation judge. Where a motion to intervene is not timely filed under this section, the potential intervenor interest shall be extinguished and the potential intervenor may not collect, or attempt to collect, the extinguished interest from the employee, employer, insurer, or any government program.

(b) The ~~application or~~ motion must show how the applicant's legal rights, duties, or privileges may be determined or affected by the case; state the grounds and purposes for which intervention is sought; and indicate the statutory right to intervene. The ~~application or~~ motion must be accompanied by the following:

(1) an itemization of disability payments showing the period during which the payments were or are being made; the weekly or monthly rate of the payments; and the amount of reimbursement claimed;

(2) a summary of the medical or treatment payments, or rehabilitation services provided by the Vocational Rehabilitation Unit, broken down by creditor, showing the total bill submitted, the period of treatment or rehabilitation covered by that bill, the amount of payment on that bill, and to whom the payment was made;

(3) copies of all medical or treatment bills ~~on which some~~ for which payment was made is sought;

(4) copies of the work sheets or other information stating how the payments on medical or treatment bills were calculated;

(5) a copy of the relevant policy or contract provisions upon which the claim for reimbursement is based;

(6) the name and telephone number of the person representing the intervenor who has authority to represent the intervenor, including but not limited to the authority to reach a settlement of the issues in dispute;

(7) proof of service or copy of the registered mail receipt evidencing service on all parties except for other intervenors;

(8) at the option of the intervenor, a proposed stipulation which states that all of the payments for which reimbursement is claimed are related to the injury or condition in dispute in the case and that, if the petitioner is successful in proving the compensability of the claim, it is agreed that the sum be reimbursed to the intervenor; and

(9) if represented by an attorney, the name, address, telephone number, and Minnesota Supreme Court license number of the attorney.

Sec. 8. Minnesota Statutes 2014, section 176.361, subdivision 3, is amended to read:

Subd. 3. **Stipulation.** If the person submitting the ~~application or~~ motion for intervention to intervene has included a proposed stipulation, all parties shall either execute and return the signed stipulation to the intervenor who must file it with the division or judge or serve upon the intervenor and all other parties and file with the division specific and detailed objections to any payments made by the intervenor which are not conceded to be correct and related to the injury or condition the petitioner has asserted is compensable. If a party has not returned the signed stipulation or filed specific and detailed objections within 30 days of service of the ~~application or~~ motion to intervene, the intervenor's right to reimbursement for the amount sought is deemed established provided that the petitioner's claim is determined to be compensable. The office may establish procedures for filing objections if a timely motion to intervene is filed less than 30 days before a scheduled hearing.

Sec. 9. Minnesota Statutes 2014, section 176.361, subdivision 4, is amended to read:

Subd. 4. **Attendance by intervenor.** ~~Unless a stipulation has been signed and filed or the intervenor's right to reimbursement has otherwise been established, the intervenor shall attend all settlement or pretrial conferences, administrative conferences, and the hearing. Failure~~ A person who has submitted a timely written motion to intervene, as required by subdivision 2, is not required to attend settlement or pretrial conferences or the hearing, unless attendance is ordered by the compensation judge assigned to the case, pursuant to a motion to require the intervenor's attendance filed by a party or as a matter of the judge's discretion. A motion to require attendance must be served and filed at least 20 days before a scheduled hearing, and the compensation judge must serve and file an order granting or denying the motion at least ten days before a scheduled hearing. If attendance is ordered, failure of the intervenor to appear ~~attend a proceeding either in person or, if approved by the compensation judge, by telephone or some other electronic medium, shall result in the denial of the claim for reimbursement- except upon a showing of good cause. If attendance has not been ordered, this subdivision does not prohibit an intervenor from attending a conference or hearing in person, or from requesting permission from the compensation judge to attend a conference or hearing by telephone or other electronic medium.~~

Sec. 10. Minnesota Statutes 2014, section 176.361, subdivision 5, is amended to read:

Subd. 5. **Order Objections.** ~~If an a specific and detailed objection to intervention remains following settlement or pretrial conferences, the issue shall be addressed at the hearing. If the intervenor has not been ordered to attend the hearing pursuant to subdivision 4, or has received permission to attend the hearing by telephone or other electronic medium, the intervenor may provide a written response to the objection before the hearing according to subdivision 6 for consideration as a matter of discretion by the judge.~~

Sec. 11. Minnesota Statutes 2014, section 176.361, subdivision 6, is amended to read:

Subd. 6. **Presentation of evidence by intervenor.** ~~Unless a stipulation has been signed and filed or the intervenor's right to reimbursement has otherwise been established, the intervenor shall present evidence in support of the claim at or before the hearing unless otherwise ordered by the compensation judge. When the intervenor has not been ordered to attend the hearing pursuant to subdivision 4, or has received permission to attend the hearing by telephone or other electronic medium, the office may establish a procedure for submission of the intervenor's evidence and response to outstanding objections to intervention. If the intervenor does not submit a written response to the objection before the hearing, the compensation judge's determination on the objection must be based on the information and evidence submitted prior to or at the hearing, as a matter of judicial discretion.~~

Sec. 12. Minnesota Statutes 2014, section 176.361, is amended by adding a subdivision to read:

Subd. 8. **Chief administrative law judge orders.** The chief administrative law judge may issue standing orders to implement this section. The chief administrative law judge has the authority to issue standing orders instead of, or in addition to, the authority granted to the office or compensation judges under this section, provided that any standing order issued by the chief administrative law judge must be consistent with this section.

Sec. 13. **EFFECTIVE DATE.**

This article is effective August 1, 2016.

ARTICLE 11
UNEMPLOYMENT INSURANCE ADVISORY COUNCIL POLICY

Section 1. Minnesota Statutes 2014, section 268.051, subdivision 5, is amended to read:

Subd. 5. **Tax rate for new employers.** ~~(a) Each new taxpaying employer that does not qualify for an experience rating under subdivision 3, except new employers in a high experience rating industry, must be assigned, for a calendar year, a tax rate the higher of (1) one percent, or (2) the tax rate computed, to the nearest 1/100 of a percent, by dividing the total amount of unemployment benefits paid all applicants during the 48 calendar months ending on June 30 of the prior calendar year by the total taxable wages of all taxpaying employers during the same period, plus the applicable base tax rate and any additional assessments under subdivision 2, paragraph (c).~~

~~(b) Each new taxpaying employer in a high experience rating industry that does not qualify for an experience rating under subdivision 3, must be assigned, for a calendar year, a tax rate the higher of (1) that assigned under paragraph (a), or (2) the tax rate, computed to the nearest 1/100 of a percent, by dividing the total amount of unemployment benefits paid to all applicants from high experience rating industry employers during the 48 calendar months ending on June 30 of the prior calendar year by the total taxable wages of all high experience rating industry employers during the same period, to a maximum provided for under subdivision 3, paragraph (b), plus the applicable base tax rate and any additional assessments under subdivision 2, paragraph (c).~~

~~(c) An employer is considered to be in a high experience rating industry if:~~

~~(1) the employer is engaged in residential, commercial, or industrial construction, including general contractors;~~

~~(2) the employer is engaged in sand, gravel, or limestone mining;~~

~~(3) the employer is engaged in the manufacturing of concrete, concrete products, or asphalt; or~~

~~(4) the employer is engaged in road building, repair, or resurfacing, including bridge and tunnels and residential and commercial driveways and parking lots.~~

(a) Each new taxpaying employer that does not qualify for an experience rating under subdivision 3 must be assigned, for the calendar year, a tax rate equal to the average experience rating for the employer's industry, plus the applicable base tax rate and any additional assessments under subdivision 2, paragraph (c). The tax rate assigned may not be less than one percent.

(b) The employer's industry, except for construction, is determined by the first two digits of the North American Industrial Classification System (NAICS). The construction industry is determined to five digits. For each calendar year, the commissioner must compute, in accordance with subdivision 3, the average industry experience rating for the employer's industry.

~~(d) (c)~~ Regardless of any law to the contrary, a taxpaying employer must be assigned a tax rate under this subdivision if the employer had no taxable wages during the experience rating period under subdivision 3.

~~(e) (d)~~ The commissioner must send to the new employer, by mail or electronic transmission, a determination of tax rate. An employer may appeal the determination of tax rate in accordance with ~~the procedures in~~ subdivision 6, paragraph (c).

EFFECTIVE DATE. This section is effective January 1, 2018, and applies to tax rates assigned for the calendar year 2018 and thereafter.

Sec. 2. Minnesota Statutes 2015 Supplement, section 268.07, subdivision 3b, is amended to read:

Subd. 3b. **Limitations on applications and benefit accounts.** (a) An application for unemployment benefits is effective the Sunday of the calendar week that the application was filed. An application for unemployment benefits may be backdated one calendar week before the Sunday of the week the application was actually filed if the applicant requests the backdating ~~at~~ within seven calendar days of the time date the application is filed. An application may be backdated only if the applicant was unemployed during the period of the backdating. If an individual attempted to file an application for unemployment benefits, but was prevented from filing an application by the department, the application is effective the Sunday of the calendar week the individual first attempted to file an application.

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

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

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

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

A determination or amended determination of eligibility or ineligibility issued under section 268.101, that was sent before the withdrawal of the benefit account, remains in effect and is not voided by the withdrawal of the benefit account.

(d) An application for unemployment benefits is not allowed before the Sunday following the expiration of the benefit year on a prior benefit account. Except as allowed under paragraph (c), an applicant may establish only one benefit account each 52 calendar weeks. This paragraph applies to benefit accounts established under any federal law or the law of any other state.

EFFECTIVE DATE. This section is effective July 31, 2016, and applies to applications for unemployment benefits filed after that date.

Sec. 3. Minnesota Statutes 2014, section 268.095, subdivision 1, is amended to read:

Subdivision 1. **Quit.** An applicant who quit employment is ineligible for all unemployment benefits according to subdivision 10 except when:

(1) the applicant quit the employment because of a good reason caused by the employer as defined in subdivision 3;

(2) the applicant quit the employment to accept other covered employment that provided substantially equal or better terms and conditions of employment, but the applicant did not work long enough at the second employment to have sufficient subsequent earnings wages paid to satisfy the period of ineligibility that would otherwise be imposed under subdivision 10 for quitting the first employment;

(3) the applicant quit the employment within 30 calendar days of beginning the employment ~~because~~ and the employment was unsuitable ~~for the applicant~~;

(4) the employment was unsuitable ~~for the applicant~~ and the applicant quit to enter reemployment assistance training;

(5) the employment was part time and the applicant also had full-time employment in the base period, from which full-time employment the applicant separated because of reasons for which the applicant ~~was held is~~ not to be ineligible, and the wage credits from the full-time employment are sufficient to meet the minimum requirements to establish a benefit account under section 268.07;

(6) the applicant quit because the employer notified the applicant that the applicant was going to be laid off because of lack of work within 30 calendar days. An applicant who quit employment within 30 calendar days of a notified date of layoff because of lack of work is ineligible for unemployment benefits through the end of the week that includes the scheduled date of layoff;

(7) the applicant quit the employment (i) because the applicant's serious illness or injury made it medically necessary that the applicant quit; or (ii) in order to provide necessary care because of the illness, injury, or disability of an immediate family member of the applicant. This exception only applies if the applicant informs the employer of the medical problem and requests accommodation and no reasonable accommodation is made available.

If the applicant's serious illness is chemical dependency, this exception does not apply if the applicant was previously diagnosed as chemically dependent or had treatment for chemical dependency, and since that diagnosis or treatment has failed to make consistent efforts to control the chemical dependency.

This exception raises an issue of the applicant's being available for suitable employment under section 268.085, subdivision 1, that the commissioner must determine;

(8) the applicant's loss of child care for the applicant's minor child caused the applicant to quit the employment, provided the applicant made reasonable effort to obtain other child care and requested time off or other accommodation from the employer and no reasonable accommodation is available.

This exception raises an issue of the applicant's being available for suitable employment under section 268.085, subdivision 1, that the commissioner must determine;

(9) the applicant quit because domestic abuse, sexual assault, or stalking of the applicant or an immediate family member of the applicant, necessitated the applicant's quitting the employment.

For purposes of this subdivision:

(i) "domestic abuse" has the meaning given in section 518B.01;

(ii) "sexual assault" means an act that would constitute a violation of sections 609.342 to 609.3453 or 609.352; and

(iii) "stalking" means an act that would constitute a violation of section 609.749; or

(10) the applicant quit in order to relocate to accompany a spouse;

(1) who is in the military; or

(2) whose job was transferred by the spouse's employer to a new location ~~changed~~ making it impractical for the applicant to commute.

EFFECTIVE DATE. This section is effective July 31, 2016, and applies to all matters pending a determination or a decision by an unemployment law judge.

Sec. 4. Minnesota Statutes 2014, section 268.101, subdivision 2, is amended to read:

Subd. 2. **Determination.** (a) The commissioner must determine any issue of ineligibility raised by information required from an applicant under subdivision 1, paragraph (a) or (c), and send to the applicant and any involved employer, by mail or electronic transmission, a document titled a determination of eligibility or a determination of ineligibility, as is appropriate. The determination on an issue of ineligibility as a result of a quit or a discharge of the applicant must state the effect on the employer under section 268.047. A determination must be made in accordance with this paragraph even if a notified employer has not raised the issue of ineligibility.

(b) The commissioner must determine any issue of ineligibility raised by an employer and send to the applicant and that employer, by mail or electronic transmission, a document titled a determination of eligibility or a determination of ineligibility as is appropriate. The determination on an issue of ineligibility as a result of a quit or discharge of the applicant must state the effect on the employer under section 268.047.

If a base period employer:

(1) was not the applicant's most recent employer before the application for unemployment benefits;

(2) did not employ the applicant during the six calendar months before the application for unemployment benefits; and

(3) did not raise an issue of ineligibility as a result of a quit or discharge of the applicant within ten calendar days of notification under subdivision 1, paragraph (b);

then any exception under section 268.047, subdivisions 2 and 3, begins the Sunday two weeks following the week that the issue of ineligibility as a result of a quit or discharge of the applicant was raised by the employer.

A communication from an employer must specifically set out why the applicant should be determined ineligible for unemployment benefits for that communication to be considered to have raised an issue of ineligibility for purposes of this section. A statement of "protest" or a similar term without more information does not constitute raising an issue of ineligibility for purposes of this section.

(c) Subject to section 268.031, an issue of ineligibility is determined based upon that information required of an applicant, any information that may be obtained from an applicant or employer, and information from any other source.

(d) Regardless of the requirements of this subdivision, the commissioner is not required to send to an applicant a copy of the determination where the applicant has satisfied a period of ineligibility because of a quit or a discharge under section 268.095, subdivision 10.

(e) The commissioner may issue a determination on an issue of ineligibility ~~at any time~~ within 24 months from the establishment of a benefit account based upon information from any source, even if the issue of ineligibility was not raised by the applicant or an employer. ~~This paragraph does not prevent the imposition of a penalty on~~

If an applicant obtained unemployment benefits through fraud under section 268.18, subdivision 2, or 268.182 a determination of ineligibility may be issued within 48 months of the establishment of the benefit account.

(f) A determination of eligibility or determination of ineligibility is final unless an appeal is filed by the applicant or ~~notified~~ employer within 20 calendar days after sending. The determination must contain a prominent statement indicating the consequences of not appealing. Proceedings on the appeal are conducted in accordance with section 268.105.

(g) An issue of ineligibility required to be determined under this section includes any question regarding the denial or allowing of unemployment benefits under this chapter except for issues under section 268.07. An issue of ineligibility for purposes of this section includes any question of effect on an employer under section 268.047.

~~(h) Except for issues of ineligibility as a result of a quit or discharge of the applicant, the employer will be (1) sent a copy of the determination of eligibility or a determination of ineligibility, or (2) considered an involved employer for purposes of an appeal under section 268.105, only if the employer raised the issue of ineligibility.~~

EFFECTIVE DATE. This section is effective July 31, 2016, and applies to all matters pending a determination.

Sec. 5. Minnesota Statutes 2014, section 268.182, subdivision 2, is amended to read:

Subd. 2. **Administrative penalties.** (a) Any applicant who knowingly makes a false statement or representation, who knowingly fails to disclose a material fact, or who makes a false statement or representation without a good faith belief as to the correctness of the statement or representation, in order to obtain or in an attempt to obtain unemployment benefits may be assessed, in addition to any other penalties, an administrative penalty of being ineligible for unemployment benefits for 13 to 104 weeks.

(b) A determination of ineligibility setting out the weeks the applicant is ineligible must be sent to the applicant by mail or electronic transmission. A determination of ineligibility under this subdivision may be issued within 48 months of the establishment of the benefit account upon which the unemployment benefits were obtained or attempted to be obtained. Unless an appeal is filed within 20 calendar days of sending, the determination is final. Proceedings on the appeal are conducted in accordance with section 268.105.

EFFECTIVE DATE. This section is effective July 31, 2016, and applies to all matters pending a determination.

ARTICLE 12 UNEMPLOYMENT INSURANCE ADVISORY COUNCIL HOUSEKEEPING

Section 1. Minnesota Statutes 2014, section 268.035, subdivision 12, is amended to read:

Subd. 12. **Covered employment.** (a) "Covered employment" means the following unless excluded as "noncovered employment" under subdivision 20:

(1) an employee's entire employment during the calendar quarter if:

(i) the employment during the quarter is performed primarily in Minnesota;

(ii) the employment during the quarter is not performed primarily in Minnesota or any other state but some of the employment is performed in Minnesota and the base of operations or the place from which the employment is directed or controlled is in Minnesota; or

(iii) the employment during the quarter is not performed primarily in Minnesota or any other state and the base of operations or place from which the employment is directed or controlled is not in any state where part of the employment is performed, but the employee's residence is in Minnesota;

(2) an employee's entire employment during the calendar quarter performed within the United States or Canada, if:

(i) the employment is not ~~considered~~ covered employment under the unemployment insurance program of any other state, federal law, or the law of Canada; and

(ii) the place from which the employment is directed or controlled is in Minnesota;

(3) the employment during the calendar quarter, performed entirely outside ~~of~~ the United States and Canada, by an employee who is a United States citizen in the employ of an American employer if the employer's principal place of business in the United States is located in Minnesota. An "American employer," for the purposes of this clause, means a corporation organized under the laws of any state, an individual who is a resident of the United States, or a partnership if two-thirds or more of the partners are residents of the United States, or a trust, if all of the trustees are residents of the United States; and

(4) all employment during the calendar quarter performed by an officer or member of the crew of an American vessel on or in connection with the vessel, if the operating office from which the operations of the vessel operating on navigable waters within, or within and without, the United States are ordinarily and regularly supervised, managed, directed, and controlled is in Minnesota.

(b) "Covered employment" includes covered agricultural employment under subdivision 11.

(c) For the purposes of ~~satisfying the period of ineligibility under~~ section 268.095, ~~subdivision 10~~, "covered employment" includes ~~covered~~ employment covered under an unemployment insurance program:

(1) of any other state; or

(2) established by an act of Congress.

EFFECTIVE DATE. This section is effective July 31, 2016, and applies to all matters pending a determination or a decision by an unemployment law judge

Sec. 2. Minnesota Statutes 2014, section 268.035, subdivision 29, is amended to read:

Subd. 29. **Wages.** (a) "Wages" means all compensation for employment, including commissions; bonuses, awards, and prizes; severance payments; standby pay; vacation and holiday pay; back pay as of the date of payment; tips and gratuities paid to an employee by a customer of an employer and accounted for by the employee to the employer; sickness and accident disability payments, except as otherwise provided in this subdivision; and the cash value of housing, utilities, meals, exchanges of services, and any other goods and services provided to compensate an employee, except:

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

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

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

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

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

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

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

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

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

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

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

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

(13) ~~payments made to supplement supplemental unemployment benefits benefit payments~~ under a plan established by an employer, ~~that makes provisions for employees generally or for a class or classes of employees under the written terms of an agreement, contract, trust arrangement, or other instrument if the payment is not wages under the Federal Unemployment Tax Act.~~ The plan must provide supplemental payments are wages unless made solely for the supplementing of weekly state or federal unemployment benefits. The plan must provide supplemental payments only for those weeks the applicant has been paid regular, extended, or additional unemployment benefits. The supplemental payments, when combined with the applicant's weekly unemployment benefits paid, may not exceed the applicant's regular weekly pay. The plan must not allow the assignment of Supplemental unemployment benefit payments or provide for any type of additional payment. The plan must not require may not be assigned, nor may any consideration be required from the applicant, other than a release of claims, and must not be designed for the purpose of avoiding the payment of Social Security obligations, or unemployment taxes on money disbursed from the plan in order to be excluded from wages;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 3. Minnesota Statutes 2015 Supplement, section 268.085, subdivision 2, is amended to read:

Subd. 2. **Not eligible.** An applicant is ineligible for unemployment benefits for any week:

(1) that occurs before the effective date of a benefit account;

(2) that the applicant, at ~~the beginning of~~ any time during the week, has an outstanding fraud overpayment balance under section 268.18, subdivision 2, including any penalties and interest;

(3) that occurs in a period when the applicant is a student in attendance at, or on vacation from a secondary school including the period between academic years or terms;

(4) that the applicant is incarcerated or performing court-ordered community service. The applicant's weekly unemployment benefit amount is reduced by one-fifth for each day the applicant is incarcerated or performing court-ordered community service;

(5) that the applicant fails or refuses to provide information on an issue of ineligibility required under section 268.101;

(6) that the applicant is performing services 32 hours or more, in employment, covered employment, noncovered employment, volunteer work, or self-employment regardless of the amount of any earnings; or

(7) with respect to which the applicant has filed an application for unemployment benefits under any federal law or the law of any other state. If the appropriate agency finally determines that the applicant is not entitled to establish a benefit account under federal law or the law of any other state, this clause does not apply.

Sec. 4. Minnesota Statutes 2014, section 268.0865, subdivision 3, is amended to read:

Subd. 3. **Continued request for unemployment benefits by electronic transmission.** (a) A continued request for unemployment benefits by electronic transmission must be filed to that electronic mail address, telephone number, or Internet address prescribed by the commissioner for that applicant. In order to constitute a continued request, all information asked for, including information authenticating that the applicant is sending the transmission, must be provided in the format required. If all of the information asked for is not provided, the communication does not constitute a continued request for unemployment benefits.

(b) The continued request by electronic transmission communication must be filed within four calendar weeks following the week for which payment is requested on the date day of the week and during the time of day designated for the applicant ~~for filing a continued request by electronic transmission.~~

(c) ~~If the electronic transmission continued request is not filed as required under paragraph (b), a continued request by electronic transmission must be accepted if the applicant files the continued request by electronic transmission within three calendar weeks following the week for which payment is requested.~~ If the continued request by electronic transmission is not filed within ~~three~~ four calendar weeks following the week for which payment is requested, the electronic continued request will not be accepted and the applicant is ineligible for unemployment benefits for the period covered by the continued request, unless the applicant shows good cause for failing to file the continued request by electronic transmission within the time period required.

Sec. 5. Minnesota Statutes 2014, section 268.0865, subdivision 4, is amended to read:

Subd. 4. **Continued request for unemployment benefits by mail.** (a) A continued request for unemployment benefits by mail must be on a form prescribed by the commissioner. The form, in order to constitute a continued request, must be totally completed and signed by the applicant. The form must be filed by mail, in an envelope with postage prepaid, and sent to the address designated ~~during the week following the week for which payment is requested.~~

~~(b) If the mail continued request for unemployment benefits is not filed as required under paragraph (a), a continued request must be accepted if the form is filed by mail within three ~~four~~ calendar weeks following the week for which payment is requested.~~

~~(b) If the continued request form is not filed within three ~~four~~ calendar weeks following the week for which payment is requested, the form will not be accepted and the applicant is ineligible for unemployment benefits ~~for the period covered by the continued request for unemployment benefits~~, unless the applicant shows good cause for failing to file the form by mail within the time period required.~~

(c) If the applicant has been designated to file a continued request for unemployment benefits by mail, an applicant may submit the form by facsimile transmission within three ~~four~~ calendar weeks following the week for which payment is requested. A form submitted by facsimile transmission must be sent only to the telephone number assigned for that purpose.

(d) An applicant who has been designated to file a continued request by mail may personally deliver a continued request form only to the location to which the form was otherwise designated to be mailed.

Sec. 6. Minnesota Statutes 2014, section 268.095, subdivision 2, is amended to read:

Subd. 2. **Quit defined.** (a) A quit from employment occurs when the decision to end the employment was, at the time the employment ended, the employee's.

(b) When determining if an applicant quit, the theory of a constructive quit does not apply.

~~(b) (c)~~ (c) An employee who has been notified that the employee will be discharged in the future, who chooses to end the employment while employment in any capacity is still available, ~~is considered to have~~ has quit the employment.

~~(c) (d)~~ (d) An employee who seeks to withdraw a previously submitted notice of quitting ~~is considered to have~~ has quit the employment, as of the intended date of quitting, if the employer does not agree that the notice may be withdrawn.

~~(d) (e)~~ (e) An applicant ~~who has quit employment with a staffing service if~~, within five calendar days after completion of a suitable job assignment from a staffing service, the applicant:

(1) fails without good cause to affirmatively request an additional suitable job assignment;₂

(2) refuses without good cause an additional suitable job assignment offered;₂ or

(3) accepts employment with the client of the staffing service, ~~is considered to have quit employment with the staffing service.~~ Accepting employment with the client of the staffing service meets the requirements of the exception to ineligibility under subdivision 1, clause (2).

This paragraph applies only if, at the time of beginning of employment with the staffing service, the applicant signed and was provided a copy of a separate document written in clear and concise language that informed the applicant of this paragraph and that unemployment benefits may be affected.

For purposes of this paragraph, "good cause" is a reason that ~~is significant and~~ would compel an average, reasonable worker, who would otherwise want an additional suitable job assignment with the staffing service (1) to fail to contact the staffing service, or (2) to refuse an offered assignment.

Sec. 7. Minnesota Statutes 2014, section 268.095, subdivision 5, is amended to read:

Subd. 5. **Discharge defined.** (a) A discharge from employment occurs when any words or actions by an employer would lead a reasonable employee to believe that the employer will no longer allow the employee to work for the employer in any capacity. A layoff because of lack of work is ~~considered~~ a discharge. A suspension from employment without pay of more than 30 calendar days is ~~considered~~ a discharge.

(b) When determining if an applicant was discharged, the theory of a constructive discharge does not apply.

~~(b)~~ (c) An employee who gives notice of intention to quit the employment and is not allowed by the employer to work the entire notice period is ~~considered~~ discharged from the employment as of the date the employer will no longer allow the employee to work. If the discharge occurs within 30 calendar days before the intended date of quitting, then, as of the intended date of quitting, the separation from employment is ~~considered~~ a quit from employment subject to subdivision 1.

~~(c)~~ (d) The end of a job assignment with the client of a staffing service is ~~considered~~ a discharge from employment with the staffing service unless subdivision 2, paragraph (d), applies.

Sec. 8. Minnesota Statutes 2014, section 268.18, is amended to read:

268.18 UNEMPLOYMENT BENEFIT OVERPAYMENTS.

Subdivision 1. **Nonfraud Repaying an overpayment.** (a) Any applicant who (1) because of a determination or amended determination issued under section 268.07 or 268.101, or any other section of this chapter, or (2) because of an unemployment law judge's decision under section 268.105, has received any unemployment benefits that the applicant was held not entitled to, is overpaid the benefits, and must promptly repay the ~~unemployment~~ benefits to the trust fund.

(b) If the applicant fails to repay the unemployment benefits overpaid, ~~the commissioner may offset from any future unemployment benefits otherwise payable the amount of the overpayment. Except when the overpayment resulted because the applicant failed to report deductible earnings or deductible or benefit delaying payments, no single offset may exceed 50 percent of the amount of the payment from which the offset is made. The overpayment may also~~ including any penalty and interest assessed under subdivisions 2 and 2b, the total due may be collected by the methods allowed under state and federal law.

~~(c) If an applicant has been overpaid unemployment benefits under the law of another state, because of a reason other than fraud, and that state certifies that the applicant is liable under its law 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, except that no single offset may exceed 50 percent of the amount of the payment from which the offset is made.~~

Subd. 2. **Overpayment because of fraud.** (a) ~~Any~~ An applicant ~~who receives~~ has committed fraud if the applicant is overpaid unemployment benefits by:

(1) knowingly misrepresenting, misstating, or failing to disclose any material fact; ~~or who makes~~

(2) making 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 issue~~ 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 of overpayment penalty, assessing a penalty equal to 40 percent of the amount fraudulently obtained overpaid.~~ This penalty is in addition to penalties under section 268.182. ~~The determination is effective the Sunday of the week that it was issued.~~

(b) Unless the applicant files an appeal within 20 calendar days after the sending of ~~the a~~ determination of overpayment ~~by fraud penalty~~ 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 penalty~~ must state the methods of collection the commissioner may use to recover the overpayment, ~~penalty, and interest assessed.~~ Money received in repayment of ~~fraudulently obtained overpaid~~ 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 trust fund.

(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) ~~Regardless of the limitations in section 268.101, subdivision 2, paragraph (e), unemployment benefits paid for weeks more than four years before the date of (d) A determination of overpayment by fraud issued penalty under this subdivision are not considered overpaid unemployment benefits may be issued within 48 months of the establishment of the benefit account upon which the unemployment benefits were obtained though fraud.~~

Subd. 2b. **Interest.** On any unemployment benefits fraudulently obtained, and any penalty amounts assessed under subdivision 2, the commissioner must assess interest at the rate of one percent per month on any amount that remains unpaid beginning 30 calendar days after the date of ~~the a~~ determination of overpayment ~~by fraud penalty~~. A determination of overpayment ~~by fraud penalty~~ must state that interest will be assessed. Interest is assessed in the same manner as on employer debt under section 268.057, subdivision 5. Interest payments collected under this subdivision are credited to the trust fund.

Subd. 3a. **Offset of federal unemployment benefits.** ~~The commissioner is authorized to enter into reciprocal agreements with the United States Secretary of Labor, whereby, (a) The commissioner may offset from any future unemployment benefits otherwise payable the amount of a nonfraud overpayment. Except when the nonfraud overpayment resulted because the applicant failed to report deductible earnings or deductible or benefit delaying payments, no single offset may exceed 50 percent of the amount of the payment from which the offset is made.~~

(b) Overpayments of unemployment benefits ~~as determined under a federal law, program~~ may be recovered by offset from ~~unemployment future~~ benefits otherwise payable ~~and~~.

(c) ~~If an applicant has been overpaid unemployment benefits under the law of another state, the commissioner may offset from future benefits otherwise payable the amount of overpayment.~~

(d) ~~Nonfraud~~ unemployment benefit overpayments ~~under subdivisions 1 and 2~~ may be recovered by offset from ~~unemployment future~~ benefits otherwise payable under a federal program.

Subd. 4. **Cancellation of overpayments.** (a) If unemployment benefits overpaid ~~under subdivision 1 for reasons other than fraud~~ are not repaid or offset from subsequent ~~unemployment benefits as provided for in subdivision 1~~ within six years after the date of the determination or decision holding the applicant overpaid, the commissioner must cancel the overpayment balance, and no administrative or legal proceedings may be used to enforce collection of those amounts.

(b) If unemployment benefits ~~determined~~ overpaid ~~under subdivision 2 because of fraud~~ including penalties and interest are not repaid within ten years after the date of the determination of overpayment ~~by fraud penalty~~, the commissioner must cancel the overpayment balance and any penalties and interest due, and no administrative or legal proceeding may be used to enforce collection of those amounts.

(c) The commissioner may cancel at any time any overpayment, including penalties and interest, that the commissioner determines is uncollectible because of death or bankruptcy.

Subd. 4a. **Court fees; collection fees.** (a) If the ~~commissioner~~ department is required to pay any court fees in an attempt to enforce collection of overpaid unemployment benefits, penalties, or interest, ~~the commissioner may add~~ the amount of the court fees may be added to the total amount due.

(b) If an applicant who has been ~~determined~~ overpaid unemployment benefits because of fraud seeks to have any portion of the debt discharged under the federal bankruptcy code, and the ~~commissioner~~ department files an objection in bankruptcy court to the discharge, the ~~commissioner may add the commissioner's cost of any court fees~~ may be added to the debt if the bankruptcy court does not discharge the debt.

(c) If the Internal Revenue Service assesses the ~~commissioner~~ department a fee for offsetting from a federal tax refund the amount of any overpayment, including penalties and interest, the amount of the fee may be added to the total amount due. The offset amount must be put in the trust fund and that amount credited to the total amount due from the applicant.

Subd. 5. **Remedies.** (a) Any method undertaken to recover an overpayment of unemployment benefits, including any penalties and interest, is not considered an election of a method of recovery.

(b) Intervention or lack thereof, in whole or in part, in a workers' compensation matter under section 176.361 is not considered an election of a remedy and does not prevent the commissioner from determining any unemployment benefits overpaid under subdivision 1 or 2 or taking action under section 268.182.

Subd. 6. **Collection of overpayments.** (a) The commissioner may not compromise the amount ~~that has been determined of any overpaid under this section~~ unemployment benefits including penalties and interest.

(b) The commissioner has discretion regarding the recovery of any overpayment ~~under subdivision 1 for reasons other than fraud~~. Regardless of any law to the contrary, the commissioner is not required to refer any ~~amount determined overpaid under subdivision 1~~ overpayment for reasons other than fraud to a public or private collection agency, including agencies of this state.

(c) Amounts ~~determined~~ overpaid ~~under subdivision 1 for reasons other than fraud~~ are not considered a "debt" to the state of Minnesota for purposes of any reporting requirements to the commissioner of management and budget.

(d) A pending appeal under section 268.105 does not suspend the assessment of interest, penalties, or collection of an overpayment ~~under this section~~.

(e) Section 16A.626 applies to the repayment by an applicant of any overpayment, penalty, or interest ~~under this section~~.

Sec. 9. **EFFECTIVE DATE.**

This article is effective July 31, 2016, unless indicated otherwise.

ARTICLE 13
UNEMPLOYMENT INSURANCE ADVISORY COUNCIL TECHNICAL

Section 1. Minnesota Statutes 2014, section 268.035, is amended by adding a subdivision to read:

Subd. 12e. **Earnings.** "Earnings" means all compensation to which the applicant has a legal claim and is earned income under state and federal law for income tax purposes.

Sec. 2. Minnesota Statutes 2014, section 268.035, subdivision 20, is amended to read:

Subd. 20. **Noncovered employment.** "Noncovered employment" means:

- (1) employment for the United States government or an instrumentality thereof, including military service;
- (2) employment for a state, other than Minnesota, or a political subdivision or instrumentality thereof;
- (3) employment for a foreign government;
- ~~(4) employment for an instrumentality wholly owned by a foreign government, if the employment is of a character similar to that performed in foreign countries by employees of the United States government or an instrumentality thereof and the United States Secretary of State has certified that the foreign government grants an equivalent exemption to similar employment performed in the foreign country by employees of the United States government and instrumentalities thereof;~~
- ~~(5) (4) employment covered under United States Code, title 45, section 351, the federal Railroad Unemployment Insurance Act;~~
- ~~(6) employment covered by a reciprocal arrangement between the commissioner and another state or the federal government that provides that all employment performed by an individual for an employer during the period covered by the reciprocal arrangement is considered performed entirely within another state;~~
- ~~(7) (5) employment for a church or convention or association of churches, or ~~an~~ a nonprofit organization operated primarily for religious purposes that is operated, supervised, controlled, or principally supported by a church or convention or association of churches described in United States Code, title 26, section 501(e)(3) of the federal Internal Revenue Code and exempt from income tax under section 501(a);~~
- ~~(8) (6) employment for Minnesota or a political subdivision, or a nonprofit organization, of a duly ordained or licensed minister of a church in the exercise of a ministry or by a member of a religious order in the exercise of duties required by the order, for Minnesota or a political subdivision or an organization described in United States Code, title 26, section 501(e)(3) of the federal Internal Revenue Code and exempt from income tax under section 501(a);~~
- ~~(9) (7) employment for Minnesota or a political subdivision, or a nonprofit organization, of an individual receiving rehabilitation of "sheltered" work in a facility conducted for the purpose of carrying out a program of rehabilitation for individuals whose earning capacity is impaired by age or physical or mental deficiency or injury or a program providing "sheltered" work for individuals who because of an impaired physical or mental capacity cannot be readily absorbed in the competitive labor market. This clause applies only to services performed for Minnesota or a political subdivision or an organization described in United States Code, title 26, section 501(e)(3) of the federal Internal Revenue Code and exempt from income tax under section 501(a) in a facility certified by the Rehabilitation Services Branch of the department or in a day training or habilitation program licensed by the Department of Human Services;~~

~~(40)~~ (8) employment for Minnesota or a political subdivision, or a nonprofit organization, of an individual receiving work relief or work training as part of an unemployment work relief or work training program assisted or financed in whole or in part by any federal agency or an agency of a state or political subdivision thereof. ~~This clause applies only to employment for Minnesota or a political subdivision or an organization described in United States Code, title 26, section 501(c)(3) of the federal Internal Revenue Code and exempt from income tax under section 501(a).~~ This clause does not apply to programs that require unemployment benefit coverage for the participants;

~~(41)~~ (9) employment for Minnesota or a political subdivision, as an elected official, a member of a legislative body, or a member of the judiciary;

~~(42)~~ (10) employment as a member of the Minnesota National Guard or Air National Guard;

~~(43)~~ (11) employment for Minnesota, or a political subdivision, or instrumentality thereof, ~~as an employee of an individual~~ serving ~~only~~ on a temporary basis in case of fire, flood, tornado, or similar emergency;

~~(44)~~ (12) employment as an election official or election worker for Minnesota or a political subdivision, ~~but only~~ if the compensation for that employment was less than \$1,000 in a calendar year;

~~(45)~~ (13) employment for Minnesota that is a major policy-making or advisory position in the unclassified service;

~~(46)~~ (14) employment for Minnesota in an unclassified position established under section 43A.08, subdivision 1a;

~~(47)~~ (15) employment for a political subdivision of Minnesota that is a nontenured major policy making or advisory position;

~~(48)~~ (16) domestic employment in a private household, local college club, or local chapter of a college fraternity or sorority ~~performed for a person, only~~, if the wages paid in any calendar quarter in either the current or prior calendar year to all individuals in domestic employment totaled less than \$1,000.

"Domestic employment" includes all service in the operation and maintenance of a private household, for a local college club, or local chapter of a college fraternity or sorority as distinguished from service as an employee in the pursuit of an employer's trade or business;

~~(49)~~ (17) employment of an individual by a son, daughter, or spouse, and employment of a child under the age of 18 by the child's father or mother;

~~(20)~~ (18) employment of an inmate of a custodial or penal institution;

~~(21)~~ (19) employment for a school, college, or university, by a student who is enrolled and whose primary relation to the school, college, or university is as a student. This does not include an individual whose primary relation to the school, college, or university is as an employee who also takes courses;

~~(22)~~ (20) employment of an individual who is enrolled as a student in a full-time program at a nonprofit or public educational institution that maintains a regular faculty and curriculum and has a regularly organized body of students in attendance at the place where its educational activities are carried on, taken for credit at the institution, that combines academic instruction with work experience, if the employment is an integral part of the program, and the institution has so certified to the employer, except that this clause does not apply to employment in a program established for or on behalf of an employer or group of employers;

(23) (21) employment of university, college, or professional school students in an internship or other training program with the city of St. Paul or the city of Minneapolis under Laws 1990, chapter 570, article 6, section 3;

(24) (22) employment for a hospital by a patient of the hospital. "Hospital" means an institution that has been licensed by the Department of Health as a hospital;

(25) (23) employment as a student nurse for a hospital or a nurses' training school by an individual who is enrolled and is regularly attending classes in an accredited nurses' training school;

(26) (24) employment as an intern for a hospital by an individual who has completed a four-year course in an accredited medical school;

(27) (25) employment as an insurance salesperson, by other than a corporate officer, if all the wages from the employment is solely by way of commission. The word "insurance" includes an annuity and an optional annuity;

(28) (26) employment as an officer of a township mutual insurance company or farmer's mutual insurance company ~~operating~~ under chapter 67A;

(29) (27) employment of a corporate officer, if the officer directly or indirectly, including through a subsidiary or holding company, owns 25 percent or more of the employer corporation, and employment of a member of a limited liability company, if the member directly or indirectly, including through a subsidiary or holding company, owns 25 percent or more of the employer limited liability company;

(30) (28) employment as a real estate salesperson, ~~by~~ other than a corporate officer, if all the wages from the employment is solely by way of commission;

(31) (29) employment as a direct seller as defined in United States Code, title 26, section 3508;

(32) (30) employment of an individual under the age of 18 in the delivery or distribution of newspapers or shopping news, not including delivery or distribution to any point for subsequent delivery or distribution;

(33) (31) casual employment performed for an individual, other than domestic employment under clause ~~(18)~~ (16), that does not promote or advance that employer's trade or business;

(34) (32) employment in "agricultural employment" unless ~~considered it is~~ "covered agricultural employment" under subdivision 11; or

(35) (33) if employment during one-half or more of any pay period was covered employment, all the employment for the pay period is ~~considered~~ covered employment; but if during more than one-half of any pay period the employment was noncovered employment, then all of the employment for the pay period is ~~considered~~ noncovered employment. "Pay period" means a period of not more than a calendar month for which a payment or compensation is ordinarily made to the employee by the employer.

Sec. 3. Minnesota Statutes 2014, section 268.035, is amended by adding a subdivision to read:

Subd. 20b. Nonprofit organization. "Nonprofit organization" means an organization described in United States Code, title 26, section 501(c)(3), and is exempt from income tax under United States Code, title 26, section 501(a).

Sec. 4. Minnesota Statutes 2014, section 268.035, subdivision 23a, is amended to read:

Subd. 23a. **Suitable employment.** (a) Suitable employment means employment in the applicant's labor market area that is reasonably related to the applicant's qualifications. In determining whether any employment is suitable for an applicant, the degree of risk involved to the health and safety, physical fitness, prior training, experience, length of unemployment, prospects for securing employment in the applicant's customary occupation, and the distance of the employment from the applicant's residence is considered.

(b) In determining what is suitable employment, primary consideration is given to the temporary or permanent nature of the applicant's separation from employment and whether the applicant has favorable prospects of finding employment in the applicant's usual or customary occupation at the applicant's past wage level within a reasonable period of time.

If prospects are unfavorable, employment at lower skill or wage levels is suitable if the applicant is reasonably suited for the employment considering the applicant's education, training, work experience, and current physical and mental ability.

The total compensation must be considered, including the wage rate, hours of employment, method of payment, overtime practices, bonuses, incentive payments, and fringe benefits.

(c) When potential employment is at a rate of pay lower than the applicant's former rate, consideration must be given to the length of the applicant's unemployment and the proportion of difference in the rates. Employment that may not be suitable because of lower wages during the early weeks of the applicant's unemployment may become suitable as the duration of unemployment lengthens.

(d) For an applicant seasonally unemployed, suitable employment includes temporary work in a lower skilled occupation that pays average gross weekly wages equal to or more than 150 percent of the applicant's weekly unemployment benefit amount.

(e) If a majority of the applicant's weeks of employment in the base period includes part-time employment, part-time employment in a position with comparable skills and comparable hours that pays comparable wages is ~~considered~~ suitable employment.

Full-time employment is not ~~considered~~ suitable employment for an applicant if a majority of the applicant's weeks of employment in the base period includes part-time employment.

(f) To determine suitability of employment in terms of shifts, the arrangement of hours in addition to the total number of hours is to be considered. Employment on a second, third, rotating, or split shift is suitable employment if it is customary in the occupation in the labor market area.

(g) Employment is not ~~considered~~ suitable if:

- (1) the position offered is vacant because of a labor dispute;
- (2) the wages, hours, or other conditions of employment are ~~substantially~~ less favorable than those prevailing for similar employment in the labor market area; or
- (3) as a condition of becoming employed, the applicant would be required to join a company union or to resign from or refrain from joining any bona fide labor organization; ~~or~~

~~(4) the employment is with a staffing service and less than 25 percent of the applicant's wage credits are from a job assignment with the client of a staffing service.~~

(h) A job assignment with a staffing service is ~~considered~~ suitable only if 25 percent or more of the applicant's wage credits are from job assignments with clients of a staffing service and the job assignment meets the definition of suitable employment under paragraph (a).

Sec. 5. Minnesota Statutes 2014, section 268.085, subdivision 4, is amended to read:

Subd. 4. **Social Security old age insurance benefits.** (a) Any applicant aged 62 or over is required to state when filing an application for unemployment benefits and when filing continued requests for unemployment benefits if the applicant is receiving, has filed for, or intends to file for, primary Social Security old age benefits.

~~(b)~~ (c) Unless paragraph ~~(b)~~ (c) applies, 50 percent of the weekly equivalent of the primary Social Security old age benefit the applicant has received, has filed for, or intends to file for, with respect to that week must be deducted from an applicant's weekly unemployment benefit amount.

~~(b)~~ (c) If all of the applicant's wage credits were earned while the applicant was claiming Social Security old age benefits, there is no deduction of the Social Security benefits from the applicant's weekly unemployment benefit amount.

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

~~(d)~~ (e) This subdivision does not apply to Social Security survivor benefits.

Sec. 6. Minnesota Statutes 2014, section 268.085, subdivision 5, is amended to read:

Subd. 5. **Deductible earnings.** (a) If the applicant has earnings, including holiday pay, with respect to any week, from employment, covered employment, noncovered employment, self-employment, or volunteer work, equal to or in excess of the applicant's weekly unemployment benefit amount, the applicant is ineligible for unemployment benefits for that week.

(b) If the applicant has earnings, including holiday pay, with respect to any week, that is less than the applicant's weekly unemployment benefit amount, from employment, covered employment, noncovered employment, self-employment, or volunteer work, 50 percent of the earnings are deducted from the weekly unemployment benefit amount.

(c) No deduction is made from an applicant's weekly unemployment benefit amount for earnings from service in the National Guard or a United States military reserve unit or from direct service as a volunteer firefighter or volunteer ambulance service personnel. This exception to paragraphs (a) and (b) does not apply to on-call or standby pay provided to a volunteer firefighter or volunteer ambulance service personnel. No deduction is made for jury duty pay or for pay as an election judge.

(d) The applicant may report deductible earnings on continued requests for unemployment benefits at the next lower whole dollar amount.

(e) Deductible earnings does not include any money ~~considered that is~~ a deductible payment under subdivision 3, ~~but includes all compensation considered wages under section 268.035, subdivision 29, and any other compensation considered earned income under state and federal law for income tax purposes.~~

Sec. 7. **REVISOR'S INSTRUCTION.**

(a) The revisor of statutes shall change "liability" to "liability for damages" in Minnesota Rules, part 3315.0555, subpart 1.

(b) The revisor of statutes shall change "entitled to" to "eligible for" in Minnesota Statutes, section 268.085, subdivision 1, clause (6).

(c) The revisor of statutes shall change "shall calculate" to "must calculate" in Minnesota Statutes, section 268.035, subdivision 23.

(d) The revisor of statutes shall renumber Minnesota Statutes, section 268.035, subdivision 12d, to subdivision 12f.

(e) The revisor of statutes shall reletter the paragraphs in Minnesota Statutes, section 268.085, subdivision 4, as follows:

(1) paragraph (a) shall be relettered paragraph (c); and

(2) paragraph (c) shall be relettered paragraph (a).

(f) The revisor of statutes shall renumber the reference to "clause (29)" to "clause (27)" in Minnesota Statutes, section 268.046, subdivision 1.

(g) The revisor of statutes shall renumber the reference to "clause (10)" to "clause (8)" in Minnesota Statutes, section 383C.19.

Sec. 8. **EFFECTIVE DATE.**

This article is effective July 31, 2016, and applies to all matters pending a determination or a decision by an unemployment law judge.

ARTICLE 14
TELEPHONE REGULATION

Section 1. Minnesota Statutes 2014, section 222.37, subdivision 1, is amended to read:

Subdivision 1. **Use requirements.** Any water power, telegraph, telephone, wireless telecommunications service provider, pneumatic tube, pipeline, community antenna television, cable communications or electric light, heat, power company, or fire department may use public roads for the purpose of constructing, using, operating, and maintaining lines, subways, canals, conduits, hydrants, or dry hydrants, for their business, but such lines shall be so located as in no way to interfere with the safety and convenience of ordinary travel along or over the same; and, in the construction and maintenance of such line, subway, canal, conduit, hydrants, or dry hydrants, the company shall be subject to all reasonable regulations imposed by the governing body of any county, town or city in which such public road may be. If the governing body does not require the company to obtain a permit, a company shall notify the governing body of any county, town, or city having jurisdiction over a public road prior to the construction or major repair, involving extensive excavation on the road right-of-way, of the company's equipment along, over, or under the public road, unless the governing body waives the notice requirement. A waiver of the notice requirement must be renewed on an annual basis. For emergency repair a company shall notify the governing body as soon as practical after the repair is made. Nothing herein shall be construed to grant to any person any rights for the maintenance of a telegraph, telephone, pneumatic tube, community antenna television system, cable communications system, or light, heat, power system, or hydrant system within the corporate limits of any city until such person shall have obtained the right to maintain such system within such city or for a period beyond that for which the right to operate such system is granted by such city.

Sec. 2. Minnesota Statutes 2014, section 237.01, is amended by adding a subdivision to read:

Subd. 9. **Voice-over-Internet protocol service.** "Voice-over-Internet protocol service" or "VoIP service" means any service that (1) enables real-time two-way voice communications that originate from or terminate at the user's location in Internet protocol or any successor protocol, and (2) permits users generally to receive calls that originate on the public switched telephone network and terminate calls to the public switched telephone network.

Sec. 3. Minnesota Statutes 2014, section 237.01, is amended by adding a subdivision to read:

Subd. 10. **Internet protocol-enabled service.** "Internet protocol-enabled service" or "IP-enabled service" means any service, capability, functionality, or application provided using Internet protocol, or any successor protocol, that enables an end user to send or receive a communication in Internet protocol format or any successor format, regardless of whether that communication is voice, data, or video.

Sec. 4. **[237.037] VOICE-OVER-INTERNET PROTOCOL SERVICE AND INTERNET PROTOCOL-ENABLED SERVICE.**

Subdivision 1. **Regulation prohibited.** Except as provided in this section, no state agency, including the commission and the Department of Commerce, or political subdivision of this state shall by rule, order, or other means directly or indirectly regulate the entry, rates, terms, quality of service, availability, classification, or any other aspect of VoIP service or IP-enabled service.

Subd. 2. **VoIP regulation.** (a) To the extent permitted by federal law, VoIP service is subject to the requirements of sections 237.49, 237.52, 237.70, and 403.11 with regard to the collection and remittance of the surcharges governed by those sections.

(b) A provider of VoIP service must comply with the requirements of chapter 403 applicable to the provision of access to 911 service by service providers, except to the extent those requirements conflict with federal requirements for the provision of 911 service by VoIP providers under Code of Federal Regulations, title 47, part 9. A VoIP provider is entitled to the benefit of the limitation of liability provisions of section 403.07, subdivision 5. Beginning June 1, 2016, and continuing each June 1 thereafter, each VoIP provider shall file a plan with the commission describing how it will comply with the requirements of this paragraph. After its initial filing under this paragraph, a VoIP provider shall file with the commission either an update of the plan or a statement certifying that the plan and personnel contact information previously filed is still current.

Subd. 3. **Relation to other law.** Nothing in this section restricts, creates, expands, or otherwise affects or modifies:

(1) the commission's authority under the Federal Communications Act of 1934, United States Code, title 47, sections 251 and 252;

(2) any applicable wholesale tariff or any commission authority related to wholesale services;

(3) any commission jurisdiction over (i) intrastate switched access rates, terms, and conditions, including the implementation of federal law with respect to intercarrier compensation, or (ii) existing commission authority to address or affect the resolution of disputes regarding intercarrier compensation;

(4) the rights of any entity, or the authority of the commission and local government authorities, with respect to the use and regulation of public rights-of-way under sections 237.162 and 237.163; or

(5) the establishment or enforcement of standards, requirements or procedures in procurement policies, internal operational policies, or work rules of any state agency or political subdivision of the state relating to the protection of intellectual property.

Subd. 4. **Exemption.** The following services delivered by IP-enabled service are not regulated under this chapter:

(1) video services provided by a cable communications system, as defined in section 238.02, subdivision 3; or

(2) cable service, as defined in United States Code, title 47, section 522, clause (6); or

(3) any other IP-enabled video service.

Sec. 5. **TASK FORCE ON DEPLOYMENT OF SMALL WIRELESS TELECOMMUNICATIONS FACILITIES.**

Subdivision 1. **Purpose; task force established.** In order to promote statewide access to wireless telecommunications and ensure orderly deployment of wireless telecommunication facilities subject to consistent and fair local regulations and appropriate fee structures, a task force is established to study the needs of the state and make recommendations to the legislature.

Subd. 2. **Members.** The task force consists of 13 voting members, appointed as follows:

(1) two members appointed by the League of Minnesota Cities, one member appointed by the Association of Minnesota Counties, and one member appointed by the Minnesota Association of Townships;

(2) two members of the public, one member appointed by the senate Subcommittee on Committees of the Committee on Rules and Administration and one member appointed by the speaker of the house. Appointments under this clause must be made as provided in Minnesota Statutes, section 15.0597, to the extent applicable;

(3) four members representing wireless telecommunications service providers, two members appointed by the senate Subcommittee on Committees of the Committee on Rules and Administration and two members appointed by the speaker of the house;

(4) one member appointed by the commissioner of commerce to serve as chair; and

(5) two members of the wireless telecommunications infrastructure industry, one member appointed by the senate Subcommittee on Committees of the Committee On Rules and Administration and one member appointed by the speaker of the house.

Appointments must be made as soon as practicable after the effective date of this section.

Subd. 3. **Study.** The task force shall identify and analyze issues that increase its understanding of the needs of local governments and wireless telecommunications providers in order to develop a robust statewide wireless telecommunications network. These issues include, but are not limited to:

(1) the concerns and needs of local governments, municipal utilities, and wireless telecommunications providers;

(2) the goals of the state to ensure all areas of the state and all residents have access to wireless telecommunications networks that meet residents' needs, and the obstacles to achieving those goals;

(3) the best practices and protocols for local governments' timely consideration and approval of applications by wireless telecommunications providers for equipment and facilities placements; and

(4) what changes in law are necessary to implement the best practices and protocols to achieve the goals while addressing the concerns and needs of local governments.

Subd. 4. **Open meetings; staff.** Meetings of the task force are subject to Minnesota Statutes, chapter 13D. The commissioner of commerce shall provide meeting space and administrative support to the task force as requested, including posting meeting notices on the agency's Web site.

Subd. 5. **Report.** The task force shall submit a report containing the findings and recommendations of its study under subdivision 3 to the chairs and ranking minority members of the legislative committees with jurisdiction over local government and telecommunications, and to the governor, by January 15, 2017. The report may be in the form of proposed legislation.

Subd. 6. **No compensation.** Members of the task force shall not receive compensation.

Subd. 7. **Expiration.** The task force expires January 15, 2017.

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

ARTICLE 15 BROADBAND DEVELOPMENT

Section 1. Minnesota Statutes 2015 Supplement, section 116J.394, is amended to read:

116J.394 DEFINITIONS.

- (a) For the purposes of sections 116J.394 to ~~116J.396~~ 116J.398, the following terms have the meanings given them.
- (b) "Broadband" or "broadband service" has the meaning given in section 116J.39, subdivision 1, paragraph (b).
- (c) "Broadband infrastructure" means networks of deployed telecommunications equipment and technologies necessary to provide high-speed Internet access and other advanced telecommunications services for end users.
- (d) "Commissioner" means the commissioner of employment and economic development.
- (e) "Last-mile infrastructure" means broadband infrastructure that serves as the final leg connecting the broadband service provider's network to the end-use customer's on-premises telecommunications equipment.
- (f) "Middle-mile infrastructure" means broadband infrastructure that links a broadband service provider's core network infrastructure to last-mile infrastructure.
- (g) "Political subdivision" means any county, city, town, school district, special district or other political subdivision, or public corporation.

(h) "Underserved areas" means areas of Minnesota in which households or businesses lack access to wire-line broadband service at speeds ~~that meet the state broadband goals of~~ greater than ten to 20 megabits per second download and five to ten three megabits per second upload but less than 25 megabits per second download and three megabits per second upload.

(i) "Unserved areas" means areas of Minnesota in which households or businesses lack access to wire-line broadband service, ~~as defined in section 116J.39~~ at speeds equal to or greater than ten megabits per second download and three megabits per second upload.

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

Sec. 2. Minnesota Statutes 2014, section 116J.395, subdivision 4, is amended to read:

Subd. 4. **Application process.** (a) An eligible applicant must submit an application to the commissioner on a form prescribed by the commissioner. The commissioner shall develop administrative procedures governing the application and grant award process. The commissioner shall act as fiscal agent for the grant program and shall be responsible for receiving and reviewing grant applications and awarding grants under this section.

(b) At least 30 days prior to the first day applications may be submitted each fiscal year, the commissioner must publish the specific criteria and any quantitative weighting scheme or scoring system the commissioner will use to evaluate or rank applications and award grants under subdivision 6 on the department's Web site.

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

Sec. 3. Minnesota Statutes 2014, section 116J.395, is amended by adding a subdivision to read:

Subd. 5a. **Incumbent right of first refusal.** (a) An applicant shall submit a copy of the application to all incumbent broadband service providers operating in the geographic area in which the proposed project is to be located at the same time the application is submitted to the commissioner.

(b) The commissioner may not continue to process or consider an application for a grant award if the commissioner receives notice in writing from an incumbent broadband service provider of the service provider's intention and commitment to begin construction, within 12 months of the date on which grant awards are to be made under this section, and to complete construction within 24 months of that date, of a project to extend or upgrade broadband service to speeds equal to or greater than the state broadband speed goal contained in section 237.012, subdivision 1, throughout the area in which the proposed project that is the subject of the application is to be located.

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

Sec. 4. Minnesota Statutes 2014, section 116J.395, subdivision 6, is amended to read:

Subd. 6. **Awarding grants.** (a) In evaluating applications and awarding grants, the commissioner shall give priority to applications that: (1) are constructed in areas identified by the director of the Office of Broadband Development as unserved; and (2) the commissioner determines will result in the creation or retention of jobs in underserved areas located in counties that are not metropolitan counties, as defined in section 473.121, subdivision 4.

(b) In evaluating applications and awarding grants, the commissioner may give priority to applications that:

(1) are constructed in areas identified by the director of the Office of Broadband Development as underserved;

(2) offer new or substantially upgraded broadband service to important community institutions including, but not limited to, libraries, educational institutions, public safety facilities, and healthcare facilities;

(3) facilitate the use of telemedicine and electronic health records;

(4) serve economically distressed areas of the state, as measured by indices of unemployment, poverty, or population loss that are significantly greater than the statewide average;

(5) provide technical support and train residents, businesses, and institutions in the community served by the project to utilize broadband service;

(6) include a component to actively promote the adoption of the newly available broadband services in the community;

(7) provide evidence of strong support for the project from citizens, government, businesses, and institutions in the community;

(8) provide access to broadband service to a greater number of unserved or underserved households and businesses; or

(9) leverage greater amounts of funding for the project from other private and public sources.

(c) The commissioner shall endeavor to award grants under this section to qualified applicants in all regions of the state.

(d) Within 90 days after the first grant is awarded under this section in a fiscal year, the commissioner shall notify in writing each applicant who did not receive a grant why the specific application was unsuccessful.

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

Sec. 5. Minnesota Statutes 2014, section 116J.395, subdivision 7, is amended to read:

Subd. 7. **Limitation.** (a) No grant awarded under this section in an unserved area may fund more than 50 percent of the total cost of a project.

~~(b) Grants awarded to a single project under this section must not exceed \$5,000,000~~ No grant awarded under this section in an underserved area may fund more than 25 percent of the total cost of a project.

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

Sec. 6. Minnesota Statutes 2014, section 116J.395, is amended by adding a subdivision to read:

Subd. 8. Application evaluation report. By June 30 of each year, the Office of Broadband Development shall place on the Department of Employment and Economic Development's Web site and provide to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over broadband a list of all applications for grants under this section received during the previous year and, for each application:

(1) the results of any quantitative weighting scheme or scoring system the commissioner used to award grants or rank the applications;

(2) the grant amount requested; and

(3) the grant amount awarded, if any.

EFFECTIVE DATE. This section is effective the day following final enactment. The initial report submission required under this section is due June 30, 2016.

Sec. 7. **[116J.397] UPDATED BROADBAND DEPLOYMENT DATA AND MAPS.**

(a) Beginning in 2016 and continuing each year thereafter, the Office of Broadband Development shall contract with one or more independent organizations that have extensive experience working with Minnesota broadband providers to:

(1) collect broadband deployment data from Minnesota providers, verify its accuracy through on-the-ground testing, and create state and county maps available to the public by February 1, 2017, and each February 1 thereafter, showing the availability of broadband service at various upload and download speeds throughout Minnesota;

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

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

(b) Data provided by a broadband provider under this section is nonpublic data under section 13.02, subdivision 9. Maps produced under this paragraph are public data under section 13.03.

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

Sec. 8. **[116J.398] BROADBAND PREVAILING WAGE EXEMPTION.**

Notwithstanding any other law to the contrary, sections 116J.871 and 177.41 to 177.44 do not apply to the construction, installation, remodeling, and repair of last-mile infrastructure, as defined under section 116J.394, paragraph (e).

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

Sec. 9. Minnesota Statutes 2014, section 237.012, subdivision 1, is amended to read:

Subdivision 1. **Universal access and high-speed goal.** (a) It is a state goal that as soon as possible, but no later than ~~2015~~ 2022, all state residents and businesses have access to high-speed broadband service that provides minimum download speeds of ~~ten to 20~~ 25 megabits per second and minimum upload speeds of ~~five to ten~~ three megabits per second.

(b) It is a state goal that no later than 2026 all households in the state have access to at least one broadband service provider offering broadband service at minimum speeds of 100 megabits per second download and 20 megabits per second upload.

Sec. 10. Minnesota Statutes 2014, section 237.012, subdivision 2, is amended to read:

Subd. 2. **State broadband leadership position.** It is a goal of the state that by ~~2015~~ 2022 and thereafter, the state be in:

- (1) the top five states of the United States for broadband speed universally accessible to residents and businesses;
- (2) the top five states for broadband access; and
- (3) the top 15 when compared to countries globally for broadband penetration.

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

ARTICLE 16
ENERGY

Section 1. Minnesota Statutes 2014, section 115C.09, subdivision 1, is amended to read:

Subdivision 1. **Reimbursable costs.** (a) The board shall provide reimbursement to eligible applicants for reimbursable costs.

(b) The following costs are reimbursable for purposes of this chapter:

(1) corrective action costs incurred by the applicant and documented in a form prescribed by the board, ~~except the costs related to the physical removal of a tank.~~ Corrective action costs incurred by the applicant include costs for physical removal of a tank when the physical removal is part of a corrective action, regardless of whether the tank is leaking at the time of removal, and the removal is directed or approved by the commissioner;

(2) costs that the responsible person is legally obligated to pay as damages to third parties for bodily injury, property damage, or corrective action costs incurred by a third party caused by a release where the responsible person's liability for the costs has been established by a court order or court-approved settlement; and

(3) up to 180 days of interest costs associated with the financing of corrective action and incurred by the applicant in a written extension of credit or loan that has been signed by the applicant and executed after July 1, 2002, provided that the applicant documents that:

(i) the interest costs are incurred as a result of an extension of credit or loan from a financial institution; and

(ii) the board has not considered the application within the applicable time frame specified in subdivision 2a, paragraph (c).

Interest costs meeting the requirements of this clause are eligible only when they are incurred between the date a complete initial application is received by the board, or the date a complete supplemental application is received by the board, and the date that the board first notifies the applicant of its reimbursement determination. An application is complete when the information reasonably required or requested by the board's staff from the applicant has been received by the board's staff. Interest costs are not eligible for reimbursement to the extent they exceed two percentage points above the adjusted prime rate charged by banks, as defined in section 270C.40, subdivision 5, at the time the extension of credit or loan was executed.

(c) A cost for liability to a third party is incurred by the responsible person when an order or court-approved settlement is entered that sets forth the specific costs attributed to the liability. Except as provided in this paragraph, reimbursement may not be made for costs of liability to third parties until all eligible corrective action costs have been reimbursed. If a corrective action is expected to continue in operation for more than one year after it has been fully constructed or installed, the board may estimate the future expense of completing the corrective action and, after subtracting this estimate from the total reimbursement available under subdivision 3, reimburse the costs for liability to third parties. The total reimbursement may not exceed the limit set forth in subdivision 3.

Sec. 2. Minnesota Statutes 2014, section 115C.09, subdivision 3, is amended to read:

Subd. 3. **Reimbursements; subrogation; appropriation.** (a) The board shall reimburse an eligible applicant from the fund for 90 percent of the total reimbursable costs incurred at the site, except that the board may reimburse an eligible applicant from the fund for greater than 90 percent of the total reimbursable costs, if the applicant previously qualified for a higher reimbursement rate. For costs associated with a release from a tank in transport, the board may reimburse a maximum of \$100,000.

~~Not more than \$1,000,000 may be reimbursed for costs associated with a single release, regardless of the number of persons eligible for reimbursement, and not more than \$2,000,000 may be reimbursed for costs associated with a single tank facility release.~~

(b) A reimbursement may not be made from the fund under this chapter until the board has determined that the costs for which reimbursement is requested were actually incurred and were reasonable.

(c) When an applicant has obtained responsible competitive bids or proposals according to rules promulgated under this chapter prior to June 1, 1995, the eligible costs for the tasks, procedures, services, materials, equipment, and tests of the low bid or proposal are presumed to be reasonable by the board, unless the costs of the low bid or proposal are substantially in excess of the average costs charged for similar tasks, procedures, services, materials, equipment, and tests in the same geographical area during the same time period.

(d) When an applicant has obtained a minimum of two responsible competitive bids or proposals on forms prescribed by the board and where the rules ~~promulgated~~ adopted under this chapter after June 1, 1995, designate maximum costs for specific tasks, procedures, services, materials, equipment and tests, the eligible costs of the low bid or proposal are deemed reasonable if the costs are at or below the maximums set forth in the rules.

(e) Costs incurred for change orders executed as prescribed in rules ~~promulgated~~ adopted under this chapter after June 1, 1995, are presumed reasonable if the costs are at or below the maximums set forth in the rules, unless the costs in the change order are above those in the original bid or proposal or are unsubstantiated and inconsistent with the process and standards required by the rules.

(f) A reimbursement may not be made from the fund in response to either an initial or supplemental application for costs incurred after June 4, 1987, that are payable under an applicable insurance policy, except that if the board finds that the applicant has made reasonable efforts to collect from an insurer and failed, the board shall reimburse the applicant.

(g) If the board reimburses an applicant for costs for which the applicant has insurance coverage, the board is subrogated to the rights of the applicant with respect to that insurance coverage, to the extent of the reimbursement by the board. The board may request the attorney general to bring an action in district court against the insurer to enforce the board's subrogation rights. Acceptance by an applicant of reimbursement constitutes an assignment by the applicant to the board of any rights of the applicant with respect to any insurance coverage applicable to the costs that are reimbursed. Notwithstanding this paragraph, the board may instead request a return of the reimbursement under subdivision 5 and may employ against the applicant the remedies provided in that subdivision, except where the board has knowingly provided reimbursement because the applicant was denied coverage by the insurer.

(h) Money in the fund is appropriated to the board to make reimbursements under this chapter. A reimbursement to a state agency must be credited to the appropriation account or accounts from which the reimbursed costs were paid.

(i) The board may reduce the amount of reimbursement to be made under this chapter if it finds that the applicant has not complied with a provision of this chapter, a rule or order issued under this chapter, or one or more of the following requirements:

- (1) the agency was given notice of the release as required by section 115.061;
- (2) the applicant, to the extent possible, fully cooperated with the agency in responding to the release;
- (3) the state rules applicable after December 22, 1993, to operating an underground storage tank and appurtenances without leak detection;
- (4) the state rules applicable after December 22, 1998, to operating an underground storage tank and appurtenances without corrosion protection or spill and overfill protection; and
- (5) the state rule applicable after November 1, 1998, to operating an aboveground tank without a dike or other structure that would contain a spill at the aboveground tank site.

(j) The reimbursement may be reduced as much as 100 percent for failure by the applicant to comply with the requirements in paragraph (i), clauses (1) to (5). In determining the amount of the reimbursement reduction, the board shall consider:

- (1) the reasonable determination by the agency that the noncompliance poses a threat to the environment;
- (2) whether the noncompliance was negligent, knowing, or willful;
- (3) the deterrent effect of the award reduction on other tank owners and operators;
- (4) the amount of reimbursement reduction recommended by the commissioner; and
- (5) the documentation of noncompliance provided by the commissioner.

(k) An applicant may request that the board issue a multiparty check that includes each lender who advanced funds to pay the costs of the corrective action or to each contractor or consultant who provided corrective action services. This request must be made by filing with the board a document, in a form prescribed by the board, indicating the identity of the applicant, the identity of the lender, contractor, or consultant, the dollar amount, and the location of the corrective action. The applicant must submit a request for the issuance of a multiparty check for each application submitted to the board. Payment under this paragraph does not constitute the assignment of the applicant's right to reimbursement to the consultant, contractor, or lender. The board has no liability to an applicant for a payment issued as a multiparty check that meets the requirements of this paragraph.

Sec. 3. Minnesota Statutes 2014, section 116C.779, subdivision 1, is amended to read:

Subdivision 1. **Renewable development account.** (a) Except as provided in subdivision 1a, the public utility that owns the Prairie Island nuclear generating plant must transfer to a renewable development account \$500,000 each year for each dry cask containing spent fuel that is located at the Prairie Island power plant for each year the plant is in operation, and \$7,500,000 each year the plant is not in operation if ordered by the commission pursuant to paragraph (c). The fund transfer must be made if nuclear waste is stored in a dry cask at the independent spent-fuel storage facility at Prairie Island for any part of a year.

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

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

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

- (1) to increase the market penetration within the state of renewable electric energy resources at reasonable costs;
- (2) to promote the start-up, expansion, and attraction of renewable electric energy projects and companies within the state;
- (3) to stimulate research and development within the state into renewable electric energy technologies; and
- (4) to develop near-commercial and demonstration scale renewable electric projects or near-commercial and demonstration scale electric infrastructure delivery projects if those delivery projects enhance the delivery of renewable electric energy.

The utility that owns a nuclear generating plant is eligible to apply for renewable development account grants.

(e) Expenditures authorized by this subdivision from the account may be made only after approval by order of the Public Utilities Commission upon a petition by the public utility. The commission may approve proposed expenditures, may disapprove proposed expenditures that it finds to be not in compliance with this subdivision or otherwise not in the public interest, and may, if agreed to by the public utility, modify proposed expenditures. The commission may approve reasonable and necessary expenditures for administering the account in an amount not to exceed five percent of expenditures. Commission approval is not required for expenditures required under subdivisions 2 and 3, section 116C.7791, or other law.

(f) The account shall be managed by the public utility but the public utility must consult about account expenditures with an advisory group that includes, among others, representatives of its ratepayers. The commission may require that other interests be represented on the advisory group. The advisory group must be consulted with respect to the general scope of expenditures in designing a request for proposal and in evaluating projects submitted in response to a request for proposals. In addition to consulting with the advisory group, the public utility must utilize an independent third-party expert to evaluate proposals submitted in response to a request for proposal, including all proposals made by the public utility. A request for proposal for research and development under paragraph (d), clause (3), may be limited to or include a request to higher education institutions located in Minnesota for multiple projects authorized under paragraph (d), clause (3). The request for multiple projects may include a provision that exempts the projects from the third-party expert review and instead provides for project evaluation and selection by a merit peer review grant system. The utility should attempt to reach agreement with the advisory group after consulting with it but the utility has full and sole authority to determine which expenditures shall be submitted to the commission for commission approval. In the process of determining request for proposal scope and subject and in evaluating responses to request for proposals, the public utility must strongly consider, where reasonable, potential benefit to Minnesota citizens and businesses and the utility's ratepayers.

(g) Funds in the account may not be directly appropriated by the legislature by a law enacted after January 1, 2012, and unless appropriated by a law enacted prior to that date may be expended only pursuant to an order of the commission according to this subdivision.

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

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

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

(k) Final reports, any mid-project status reports, and renewable development account financial reports must be posted online on a public Web site designated by the commission.

(l) All final reports must acknowledge that the project was made possible in whole or part by the Minnesota renewable development fund, noting that the fund is financed by the public utility's ratepayers.

Sec. 4. Minnesota Statutes 2014, section 116C.779, is amended by adding a subdivision to read:

Subd. 1a. **Payment termination.** (a) The commissioner shall track the cumulative transfers made to the account each year since 1999 for each dry cask containing spent fuel that is stored at an independent spent-fuel storage facility at Prairie Island or Monticello. During the time when state law required the public utility to transfer a specific amount of funds to the account for all the casks stored, the per-cask allocation shall be calculated by dividing the total amount transferred by the number of casks stored that year.

(b) When the commissioner determines that the cumulative transfers calculated under paragraph (a) for a specific cask reach \$10,000,000, the commissioner shall notify the public utility that no additional transfers to the account for that cask shall be made.

(c) This subdivision does not affect any provisions of subdivision 1, paragraph (a) or (b), with respect to transfers to the account made after a plant has ceased operation.

Sec. 5. Minnesota Statutes 2014, section 216A.03, subdivision 1, is amended to read:

Subdivision 1. **Members.** The Public Utilities Commission shall consist of ~~five~~ nine members, eight of whom shall each represent one of the state's congressional districts, and one member appointed at large. ~~At the time of appointment, each member, except for the at-large appointee, must reside in the congressional district the member is to represent.~~ The terms of members shall be six years and until their successors have been appointed and qualified. Each commissioner shall be appointed by the governor by and with the advice and consent of the senate. Not more than ~~three~~ five commissioners shall belong to the same political party. ~~At least one commissioner must have been domiciled at the time of appointment outside the seven-county metropolitan area. If the membership of the commission after July 31, 1986, does not consist of at least one member domiciled at the time of appointment outside the seven-county metropolitan area, the membership shall conform to this requirement following normal attrition of the present commissioners.~~ The governor when selecting commissioners shall give consideration to persons learned in the law or persons who have engaged in the profession of engineering, public accounting, property and utility valuation, finance, physical or natural sciences, production agriculture, or natural resources as well as being representative of the general public.

~~For purposes of this subdivision, "seven county metropolitan area" means Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington Counties.~~

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

Sec. 6. Minnesota Statutes 2014, section 216A.03, is amended by adding a subdivision to read:

Subd. 2a. **Transition.** (a) Until the governor has appointed commissioners from each congressional district and one at-large commissioner, this subdivision governs membership of the commission.

(b) Members of the commission as of July 1, 2016, shall continue to serve until the expiration of their terms.

(c) No later than October 1, 2016, the governor shall appoint commissioners from the first, seventh, and eighth congressional districts for terms to begin January 2, 2017.

(d) No later than October 1, 2018, the governor shall appoint a commissioner from the second congressional district for a term to begin January 7, 2019.

(e) No later than October 1, 2019, the governor shall appoint commissioners from the third, fourth, and fifth congressional districts for terms to begin January 6, 2020.

(f) No later than October 1, 2020, the governor shall appoint a commissioner from the sixth congressional district for a term to begin January 4, 2021.

(g) No later than October 1, 2021, the governor shall appoint an at-large commissioner for a term to begin January 3, 2022.

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

Sec. 7. Minnesota Statutes 2014, section 216B.1641, is amended to read:

216B.1641 COMMUNITY SOLAR GARDEN.

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

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

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

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

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

- (1) reasonably allow for the creation, financing, and accessibility of community solar gardens;
 - (2) establish uniform standards, fees, and processes for the interconnection of community solar garden facilities that allow the utility to recover reasonable interconnection costs for each community solar garden;
 - (3) not apply different requirements to utility and nonutility community solar garden facilities;
 - (4) be consistent with the public interest;
 - (5) identify the information that must be provided to potential subscribers to ensure fair disclosure of future costs and benefits of subscriptions;
 - (6) include a program implementation schedule;
 - (7) identify all proposed rules, fees, and charges; ~~and~~
 - (8) identify the means by which the program will be promoted; ~~;~~
 - (9) certify that the utility and the owner of a solar garden will submit copies of all marketing and promotional material and sample contracts to the commission, and that the materials will be updated periodically;
 - (10) provide a mechanism for subscribers to transfer subscriptions to other new or current subscribers;
 - (11) require an owner of a solar garden and the utility purchasing electricity generated by the solar garden to forward customer complaints regarding the operation of the solar garden to the commission; and
 - (12) reflect the commission's determination that:
 - (i) the plan is financially viable; and
 - (ii) the contract between a subscriber and the owner of a solar garden is fair, reasonable, and not discriminatory.
- (f) Notwithstanding any other law, neither the manager of nor the subscribers to a community solar garden facility shall be considered a utility solely as a result of their participation in the community solar garden facility.

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

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

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

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

EFFECTIVE DATE. This section is effective the day following final enactment and applies to any plan submitted to the commission for approval on or after that date.

Sec. 8. Minnesota Statutes 2014, section 216B.241, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For purposes of this section and section 216B.16, subdivision 6b, the terms defined in this subdivision have the meanings given them.

(a) "Commission" means the Public Utilities Commission.

(b) "Commissioner" means the commissioner of commerce.

(c) "Department" means the Department of Commerce.

(d) "Energy conservation" means demand-side management of energy supplies resulting in a net reduction in energy use. Load management that reduces overall energy use is energy conservation.

(e) "Energy conservation improvement" means a project that results in energy efficiency or energy conservation. Energy conservation improvement may include waste heat that is recovered and converted into electricity, but does not include electric utility infrastructure projects approved by the commission under section 216B.1636. Energy conservation improvement also includes waste heat recovered and used as thermal energy.

(f) "Energy efficiency" means measures or programs, including energy conservation measures or programs, that target consumer behavior, equipment, processes, or devices designed to produce either an absolute decrease in consumption of electric energy or natural gas or a decrease in consumption of electric energy or natural gas on a per unit of production basis without a reduction in the quality or level of service provided to the energy consumer.

(g) "Gross annual retail energy sales" means annual electric sales to all retail customers in a utility's or association's Minnesota service territory or natural gas throughput to all retail customers, including natural gas transportation customers, on a utility's distribution system in Minnesota. For purposes of this section, gross annual retail energy sales exclude:

(1) gas sales to:

(i) a large energy facility;

(ii) a large customer facility whose natural gas utility has been exempted by the commissioner under subdivision 1a, paragraph (b), with respect to natural gas sales made to the large customer facility; ~~and~~

(iii) a commercial gas customer facility whose natural gas utility has been exempted by the commissioner under subdivision 1a, paragraph (c), with respect to natural gas sales made to the commercial gas customer facility; and

(iv) a pipeline facility; and

(2) electric sales to:

(i) a large customer facility whose electric utility has been exempted by the commissioner under subdivision 1a, paragraph (b), with respect to electric sales made to the large customer facility; and

(ii) a pipeline facility.

(h) "Investments and expenses of a public utility" includes the investments and expenses incurred by a public utility in connection with an energy conservation improvement, including but not limited to:

(1) the differential in interest cost between the market rate and the rate charged on a no-interest or below-market interest loan made by a public utility to a customer for the purchase or installation of an energy conservation improvement;

(2) the difference between the utility's cost of purchase or installation of energy conservation improvements and any price charged by a public utility to a customer for such improvements.

(i) "Large customer facility" means all buildings, structures, equipment, and installations at a single site that collectively (1) impose a peak electrical demand on an electric utility's system of not less than 20,000 kilowatts, measured in the same way as the utility that serves the customer facility measures electrical demand for billing purposes or (2) consume not less than 500 million cubic feet of natural gas annually. In calculating peak electrical demand, a large customer facility may include demand offset by on-site cogeneration facilities and, if engaged in mineral extraction, may aggregate peak energy demand from the large customer facility's mining and processing operations.

(j) "Large energy facility" has the meaning given it in section 216B.2421, subdivision 2, clause (1).

(k) "Load management" means an activity, service, or technology to change the timing or the efficiency of a customer's use of energy that allows a utility or a customer to respond to wholesale market fluctuations or to reduce peak demand for energy or capacity.

(l) "Low-income programs" means energy conservation improvement programs that directly serve the needs of low-income persons, including low-income renters.

(m) "Petroleum products" has the meaning given in section 296A.01, subdivision 42, and includes propane, as defined in section 216B.02, subdivision 3a.

(n) "Pipeline facility" means a pipeline located within Minnesota with a diameter of six inches or greater and through which natural gas, petroleum, or petroleum products are transported under pressure to a utility, petroleum refinery, or other wholesale customer. Pipeline facility includes natural gas compressor stations, petroleum pumping stations, and other facilities necessary to physically transport fuel through a pipeline to a wholesale customer, but does not include facilities used to transport natural gas, petroleum, or petroleum products within a petroleum refinery, storage, or manufacturing facility.

(o) "Qualifying utility" means a utility that supplies the energy to a customer that enables the customer to qualify as a large customer facility.

~~(n)~~ (p) "Waste heat recovered and used as thermal energy" means capturing heat energy that would otherwise be exhausted or dissipated to the environment from machinery, buildings, or industrial processes and productively using such recovered thermal energy where it was captured or distributing it as thermal energy to other locations where it is used to reduce demand-side consumption of natural gas, electric energy, or both.

~~(p)~~ (q) "Waste heat recovery converted into electricity" means an energy recovery process that converts otherwise lost energy from the heat of exhaust stacks or pipes used for engines or manufacturing or industrial processes, or the reduction of high pressure in water or gas pipelines.

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

Sec. 9. Minnesota Statutes 2014, section 216B.241, subdivision 1a, is amended to read:

Subd. 1a. **Investment, expenditure, and contribution; public utility.** (a) For purposes of this subdivision and subdivision 2, "public utility" has the meaning given it in section 216B.02, subdivision 4. Each public utility shall spend and invest for energy conservation improvements under this subdivision and subdivision 2 the following amounts:

(1) for a utility that furnishes gas service, 0.5 percent of its gross operating revenues from service provided in the state;

(2) for a utility that furnishes electric service, 1.5 percent of its gross operating revenues from service provided in the state; and

(3) for a utility that furnishes electric service and that operates a nuclear-powered electric generating plant within the state, two percent of its gross operating revenues from service provided in the state.

For purposes of this paragraph (a), "gross operating revenues" do not include revenues from large customer facilities exempted under paragraph (b), ~~or~~ from commercial gas customers that are exempted under paragraph (c) or (e), or from a customer that is a pipeline facility.

(b) The owner of a large customer facility may petition the commissioner to exempt both electric and gas utilities serving the large customer facility from the investment and expenditure requirements of paragraph (a) with respect to retail revenues attributable to the large customer facility. The filing must include a discussion of the competitive or economic pressures facing the owner of the facility and the efforts taken by the owner to identify, evaluate, and implement energy conservation and efficiency improvements. A filing submitted on or before October 1 of any year must be approved within 90 days and become effective January 1 of the year following the filing, unless the commissioner finds that the owner of the large customer facility has failed to take reasonable measures to identify, evaluate, and implement energy conservation and efficiency improvements. If a facility qualifies as a large customer facility solely due to its peak electrical demand or annual natural gas usage, the exemption may be limited to the qualifying utility if the commissioner finds that the owner of the large customer facility has failed to take reasonable measures to identify, evaluate, and implement energy conservation and efficiency improvements with respect to the nonqualifying utility. Once an exemption is approved, the commissioner may request the owner of a large customer facility to submit, not more often than once every five years, a report demonstrating the large customer facility's ongoing commitment to energy conservation and efficiency improvement after the exemption filing. The commissioner may request such reports for up to ten years after the effective date of the exemption, unless the majority ownership of the large customer facility changes, in which case the commissioner may request additional reports for up to ten years after the change in ownership occurs. The commissioner may, within 180 days of receiving a report submitted under this paragraph, rescind any exemption granted under this paragraph upon a determination that the large customer facility is not continuing to make reasonable efforts to identify, evaluate, and implement energy conservation improvements. A large customer facility that is, under an order from the commissioner, exempt from the investment and expenditure requirements of paragraph (a) as of December 31, 2010, is not required to submit a report to retain its exempt status, except as otherwise provided in this paragraph with respect to ownership changes. No exempt large customer facility may participate in a utility conservation improvement program unless the owner of the facility submits a filing with the commissioner to withdraw its exemption.

(c) A commercial gas customer that is not a large customer facility and that purchases or acquires natural gas from a public utility having fewer than 600,000 natural gas customers in Minnesota may petition the commissioner to exempt gas utilities serving the commercial gas customer from the investment and expenditure requirements of paragraph (a) with respect to retail revenues attributable to the commercial gas customer. The petition must be supported by evidence demonstrating that the commercial gas customer has acquired or can reasonably acquire the capability to bypass use of the utility's gas distribution system by obtaining natural gas directly from a supplier not regulated by the commission. The commissioner shall grant the exemption if the commissioner finds that the petitioner has made the demonstration required by this paragraph.

(d) The commissioner may require investments or spending greater than the amounts required under this subdivision for a public utility whose most recent advance forecast required under section 216B.2422 or 216C.17 projects a peak demand deficit of 100 megawatts or greater within five years under midrange forecast assumptions.

(e) A public utility or owner of a large customer facility may appeal a decision of the commissioner under paragraph (b), (c), or (d) to the commission under subdivision 2. In reviewing a decision of the commissioner under paragraph (b), (c), or (d), the commission shall rescind the decision if it finds that the required investments or spending will:

- (1) not result in cost-effective energy conservation improvements; or
- (2) otherwise not be in the public interest.

(f) No pipeline facility may participate in a utility conservation improvement program.

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

Sec. 10. Minnesota Statutes 2014, section 216B.241, subdivision 1c, is amended to read:

Subd. 1c. **Energy-saving goals.** (a) The commissioner shall establish energy-saving goals for energy conservation improvement expenditures and shall evaluate an energy conservation improvement program on how well it meets the goals set.

(b) Each individual utility and association shall have an annual energy-savings goal equivalent to 1.5 percent of gross annual retail energy sales unless modified by the commissioner under paragraph (d). The savings goals must be calculated based on the most recent three-year weather-normalized average. A utility or association may elect to carry forward energy savings in excess of 1.5 percent for a year to the succeeding three calendar years, except that savings from electric utility infrastructure projects allowed under paragraph (d) may be carried forward for five years. A particular energy savings can be used only for one year's goal.

(c) The commissioner must adopt a filing schedule that is designed to have all utilities and associations operating under an energy-savings plan by calendar year 2010.

(d) In its energy conservation improvement plan filing, a utility or association may request the commissioner to adjust its annual energy-savings percentage goal based on its historical conservation investment experience, customer class makeup, load growth, a conservation potential study, or other factors the ~~commissioner determines warrants~~ utility or association asserts warrant an adjustment. The commissioner:

(1) must approve a request by a municipal utility or cooperative electric association to adjust the utility's or association's annual energy-savings goal;

(2) may approve a request from a public utility to adjust its annual energy-savings goal; and

(3) ~~may not approve~~ is prohibited from approving a plan of a public utility that provides for an annual energy-savings goal of less than one percent of gross annual retail energy sales from energy conservation improvements.

A ~~public utility or association~~ may include in its energy conservation plan energy savings from electric utility infrastructure projects approved by the commission under section 216B.1636 or waste heat recovery converted into electricity projects ~~that, each of which~~ may count as energy savings only in addition to a minimum energy-savings goal of at least one percent for energy conservation improvements. Energy savings from electric utility infrastructure projects, as defined in section 216B.1636, may be included in the energy conservation plan of a municipal utility or cooperative electric association. Electric utility infrastructure projects must result in increased energy efficiency greater than that which would have occurred through normal maintenance activity.

(e) An energy-savings goal is not satisfied by attaining the revenue expenditure requirements of subdivisions 1a and 1b, but can only be satisfied by meeting the energy-savings goal established in this subdivision.

(f) An association or utility is not required to make energy conservation investments to attain the energy-savings goals of this subdivision that are not cost-effective even if the investment is necessary to attain the energy-savings goals. For the purpose of this paragraph, in determining cost-effectiveness, the commissioner shall consider the costs and benefits to ratepayers, the utility, participants, and society. In addition, the commissioner shall consider the rate at which an association or municipal utility is increasing its energy savings and its expenditures on energy conservation.

(g) On an annual basis, the commissioner shall produce and make publicly available a report on the annual energy savings and estimated carbon dioxide reductions achieved by the energy conservation improvement programs for the two most recent years for which data is available. The commissioner shall report on program performance both in the aggregate and for each entity filing an energy conservation improvement plan for approval or review by the commissioner.

(h) By January 15, 2010, the commissioner shall report to the legislature whether the spending requirements under subdivisions 1a and 1b are necessary to achieve the energy-savings goals established in this subdivision.

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

Sec. 11. Minnesota Statutes 2014, section 216B.243, subdivision 8, is amended to read:

Subd. 8. **Exemptions.** This section does not apply to:

(1) cogeneration or small power production facilities as defined in the Federal Power Act, United States Code, title 16, section 796, paragraph (17), subparagraph (A), and paragraph (18), subparagraph (A), and having a combined capacity at a single site of less than 80,000 kilowatts; plants or facilities for the production of ethanol or fuel alcohol; or any case where the commission has determined after being advised by the attorney general that its application has been preempted by federal law;

(2) a high-voltage transmission line proposed primarily to distribute electricity to serve the demand of a single customer at a single location, unless the applicant opts to request that the commission determine need under this section or section 216B.2425;

(3) the upgrade to a higher voltage of an existing transmission line that serves the demand of a single customer that primarily uses existing rights-of-way, unless the applicant opts to request that the commission determine need under this section or section 216B.2425;

(4) a high-voltage transmission line of one mile or less required to connect a new or upgraded substation to an existing, new, or upgraded high-voltage transmission line;

(5) conversion of the fuel source of an existing electric generating plant to using natural gas;

(6) the modification of an existing electric generating plant to increase efficiency, as long as the capacity of the plant is not increased more than ten percent or more than 100 megawatts, whichever is greater; ~~or~~

(7) a wind energy conversion system or solar electric generation facility if the system or facility is owned and operated by an independent power producer and the electric output of the system or facility is not sold to an entity that provides retail service in Minnesota or wholesale electric service to another entity in Minnesota other than an entity that is a federally recognized regional transmission organization or independent system operator; or

(8) an interstate pipeline traversing Minnesota whose termini lie outside the state.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to (1) a pipeline that has not filed a certificate of need application before the effective date of this section, and (2) a pipeline that has a certificate of need application pending before the commission on the effective date of this section.

Sec. 12. Minnesota Statutes 2014, section 216C.20, subdivision 3, is amended to read:

Subd. 3. **Parking ramp.** No enclosed structure or portion of an enclosed structure constructed after January 1, 1978, and used primarily as a commercial parking facility for three or more motor vehicles shall be heated. Incidental heating resulting from building exhaust air passing through a parking facility shall not be prohibited, provided that substantially all useful heat has previously been removed from the air. The commissioner of commerce may grant an exemption from this subdivision if the commercial parking is integrated within a facility that has both public and private uses, the benefits to taxpayers of the exemption exceed the costs, and all appropriate energy efficiency measures have been considered.

Sec. 13. **[216E.023] PROHIBITION; SITING SOLAR SYSTEM; TREE CUTTING.**

No state or local site permit may be issued for a solar energy generating system that would contribute to meeting the requirements of section 216B.1691, subdivision 2f, or that is governed under section 216B.1641, if the solar energy generating system is to be sited at a location where more than 75 percent of the trees standing in an area exceeding three acres are proposed to be cut in order to accommodate construction of the solar energy generating system.

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

Sec. 14. Minnesota Statutes 2014, section 216E.03, subdivision 5, is amended to read:

Subd. 5. **Environmental review.** (a) The commissioner of the Department of Commerce shall prepare for the commission an environmental impact statement on each proposed large electric generating plant or high-voltage transmission line for which a complete application has been submitted. The commissioner shall not consider whether or not the project is needed. No other state environmental review documents shall be required. The commissioner shall study and evaluate any site or route proposed by an applicant and any other site or route the commission deems necessary that was proposed in a manner consistent with rules concerning the form, content, and timeliness of proposals for alternate sites or routes.

(b) For a cogeneration facility as defined in section 216H.01, subdivision 1a, that is a large electric power generating plant and is not proposed by a utility, the commissioner must make a finding in the environmental impact statement whether the project is likely to result in a net reduction of carbon dioxide emissions, considering both the

utility providing electric service to the proposed cogeneration facility and any reduction in carbon dioxide emissions as a result of increased efficiency from the production of thermal energy on the part of the customer operating or owning the proposed cogeneration facility.

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

Sec. 15. Minnesota Statutes 2014, section 216H.01, is amended by adding a subdivision to read:

Subd. 1a. Cogeneration facility or combined heat and power facility. "Cogeneration facility" or "combined heat and power facility" means a facility that:

(1) has the meaning given in United States Code, title 16, section 796, clause (18), paragraph (A); and

(2) meets the applicable operating and efficiency standards contained in Code of Federal Regulations, title 18, part 292.205.

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

Sec. 16. Minnesota Statutes 2014, section 216H.03, subdivision 1, is amended to read:

Subdivision 1. **Definition; new large energy facility.** For the purpose of this section, "new large energy facility" means a large energy facility, as defined in section 216B.2421, subdivision 2, clause (1), that is not in operation as of January 1, 2007, but does not include a facility that (1) uses natural gas as a primary fuel, (2) is a cogeneration facility or combined heat and power facility located in the electric service area of a public utility, as defined in section 216B.02, subdivision 4, or is designed to provide peaking, intermediate, emergency backup, or contingency services, (3) uses a simple cycle or combined cycle turbine technology, and (4) is capable of achieving full load operations within 45 minutes of startup for a simple cycle facility, or is capable of achieving minimum load operations within 185 minutes of startup for a combined cycle facility.

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

Sec. 17. Laws 2001, chapter 130, section 3, is amended to read:

Sec. 3. **ASSESSMENT.**

A propane education and research council, established and certified pursuant to section 2, may assess propane producers and retail marketers an amount not to exceed ~~one mill~~ the maximum assessment authorized in United States Code, title 15, section 6405(a), per gallon of odorized propane in a manner established by the council in compliance with United States Code, title 15, section 6405, subsections (a) to (c). Propane producers and retail marketers shall be responsible for the amounts assessed.

Sec. 18. **PROHIBITION ON EXPENDITURE OF STATE FUNDS; CLEAN POWER PLAN.**

No state agency shall expend state funds to develop a state plan as required by the federal Clean Power Plan unless and until a final decision in the case of West Virginia, et. al., v. United States Environmental Protection Agency, et. al., determines that the federal Environmental Protection Agency has legal authority to require the submission of such state plans.

For the purposes of this section, "Clean Power Plan" means the final rule of the federal Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electric Utility Generating Units, issued by the United States Environmental Protection Agency in Docket No. EPA-HQ-OAR-2013-0602, and any subsequent amendments made to the plan."

Delete the title and insert:

"A bill for an act relating to state government; appropriating money for certain agriculture-related purposes; modifying various agriculture-related provisions; making clarifying, technical, and policy changes; providing a tractor rollover pilot grant program; establishing an agricultural emergency account; appropriating money for environment and natural resources; modifying prior appropriations; modifying provisions to harvest wild rice; establishing requirements for marine carbon monoxide detection devices; modifying terms of certain committees, funds, and accounts; providing for prescribed burns; modifying provisions for certain land sales and exchanges; creating Aggregate Resources Task Force; providing appointments; providing for certain water level control permit; appropriating money for jobs, economic development, and energy affordability; appropriating money to the Departments of Employment and Economic Development, Labor and Industry, and Commerce, the Housing Finance Agency, Public Utilities Commission, Public Facilities Authority, Explore Minnesota Tourism, Bureau of Mediation Services, and Public Employment Relations Board; making policy changes to jobs and economic development, labor and industry, housing, workers' compensation, unemployment insurance, telephone regulation, broadband development, and energy; requiring reports; amending Minnesota Statutes 2014, sections 17.117, subdivisions 4, 11a; 17.4982, subdivision 18a; 18B.26, subdivision 3; 41A.12, subdivision 2; 84.027, subdivision 13; 84.091, subdivision 2; 84D.01, subdivision 2; 84D.05, subdivision 1; 84D.09, subdivision 2; 84D.10, subdivision 4; 84D.108, by adding a subdivision; 84D.13, subdivision 4; 86B.005, by adding subdivisions; 88.01, by adding a subdivision; 88.22, subdivision 1; 93.0015, subdivision 3; 93.2236; 94.3495, subdivisions 2, 3, 7; 115C.09, subdivisions 1, 3; 116C.779, subdivision 1, by adding a subdivision; 116J.395, subdivisions 4, 6, 7, by adding subdivisions; 116J.548, subdivisions 2, 3; 116J.8737, subdivision 3; 116J.8747, subdivisions 1, 2; 116M.15, subdivision 1; 176.011, subdivision 7a; 176.081, subdivisions 1, 3; 176.137, subdivisions 1, 4, by adding a subdivision; 176.331; 176.361, subdivisions 1, 2, 3, 4, 5, 6, by adding a subdivision; 176.471, subdivisions 3, 5; 176.511, subdivisions 2, 3; 176.571, subdivision 1; 182.653, subdivision 9; 216A.03, subdivision 1, by adding a subdivision; 216B.1641; 216B.241, subdivisions 1, 1a, 1c; 216B.243, subdivision 8; 216C.20, subdivision 3; 216E.03, subdivision 5; 216H.01, by adding a subdivision; 216H.03, subdivision 1; 222.37, subdivision 1; 237.01, by adding subdivisions; 237.012, subdivisions 1, 2; 268.035, subdivisions 12, 20, 23a, 29, by adding subdivisions; 268.051, subdivision 5; 268.085, subdivisions 4, 5; 268.0865, subdivisions 3, 4; 268.095, subdivisions 1, 2, 5; 268.101, subdivision 2; 268.18; 268.182, subdivision 2; 383B.142; 462A.204, subdivisions 1, 3; Minnesota Statutes 2015 Supplement, sections 16A.967, subdivisions 2, 7; 41A.14; 41A.15, subdivisions 2, 10, by adding subdivisions; 41A.16, subdivision 1; 41A.17, subdivisions 1, 2; 41A.18, subdivision 1; 84.027, subdivision 13a; 84D.11, subdivision 1; 84D.13, subdivision 5; 116D.04, subdivision 2a; 116J.394; 176.135, subdivision 7a; 176.136, subdivision 1b; 268.07, subdivision 3b; 268.085, subdivision 2; Laws 2001, chapter 130, section 3; Laws 2015, First Special Session chapter 1, article 1, sections 2, subdivision 3; 8, subdivision 8; Laws 2015, First Special Session chapter 4, article 1, sections 2, subdivision 4; 5; article 3, section 3, subdivision 2; article 4, section 131; proposing coding for new law in Minnesota Statutes, chapters 17; 84D; 86B; 116J; 216E; 237; 383B; repealing Minnesota Statutes 2014, sections 116P.13; 116U.26; 179A.50; 179A.51; 179A.52; 179A.53."

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

The report was adopted.

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

H. F. No. 3944, A bill for an act relating to health; requiring rulemaking on indoor radon licensure and work standards; allowing local governments to require inspections or permits; amending Minnesota Statutes 2015 Supplement, section 144.4961, subdivision 3, by adding a subdivision.

Reported the same back with the recommendation that the bill be re-referred to the Committee on Rules and Legislative Administration.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 2749, 2820 and 3931 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Lesch introduced:

H. F. No. 3948, A bill for an act relating to family law; establishing the Surrogacy Task Force; providing for the study of legal issues implicated by gestational and traditional surrogacy in Minnesota; requiring a report.

The bill was read for the first time and referred to the Committee on Civil Law and Data Practices.

Fenton introduced:

H. F. No. 3949, A bill for an act relating to education finance; providing funding for a pilot program to assist diverse and minority Minnesota high school students in preparing for careers in education; appropriating money.

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

Anzels, Ecklund and Metsa introduced:

H. F. No. 3950, A bill for an act relating to economic development; transferring approval authority from the Iron Range Resources and Rehabilitation Board to the commissioner of Iron Range resources and rehabilitation; requiring the commissioner of Iron Range resources and rehabilitation to seek a recommendation from the board in certain circumstances; amending Minnesota Statutes 2014, sections 15.38, subdivision 7; 116J.424; 216B.161, subdivision 1; 276A.01, subdivisions 8, 17; 282.38, subdivision 1; 298.001, subdivision 8; 298.22, subdivisions 1a, 5a, 6, 8, 10, 11; 298.221; 298.2211, subdivision 3; 298.2213, subdivisions 4, 5; 298.223, subdivisions 1, 2; 298.227; 298.28, subdivisions 7a, 9d; 298.292, subdivision 2; 298.294; 298.296, subdivisions 1, 2, 4; 298.2961, subdivisions 2, 4; 298.298; 298.46, subdivision 2.

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

Torkelson introduced:

H. F. No. 3951, A bill for an act relating to capital investment; setting a cap on grant amounts in the local bridge replacement and rehabilitation program; amending Minnesota Statutes 2014, section 174.50, subdivision 7.

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

Anderson, S., introduced:

H. F. No. 3952, A bill for an act relating to taxation; individual income and corporate franchise; allowing tax credits for parental leave costs; proposing coding for new law in Minnesota Statutes, chapter 290.

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

Green introduced:

H. F. No. 3953, A bill for an act relating to capital investment; appropriating money for a public safety center for Mahnomen, Clearwater, and Becker Counties; authorizing the sale and issuance of state bonds.

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

Hancock introduced:

H. F. No. 3954, A bill for an act relating to capital investment; appropriating money for wastewater sewer improvements in Clearbrook; authorizing the sale and issuance of state bonds.

The bill was read for the first time and referred to the Committee on Job Growth and Energy Affordability Policy and Finance.

Bly introduced:

H. F. No. 3955, A bill for an act relating to taxation; imposing an additional tax on certain large retailers; proposing coding for new law in Minnesota Statutes, chapter 290.

The bill was read for the first time and referred to the Committee on Job Growth and Energy Affordability Policy and Finance.

Hansen introduced:

H. F. No. 3956, A bill for an act relating to natural resources; establishing requirements for installing surface or subsurface drainage on agricultural land; proposing coding for new law in Minnesota Statutes, chapter 103G.

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

Schultz; Simonson; Rosenthal; Bly; Norton; Mahoney; Applebaum; Lien; Johnson, C.; Bernardy; Considine and Clark introduced:

H. F. No. 3957, A bill for an act relating to employment; creating a pilot program to provide, repair, and maintain motor vehicles for commuting to work; appropriating money.

The bill was read for the first time and referred to the Committee on Job Growth and Energy Affordability Policy and Finance.

Anderson, P., and Newton introduced:

H. F. No. 3958, A bill for an act relating to taxation; property tax; providing for supplemental county program aid payment.

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

Smith introduced:

H. F. No. 3959, A bill for an act relating to transportation; authorizing and governing implementation of requirements of the federal REAL ID Act; amending certain requirements governing driver's licenses and Minnesota identification cards; amending certain fees; requiring legislative reporting; requiring rulemaking; appropriating money; amending Minnesota Statutes 2014, sections 171.017, subdivisions 1, 2; 171.06, subdivisions 1, 3, by adding a subdivision; 171.07, subdivisions 1, 3, 4, 9a; 171.072; 171.12, by adding subdivisions; 171.27; proposing coding for new law in Minnesota Statutes, chapter 171; repealing Laws 2009, chapter 92, section 1, as amended.

The bill was read for the first time and referred to the Committee on Civil Law and Data Practices.

Peppin moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by the Speaker.

CALENDAR FOR THE DAY

H. F. No. 2478 was reported to the House.

Mahoney moved to amend H. F. No. 2478 as follows:

Page 6, after line 26, insert:

"Sec. 2. Minnesota Statutes 2015 Supplement, section 176.136, subdivision 1b, is amended to read:

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

(b) The liability of the employer for the treatment, articles, and supplies that are not limited by paragraph (a), subdivision 1a, 1c, or section 176.1362 shall be limited to 85 percent of the provider's usual and customary charge, or 85 percent of the prevailing charges for similar treatment, articles, and supplies furnished to an injured person

when paid for by the injured person, whichever is lower. On this basis, the commissioner or compensation judge may determine the reasonable value of all treatment, services, and supplies, and the liability of the employer is limited to that amount. The commissioner may by rule establish the reasonable value of a service, article, or supply in lieu of the 85 percent limitation in this paragraph. A prevailing charge established under Minnesota Rules, part 5221.0500, subpart 2, must be based on no more than two years of billing data immediately preceding the date of the service.

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

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

Page 7, line 4, delete "and 2" and insert "to 3"

Page 7, after line 4, insert:

"ARTICLE 3
WORKERS' COMPENSATION LITIGATION-RELATED PROPOSALS

Section 1. Minnesota Statutes 2014, section 176.011, subdivision 7a, is amended to read:

Subd. 7a. ~~(4)~~ **Compensation judge.** "Compensation judge" means a workers' compensation judge at the Office of Administrative Hearings.

~~(2) **Calendar judge.** "Calendar judge" means a workers' compensation judge at the Office of Administrative Hearings.~~

~~(3) **Compensation judge.** "Compensation judge" means a compensation judge at the Department of Labor and Industry. Compensation judges may conduct settlement conferences, issue summary decisions, approve settlements and issue awards thereon, determine petitions for attorney fees and costs, and make other determinations, decisions, orders, and awards as may be delegated to them by law or the commissioner. Compensation judges must be learned in the law.~~

Sec. 2. Minnesota Statutes 2014, section 176.137, subdivision 1, is amended to read:

Subdivision 1. **Requirement; determination.** The employer shall furnish to an employee who is permanently disabled because of a personal injury suffered in the course of employment with that employer such alteration or remodeling of the employee's principal residence as is reasonably required to enable the employee to move freely into and throughout the residence and to otherwise adequately accommodate the disability. Any remodeling or alteration shall be furnished only when the division ~~or Workers' Compensation Court of Appeals~~ determines that the injury is to such a degree that the employee is substantially prevented from functioning within the principal residence.

Sec. 3. Minnesota Statutes 2014, section 176.137, subdivision 4, is amended to read:

Subd. 4. **Certification required; exceptions.** (a) Except as provided in paragraph (b), no award may be made except upon the certification of a licensed architect to the division ~~or Workers' Compensation Court of Appeals~~ that the proposed alteration or remodeling of an existing residence or the building or purchase of a new or different

residence is reasonably required for the purposes specified in subdivision 1. The Council on Disability shall advise the division ~~or Workers' Compensation Court of Appeals~~ as provided in section 256.482, subdivision 5, clause (7). The alteration or remodeling of an existing residence, or the building or purchase of a new home must be done under the supervision of a licensed architect relative to the specific needs to accommodate the disability.

(b) Remodeling or alteration projects do not require an architect's certification and supervision if the project is:

(1) approved by the Council on Disability;

(2) performed by a residential building contractor or residential remodeler licensed under section 326B.805, subdivision 1; and

(3) approved by a certified building official or certified accessibility specialist under section 326B.133, subdivision 3a, paragraphs (b) and (d), who states in writing that the proposed remodeling or alterations are reasonably required to enable the employee to move freely into and throughout the residence and to otherwise accommodate the disability.

Sec. 4. Minnesota Statutes 2014, section 176.137, is amended by adding a subdivision to read:

Subd. 6. **Disputes.** A proceeding to resolve a dispute under this section shall be initiated by petition under sections 176.271 and 176.291 and decided by a compensation judge at the office under section 176.305, 176.322, or 176.341. The decision of the compensation judge is appealable to the Workers' Compensation Court of Appeals under section 176.421.

Sec. 5. Minnesota Statutes 2014, section 176.331, is amended to read:

176.331 PROCEEDINGS WHEN ANSWER NOT FILED.

Except in cases involving multiple employers or multiple insurers, if an adverse party fails to file and serve an answer or obtain an extension from the commissioner or the petitioner as required by section 176.321, subdivision 3, the commissioner shall refer the matter to the chief administrative law judge for an immediate hearing and prompt award or other order. The adverse party that failed to file an answer may appear at the hearing, present evidence and question witnesses, but shall not be granted a continuance ~~for any reason~~ except upon a showing of good cause.

If an adverse party who fails to serve and file an answer is neither insured for workers' compensation liability nor a licensed self-insured as required by section 176.181 and the special compensation fund is a party to the proceeding, the commissioner or compensation judge may enter an order awarding benefits to the petitioning party without a hearing if so requested by the special compensation fund.

Sec. 6. Minnesota Statutes 2014, section 176.361, subdivision 1, is amended to read:

Subdivision 1. **Right to intervene.** A person who has an interest in any matter before the Workers' Compensation Court of Appeals, or commissioner, or compensation judge such that the person may either gain or lose by an order or decision may intervene in the proceeding by filing ~~an application or a~~ motion in writing stating the facts which show the interest. The commissioner is considered to have an interest and shall be permitted to intervene at the appellate level when a party relies in its claim or defense upon any statute or rule administered by the commissioner, or upon any rule, order, requirement, or agreement issued or made under the statute or rule.

The commissioner may adopt rules, not inconsistent with this section to govern intervention. The Workers' Compensation Court of Appeals shall adopt rules to govern the procedure for intervention in matters before it.

If the Department of Human Services or the Department of Employment and Economic Development seeks to intervene in any matter before the division, a compensation judge or the Workers' Compensation Court of Appeals, a nonattorney employee of the department, acting at the direction of the staff of the attorney general, may prepare, sign, serve and file motions for intervention and related documents, ~~appear at~~ attend prehearing conferences, and participate in matters before a compensation judge or the Workers' Compensation Court of Appeals. Any other interested party may intervene using a nonattorney and may participate in any proceeding to the same extent an attorney could. This activity shall not be considered to be the unauthorized practice of law. An intervenor represented by a nonattorney shall be deemed to be represented by an attorney for the purposes of the conclusive presumption of section 176.521, subdivision 2.

Subdivisions 3 to 6 do not apply to ~~matters pending in the mediation or rehabilitation and medical services sections~~ the following proceedings conducted by the Department of Labor and Industry or the office: mediation proceedings; discontinuance conferences under section 176.239; or administrative conferences under section 176.106.

Sec. 7. Minnesota Statutes 2014, section 176.361, subdivision 2, is amended to read:

Subd. 2. **Written ~~application or~~ motion.** A person desiring to intervene in a workers' compensation case as a party, including but not limited to a health care provider who has rendered services to an employee or an insurer who has paid benefits under section 176.191, shall submit a timely written ~~application or~~ motion to intervene to the commissioner, the office, or to the court of appeals, whichever is applicable.

(a) The ~~application or~~ motion must be served on all parties, ~~except for other intervenors,~~ either personally, by first class mail, or by registered mail, return receipt requested. ~~An application or~~ A motion to intervene must be served and filed within 60 days after a potential intervenor has been served with notice of a right to intervene or within 30 days of notice of an administrative conference. Upon the filing of a timely ~~application or~~ motion to intervene, the potential intervenor shall be granted intervenor status without the need for an order. Objections to the intervention may be subsequently addressed by a compensation judge. Where a motion to intervene is not timely filed under this section, the potential intervenor interest shall be extinguished and the potential intervenor may not collect, or attempt to collect, the extinguished interest from the employee, employer, insurer, or any government program.

(b) The ~~application or~~ motion must show how the applicant's legal rights, duties, or privileges may be determined or affected by the case; state the grounds and purposes for which intervention is sought; and indicate the statutory right to intervene. The ~~application or~~ motion must be accompanied by the following:

(1) an itemization of disability payments showing the period during which the payments were or are being made; the weekly or monthly rate of the payments; and the amount of reimbursement claimed;

(2) a summary of the medical or treatment payments, or rehabilitation services provided by the Vocational Rehabilitation Unit, broken down by creditor, showing the total bill submitted, the period of treatment or rehabilitation covered by that bill, the amount of payment on that bill, and to whom the payment was made;

(3) copies of all medical or treatment bills ~~on which some~~ for which payment ~~was made~~ is sought;

(4) copies of the work sheets or other information stating how the payments on medical or treatment bills were calculated;

(5) a copy of the relevant policy or contract provisions upon which the claim for reimbursement is based;

(6) the name and telephone number of the person representing the intervenor who has authority to represent the intervenor, including but not limited to the authority to reach a settlement of the issues in dispute;

(7) proof of service or copy of the registered mail receipt evidencing service on all parties except for other intervenors;

(8) at the option of the intervenor, a proposed stipulation which states that all of the payments for which reimbursement is claimed are related to the injury or condition in dispute in the case and that, if the petitioner is successful in proving the compensability of the claim, it is agreed that the sum be reimbursed to the intervenor; and

(9) if represented by an attorney, the name, address, telephone number, and Minnesota Supreme Court license number of the attorney.

Sec. 8. Minnesota Statutes 2014, section 176.361, subdivision 3, is amended to read:

Subd. 3. **Stipulation.** If the person submitting the ~~application or motion for intervention to intervene~~ has included a proposed stipulation, all parties shall either execute and return the signed stipulation to the intervenor who must file it with the division or judge or serve upon the intervenor and all other parties and file with the division specific and detailed objections to any payments made by the intervenor which are not conceded to be correct and related to the injury or condition the petitioner has asserted is compensable. If a party has not returned the signed stipulation or filed specific and detailed objections within 30 days of service of the ~~application or motion to intervene~~, the intervenor's right to reimbursement for the amount sought is deemed established provided that the petitioner's claim is determined to be compensable. The office may establish procedures for filing objections if a timely motion to intervene is filed less than 30 days before a scheduled hearing.

Sec. 9. Minnesota Statutes 2014, section 176.361, subdivision 4, is amended to read:

Subd. 4. **Attendance by intervenor.** ~~Unless a stipulation has been signed and filed or the intervenor's right to reimbursement has otherwise been established, the intervenor shall attend all settlement or pretrial conferences, administrative conferences, and the hearing. Failure~~ A person who has submitted a timely written motion to intervene, as required by subdivision 2, is not required to attend settlement or pretrial conferences or the hearing, unless attendance is ordered by the compensation judge assigned to the case, pursuant to a motion to require the intervenor's attendance filed by a party or as a matter of the judge's discretion. A motion to require attendance must be served and filed at least 20 days before a scheduled hearing, and the compensation judge must serve and file an order granting or denying the motion at least ten days before a scheduled hearing. If attendance is ordered, failure of the intervenor to appear attend a proceeding either in person or, if approved by the compensation judge, by telephone or some other electronic medium, shall result in the denial of the claim for reimbursement- except upon a showing of good cause. If attendance has not been ordered, this subdivision does not prohibit an intervenor from attending a conference or hearing in person, or from requesting permission from the compensation judge to attend a conference or hearing by telephone or other electronic medium.

Sec. 10. Minnesota Statutes 2014, section 176.361, subdivision 5, is amended to read:

Subd. 5. **Order Objections.** ~~If an~~ a specific and detailed objection to intervention remains following settlement or pretrial conferences, the issue shall be addressed at the hearing. If the intervenor has not been ordered to attend the hearing pursuant to subdivision 4, or has received permission to attend the hearing by telephone or other electronic medium, the intervenor may provide a written response to the objection before the hearing according to subdivision 6 for consideration as a matter of discretion by the judge.

Sec. 11. Minnesota Statutes 2014, section 176.361, subdivision 6, is amended to read:

Subd. 6. **Presentation of evidence by intervenor.** Unless a stipulation has been signed and filed or the intervenor's right to reimbursement has otherwise been established, the intervenor shall present evidence in support of the claim at or before the hearing ~~unless otherwise ordered by the compensation judge.~~ When the intervenor has not been ordered to attend the hearing pursuant to subdivision 4, or has received permission to attend the hearing by telephone or other electronic medium, the office may establish a procedure for submission of the intervenor's evidence and response to outstanding objections to intervention. If the intervenor does not submit a written response to the objection before the hearing, the compensation judge's determination on the objection must be based on the information and evidence submitted prior to or at the hearing, as a matter of judicial discretion.

Sec. 12. Minnesota Statutes 2014, section 176.361, is amended by adding a subdivision to read:

Subd. 8. **Chief administrative law judge orders.** The chief administrative law judge may issue standing orders to implement this section. The chief administrative law judge has the authority to issue standing orders instead of, or in addition to, the authority granted to the office or compensation judges under this section, provided that any standing order issued by the chief administrative law judge must be consistent with this section.

Sec. 13. **EFFECTIVE DATE.**

This article is effective August 1, 2016."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

H. F. No. 2478, A bill for an act relating to workers' compensation; adopting recommendations of the Workers' Compensation Advisory Council; amending Minnesota Statutes 2014, sections 176.011, subdivision 7a; 176.081, subdivisions 1, 3; 176.137, subdivisions 1, 4, by adding a subdivision; 176.331; 176.361, subdivisions 1, 2, 3, 4, 5, 6, by adding a subdivision; 176.471, subdivisions 3, 5; 176.511, subdivisions 2, 3; 176.571, subdivision 1; Minnesota Statutes 2015 Supplement, sections 176.135, subdivision 7a; 176.136, subdivision 1b.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Albright	Barrett	Davids	Fenton	Hamilton	Howe
Anderson, C.	Bennett	Davnie	Fischer	Hancock	Isaacson
Anderson, M.	Bernardy	Dean, M.	Flanagan	Hansen	Johnson, B.
Anderson, P.	Bly	Dehn, R.	Franson	Hausman	Johnson, C.
Anderson, S.	Carlson	Dettmer	Freiberg	Heintzeman	Johnson, S.
Anzelc	Christensen	Drazkowski	Green	Hertaus	Kahn
Applebaum	Clark	Ecklund	Gruenhagen	Hilstrom	Kelly
Atkins	Considine	Erhardt	Gunther	Hoppe	Kiel
Backer	Cornish	Erickson	Hackbarth	Hornstein	Knoblach
Baker	Daniels	Fabian	Halverson	Hortman	Koznick

Kresha	Mack	Murphy, M.	Petersburg	Schomacker	Urdahl
Laine	Mahoney	Nash	Peterson	Schultz	Vogel
Lesch	Mariani	Nelson	Pierson	Scott	Wagenius
Liebling	Marquart	Newberger	Pinto	Simonson	Ward
Lien	Masin	Newton	Poppe	Slocum	Whelan
Lillie	McDonald	Nornes	Pugh	Smith	Wills
Loeffler	McNamara	Norton	Quam	Sundin	Yarusso
Lohmer	Metsa	O'Driscoll	Rarick	Swedzinski	Youakim
Loon	Miller	O'Neill	Rosenthal	Theis	Zerwas
Loonan	Moran	Pelowski	Runbeck	Thissen	Spk. Daudt
Lucero	Mullery	Peppin	Sanders	Torkelson	
Lueck	Murphy, E.	Persell	Schoen	Uglen	

The bill was passed, as amended, and its title agreed to.

H. F. No. 2514, A bill for an act relating to economic development; modifying host community economic development grants; amending Minnesota Statutes 2014, section 116J.548, subdivisions 2, 3.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 93 yeas and 37 nays as follows:

Those who voted in the affirmative were:

Albright	Dean, M.	Hancock	Loonan	O'Driscoll	Smith
Anderson, C.	Dehn, R.	Heintzeman	Lucero	O'Neill	Sundin
Anderson, M.	Dettmer	Hertaus	Lueck	Pelowski	Swedzinski
Anderson, P.	Drazkowski	Hoppe	Mack	Peppin	Theis
Anderson, S.	Ecklund	Howe	Mahoney	Petersburg	Torkelson
Anzelc	Erhardt	Johnson, B.	Mariani	Peterson	Uglen
Atkins	Erickson	Johnson, S.	Marquart	Pierson	Urdahl
Backer	Fabian	Kelly	Masin	Poppe	Vogel
Baker	Fenton	Kiel	McDonald	Pugh	Ward
Barrett	Franson	Knoblach	McNamara	Quam	Whelan
Bennett	Green	Koznick	Metsa	Rarick	Wills
Christensen	Gruenhagen	Kresha	Miller	Rosenthal	Zerwas
Considine	Gunther	Lien	Murphy, M.	Runbeck	Spk. Daudt
Cornish	Hackbarth	Lillie	Nash	Sanders	
Daniels	Halverson	Lohmer	Newberger	Schomacker	
Davids	Hamilton	Loon	Nornes	Scott	

Those who voted in the negative were:

Applebaum	Flanagan	Isaacson	Moran	Pinto	Yarusso
Bernardy	Freiberg	Johnson, C.	Mullery	Schoen	Youakim
Bly	Hansen	Kahn	Murphy, E.	Schultz	
Carlson	Hausman	Laine	Nelson	Simonson	
Clark	Hilstrom	Lesch	Newton	Slocum	
Davnie	Hornstein	Liebling	Norton	Thissen	
Fischer	Hortman	Loeffler	Persell	Wagenius	

The bill was passed and its title agreed to.

The Speaker called Davids to the Chair.

Flanagan and Murphy, E., were excused for the remainder of today's session.

S. F. No. 2503, A bill for an act relating to natural resources; clarifying and modifying certain buffer requirements on public waters and drainage ditches; amending Minnesota Statutes 2014, sections 103B.101, subdivision 12; 103E.315, subdivision 8; Minnesota Statutes 2015 Supplement, sections 103B.101, subdivision 12a; 103F.48, subdivisions 1, 3, 4, 7, 8, 10.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 105 yeas and 24 nays as follows:

Those who voted in the affirmative were:

Albright	Davids	Hertaus	Lohmer	Pelowski	Simonson
Allen	Dean, M.	Hilstrom	Loon	Peppin	Smith
Anderson, C.	Dettmer	Hoppe	Loonan	Persell	Sundin
Anderson, M.	Drazkowski	Hornstein	Lucero	Petersburg	Swedzinski
Anderson, P.	Ecklund	Hortman	Lueck	Peterson	Theis
Anderson, S.	Erhardt	Howe	Mack	Pierson	Thissen
Anzelc	Erickson	Isaacson	Marquart	Pinto	Torkelson
Atkins	Fabian	Johnson, B.	McDonald	Poppe	Uglen
Backer	Fenton	Johnson, C.	McNamara	Pugh	Urdahl
Baker	Franson	Kelly	Metsa	Quam	Vogel
Barrett	Green	Kiel	Miller	Rarick	Whelan
Bennett	Gruenhagen	Knoblach	Murphy, M.	Rosenthal	Wills
Bly	Gunther	Koznick	Nash	Runbeck	Youakim
Christensen	Hackbarth	Kresha	Newberger	Sanders	Zerwas
Clark	Halverson	Laine	Newton	Schoen	Spk. Daudt
Considine	Hamilton	Liebling	Nornes	Schomacker	
Cornish	Hancock	Lien	O'Driscoll	Schultz	
Daniels	Heintzeman	Lillie	O'Neill	Scott	

Those who voted in the negative were:

Applebaum	Dehn, R.	Hausman	Loeffler	Moran	Slocum
Bernardy	Fischer	Johnson, S.	Mahoney	Mullery	Wagenius
Carlson	Freiberg	Kahn	Mariani	Nelson	Ward
Davnie	Hansen	Lesch	Masin	Norton	Yarusso

The bill was passed and its title agreed to.

The Speaker resumed the Chair.

H. F. No. 3175, A bill for an act relating to public safety; requiring criminal history background checks for driving instructor license applicants; amending Minnesota Statutes 2014, section 171.35.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Albright	Davnie	Heintzeman	Loeffler	Nornes	Simonson
Allen	Dean, M.	Hertaus	Lohmer	Norton	Slocum
Anderson, C.	Dehn, R.	Hilstrom	Loon	O'Driscoll	Smith
Anderson, M.	Dettmer	Hoppe	Loonan	O'Neill	Sundin
Anderson, P.	Drazkowski	Hornstein	Lucero	Pelowski	Swedzinski
Anderson, S.	Ecklund	Hortman	Lueck	Peppin	Theis
Anzelc	Erhardt	Howe	Mack	Persell	Thissen
Applebaum	Erickson	Isaacson	Mahoney	Petersburg	Torkelson
Atkins	Fabian	Johnson, B.	Mariani	Peterson	Uglem
Backer	Fenton	Johnson, C.	Marquart	Pierson	Urdahl
Baker	Fischer	Johnson, S.	Masin	Pinto	Vogel
Barrett	Franson	Kahn	McDonald	Poppe	Wagenius
Bennett	Freiberg	Kelly	McNamara	Pugh	Ward
Bernardy	Green	Kiel	Metsa	Quam	Whelan
Bly	Gruenhagen	Knoblach	Miller	Rarick	Wills
Carlson	Gunther	Koznick	Moran	Rosenthal	Yarusso
Christensen	Hackbarth	Kresha	Mullery	Runbeck	Youakim
Clark	Halverson	Laine	Murphy, M.	Sanders	Zerwas
Considine	Hamilton	Lesch	Nash	Schoen	Spk. Daudt
Cornish	Hancock	Liebling	Nelson	Schomacker	
Daniels	Hansen	Lien	Newberger	Schultz	
Davids	Hausman	Lillie	Newton	Scott	

The bill was passed and its title agreed to.

S. F. No. 2614, A bill for an act relating to higher education; workforce development; clarifying the dual training grant program; amending Minnesota Statutes 2015 Supplement, sections 136A.246; 175.45, subdivision 1.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 93 yeas and 36 nays as follows:

Those who voted in the affirmative were:

Albright	Atkins	Christensen	Dettmer	Fischer	Halverson
Allen	Backer	Clark	Drazkowski	Franson	Hamilton
Anderson, C.	Baker	Cornish	Erhardt	Green	Hancock
Anderson, M.	Barrett	Daniels	Erickson	Gruenhagen	Heintzeman
Anderson, P.	Bennett	Davids	Fabian	Gunther	Hertaus
Anderson, S.	Carlson	Dean, M.	Fenton	Hackbarth	Hoppe

Hortman	Liebling	Marquart	O'Neill	Rosenthal	Urdahl
Howe	Lien	Masin	Pelowski	Runbeck	Vogel
Isaacson	Lillie	McDonald	Peppin	Sanders	Whelan
Johnson, B.	Loeffler	McNamara	Petersburg	Schomacker	Wills
Johnson, C.	Lohmer	Miller	Peterson	Scott	Youakim
Kelly	Loon	Nash	Pierson	Smith	Zerwas
Kiel	Loonan	Newberger	Poppe	Swedzinski	Spk. Daudt
Knoblach	Lucero	Nornes	Pugh	Theis	
Koznick	Lueck	Norton	Quam	Torkelson	
Kresha	Mack	O'Driscoll	Rarick	Uglen	

Those who voted in the negative were:

Anzelc	Dehn, R.	Hornstein	Mariani	Newton	Slocum
Applebaum	Ecklund	Johnson, S.	Metsa	Persell	Sundin
Bernardy	Freiberg	Kahn	Moran	Pinto	Thissen
Bly	Hansen	Laine	Mullery	Schoen	Wagenius
Considine	Hausman	Lesch	Murphy, M.	Schultz	Ward
Davnie	Hilstrom	Mahoney	Nelson	Simonson	Yarusso

The bill was passed and its title agreed to.

Hoppe and Nash were excused between the hours of 11:15 a.m. and 11:25 a.m.

H. F. No. 2870 was reported to the House.

SUSPENSION OF RULES

Lueck moved that rule 3.33 relating to Amendments Must Be Prefiled be suspended for the purpose of offering his amendment to H. F. No. 2870. The motion prevailed.

Lueck moved to amend H. F. No. 2870 as follows:

Page 1, line 7, before "One" insert "(a)" and reinstate the stricken language

Page 1, line 8, reinstate the stricken language

Page 1, after line 18, insert:

"(b) A county that has participated in the Community Corrections Act for five or more years is eligible to continue to participate in the Community Corrections Act."

Amend the title accordingly

The motion prevailed and the amendment was adopted.

H. F. No. 2870, A bill for an act relating to corrections; authorizing counties to continue participation in the community corrections subsidy program; amending Minnesota Statutes 2014, section 401.02, subdivision 1.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 125 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Albright	Davnie	Hausman	Lillie	Nornes	Scott
Allen	Dean, M.	Heintzeman	Loeffler	Norton	Simonson
Anderson, C.	Dehn, R.	Hertaus	Lohmer	O'Driscoll	Slocum
Anderson, M.	Dettmer	Hilstrom	Loon	O'Neill	Smith
Anderson, P.	Drazkowski	Hornstein	Loonan	Pelowski	Sundin
Anderson, S.	Ecklund	Hortman	Lucero	Peppin	Swedzinski
Anzelc	Erhardt	Howe	Lueck	Persell	Theis
Applebaum	Erickson	Isaacson	Mack	Petersburg	Thissen
Atkins	Fabian	Johnson, B.	Mahoney	Peterson	Torkelson
Backer	Fenton	Johnson, C.	Mariani	Pierson	Uglen
Baker	Fischer	Johnson, S.	Marquart	Pinto	Urdahl
Barrett	Franson	Kahn	Masin	Poppe	Vogel
Bennett	Freiberg	Kelly	McDonald	Pugh	Wagenius
Bernardy	Green	Kiel	McNamara	Quam	Ward
Bly	Gruenhagen	Knoblach	Miller	Rarick	Whelan
Carlson	Gunther	Koznick	Moran	Rosenthal	Wills
Christensen	Hackbarth	Kresha	Mullery	Runbeck	Yarusso
Clark	Halverson	Laine	Murphy, M.	Sanders	Youakim
Cornish	Hamilton	Lesch	Nelson	Schoen	Zerwas
Daniels	Hancock	Liebling	Newberger	Schomacker	Spk. Daudt
Davids	Hansen	Lien	Newton	Schultz	

Those who voted in the negative were:

Considine Metsa

The bill was passed, as amended, and its title agreed to.

REPORTS FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Peppin from the Committee on Rules and Legislative Administration, pursuant to rules 1.21 and 3.33, designated the following bill to be placed on the Calendar for the Day for Monday, April 25, 2016 and established a prefiling requirement for amendments offered to the following bill:

H. F. No. 2749.

Peppin from the Committee on Rules and Legislative Administration, pursuant to rules 1.21 and 3.33, designated the following bills to be placed on the Calendar for the Day for Tuesday, April 26, 2016 and established a prefiling requirement for amendments offered to the following bills:

H. F. Nos. 1674, 2652, 2718, 2777, 2927, 3090 and 3370.

MOTIONS AND RESOLUTIONS

Baker moved that the name of Isaacson be added as an author on H. F. No. 1036. The motion prevailed.

Schultz moved that the name of Bernardy be added as an author on H. F. No. 1449. The motion prevailed.

Atkins moved that the names of Davnie, Applebaum, Metsa and Hilstrom be added as authors on H. F. No. 2424. The motion prevailed.

Knoblach moved that the names of Loon and Nornes be added as authors on H. F. No. 2749. The motion prevailed.

Nornes moved that the names of Hoppe and Johnson, C., be added as authors on H. F. No. 3733. The motion prevailed.

Hamilton moved that the name of Metsa be added as an author on H. F. No. 3834. The motion prevailed.

MOTION TO SUSPEND RULES

Kahn moved that the rules be so far suspended that H. F. No. 3213 be recalled from the Committee on State Government Finance, be given its second reading and be placed on the General Register.

A roll call was requested and properly seconded.

The question was taken on the Kahn motion and the roll was called. There were 55 yeas and 71 nays as follows:

Those who voted in the affirmative were:

Allen	Davnie	Hornstein	Lien	Nelson	Thissen
Anderson, S.	Dehn, R.	Hortman	Lillie	Persell	Wagenius
Anzelc	Ecklund	Isaacson	Loeffler	Pierson	Ward
Applebaum	Erhardt	Johnson, C.	Mahoney	Pinto	Yarusso
Atkins	Fischer	Johnson, S.	Mariani	Rosenthal	Youakim
Bernardy	Freiberg	Kahn	Masin	Schoen	
Bly	Halverson	Kresha	Metsa	Schultz	
Carlson	Hansen	Laine	Moran	Simonson	
Clark	Hausman	Lesch	Mullery	Slocum	
Considine	Hilstrom	Liebling	Murphy, M.	Sundin	

Those who voted in the negative were:

Albright	Cornish	Franson	Hoppe	Loonan	Newberger
Anderson, C.	Daniels	Green	Howe	Lucero	Newton
Anderson, M.	Dauids	Gruenhagen	Johnson, B.	Lueck	Nornes
Anderson, P.	Dean, M.	Gunther	Kelly	Mack	O'Driscoll
Backer	Dettmer	Hackbarth	Kiel	Marquart	O'Neill
Baker	Drazkowski	Hamilton	Knoblach	McDonald	Pelowski
Barrett	Erickson	Hancock	Koznick	McNamara	Peppin
Bennett	Fabian	Heintzeman	Lohmer	Miller	Petersburg
Christensen	Fenton	Hertaus	Loon	Nash	Peterson

Poppe	Rarick	Scott	Theis	Urdahl	Wills
Pugh	Runbeck	Smith	Torkelson	Vogel	Spk. Daudt
Quam	Schomacker	Swedzinski	Uglen	Whelan	

The motion did not prevail.

ADJOURNMENT

Peppin moved that when the House adjourns today it adjourn until 4:00 p.m., Monday, April 25, 2016. The motion prevailed.

Peppin moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 4:00 p.m., Monday, April 25, 2016.

PATRICK D. MURPHY, Chief Clerk, House of Representatives

