

## STATE OF MINNESOTA

## NINETIETH SESSION — 2017

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 THIRTY-SIXTH DAY

SAINT PAUL, MINNESOTA, WEDNESDAY, MARCH 29, 2017

The House of Representatives convened at 10:00 a.m. and was called to order by Kurt Daudt, Speaker of the House.

Prayer was offered by the Reverend Ralph Olsen, Trinity Lutheran Church, Hammond, Wisconsin.

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	Dehn, R.	Hertaus	Lien	Nornes	Schomacker
Anderson, P.	Dettmer	Hilstrom	Lillie	O'Driscoll	Schultz
Anderson, S.	Drazkowski	Hoppe	Lohmer	Olson	Scott
Backer	Ecklund	Hornstein	Loon	Omar	Smith
Bahr, C.	Erickson	Hortman	Loonan	O'Neill	Sundin
Baker	Fabian	Howe	Lucero	Pelowski	Swedzinski
Barr, R.	Fenton	Jessup	Lueck	Peppin	Theis
Becker-Finn	Fischer	Johnson, B.	Mahoney	Petersburg	Thissen
Bennett	Franke	Johnson, C.	Mariani	Peterson	Torkelson
Bernardy	Franson	Johnson, S.	Marquart	Pierson	Uglen
Bliss	Freiberg	Jurgens	Masin	Pinto	Urdahl
Bly	Green	Kiel	Maye Quade	Poppe	Vogel
Carlson, A.	Grossell	Knoblach	McDonald	Poston	Ward
Carlson, L.	Gruenhagen	Koegel	Metsa	Pryor	West
Christensen	Gunther	Koznick	Moran	Pugh	Whelan
Considine	Haley	Kresha	Murphy, E.	Quam	Wills
Cornish	Halverson	Kunesh-Podein	Murphy, M.	Rarick	Youakim
Daniels	Hamilton	Layman	Nash	Rosenthal	Zerwas
Davids	Hansen	Lee	Nelson	Runbeck	Spk. Daudt
Davnie	Hausman	Lesch	Neu	Sandstede	
Dean, M.	Heintzeman	Liebling	Newberger	Sauke	

A quorum was present.

Anselmo, Miller, Slocum and Wagenius were excused.

Allen, Applebaum, Flanagan, Garofalo and Loeffler were excused until 11:15 a.m. Clark was excused until 11:25 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

Cornish from the Committee on Public Safety and Security Policy and Finance to which was referred:

H. F. No. 238, A bill for an act relating to firearms; clarifying law on use of force in defense of home and person; codifying and extending Minnesota's self-defense and defense of home laws; eliminating the common law duty to retreat in cases of self-defense outside the home; expanding the boundaries of dwelling for purposes of self-defense; creating a presumption in the case of a person entering a dwelling or occupied vehicle by stealth or force; extending the rights available to a person in that person's dwelling to a person defending against entry of that person's occupied vehicle; amending Minnesota Statutes 2016, section 609.065.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2016, section 609.065, is amended to read:

### **609.065 JUSTIFIABLE ~~TAKING OF LIFE~~ USE OF DEADLY FORCE IN DEFENSE OF HOME AND PERSON.**

Subdivision 1. **Definitions.** ~~The intentional taking of the life of another is not authorized by section 609.06, except when necessary in resisting or preventing an offense which the actor reasonably believes exposes the actor or another to great bodily harm or death, or preventing the commission of a felony in the actor's place of abode. (a) For purposes of this section, the terms in this subdivision have the meanings given them.~~

(b) "Court order" means an order for protection issued under section 518B.01, a restraining order issued under section 609.748, a no contact order issued under section 629.75, or a substantively similar order issued by any court in this state, another state, the United States, or any subordinate jurisdiction of the United States.

(c) "Deadly force" means force used by an individual with the purpose of causing, or which the individual should reasonably know creates a substantial risk of causing, great bodily harm or death. The intentional discharge of a firearm by an individual at another person, or at a vehicle in which another person is believed to be, constitutes deadly force. A threat to cause great bodily harm or death, by the production of a weapon or otherwise, constitutes reasonable force and not deadly force, when the individual's objective is limited to creating an expectation that the individual will use deadly force only if authorized by law.

(d) "Dwelling" means a building defined under section 609.556, subdivision 3, an overnight stopping accommodation of any kind, or a place of abode, that an individual temporarily or permanently is occupying or intending to occupy as a habitation or home. A dwelling includes, but is not limited to, a building or conveyance and that building's or conveyance's curtilage and any attached or adjacent deck, porch, appurtenance, or other structure, whether the building or conveyance is used temporarily or permanently for these purposes, is mobile or immobile, or is a motor vehicle, watercraft, motor home, tent, or the equivalent.

(e) "Forcible felony" means any crime punishable by imprisonment exceeding one year, the elements of which include the use or threatened use of physical force or a deadly weapon against the person of another including but not limited to: murder in the first degree under section 609.185; murder in the second degree under section 609.19; manslaughter in the first degree under section 609.20; assault in the first degree under section 609.221; assault in the second degree under section 609.222; assault in the third degree under section 609.223; criminal sexual conduct in the first degree under section 609.342; criminal sexual conduct in the second degree under section 609.343; arson in the first degree under section 609.561; burglary in the first, second, and third degrees under section 609.582; robbery under sections 609.24 and 609.245; and kidnapping under section 609.25.

(f) "Good faith" includes honesty in fact in the conduct of the act concerned.

(g) "Great bodily harm" has the meaning given in section 609.02, subdivision 8.

(h) "Imminent" means the actor infers from all the facts and circumstances that the course of conduct has commenced.

(i) "Substantial bodily harm" has the meaning given in section 609.02, subdivision 7a.

(j) "Vehicle" means a conveyance of any type.

**Subd. 2. Circumstances when authorized.** (a) The use of deadly force by an individual is justified under this section when the act is undertaken:

(1) to resist or prevent the commission of an act that the individual reasonably believes is a felony in the individual's dwelling;

(2) to resist or prevent an act that the individual reasonably believes is an offense or attempted offense that imminently exposes the individual or another person to substantial bodily harm, great bodily harm, or death; or

(3) to resist or prevent an act that the individual reasonably believes is the commission or imminent commission of a forcible felony.

(b) The use of deadly force is not authorized under this section if the individual knows that the person against whom force is being used is a licensed peace officer from this state, another state, the United States, or any subordinate jurisdiction of the United States, who is acting lawfully.

**Subd. 3. Degree of force; retreat.** An individual taking defensive action pursuant to subdivision 2 may use all force and means, including deadly force, that the individual in good faith believes is required to succeed in defense. The individual may meet force with superior force when the individual's objective is defensive, the individual is not required to retreat, and the individual may continue defensive actions against an assailant until the danger has ended.

**Subd. 4. Presumptions.** (a) An individual using deadly force is presumed to possess a reasonable belief that there exists an imminent threat of substantial bodily harm, great bodily harm, or death to the individual or another person, if the individual knows or has reason to know that:

(1) the person against whom the defensive action is being taken is unlawfully entering or attempting to enter by force or by stealth, or has unlawfully entered by force or by stealth and remains within, the dwelling or occupied vehicle of the individual; or

(2) the person against whom the defensive action is being taken is in the process of removing, or attempting to remove, the individual or another person from the dwelling or occupied vehicle of the individual.

(b) An individual is not entitled to the benefit of the presumption in paragraph (a) if the individual knows that the person against whom the defensive action is being taken:

(1) is a lawful resident of the dwelling or a lawful possessor of the vehicle, or is otherwise lawfully permitted to enter the dwelling or vehicle; or

(2) is a person who has lawful custody of the person being removed from the dwelling or vehicle or whose removal from the dwelling or vehicle is being attempted. A person who is prohibited by a court order from contacting another individual or from entering a dwelling or possessing a vehicle of another individual is not a lawful resident of that individual's dwelling and is not a lawful possessor of that individual's vehicle.

(c) An individual using defensive force is not entitled to the benefit of the presumption in paragraph (a) if the individual is presently engaged in a crime or attempting to escape from the scene of a crime, or is presently using the dwelling or occupied vehicle in furtherance of a crime.

(d) An individual is not entitled to the benefit of the presumption in paragraph (a) if the individual knows or has reason to know that the person against whom the defensive action is being taken is a licensed peace officer from this state, another state, the United States, or any subordinate jurisdiction of the United States, who is acting lawfully.

Subd. 5. **Criminal investigation; immunity from prosecution.** (a) An individual who uses force, including deadly force, according to this section or as otherwise provided by law in defense of the individual, the individual's dwelling, or another individual is justified in using such force and is immune from any criminal prosecution for that act.

(b) A law enforcement agency may arrest an individual using force under circumstances described in this section only after considering any claims or circumstances supporting self-defense or lawful defense of another individual.

Subd. 6. **Justifiable use of force; burden of proof.** In a criminal trial, when there is any evidence of justifiable use of force under this section or section 609.06, the state has the burden of proving beyond a reasonable doubt that the defendant's actions were not justifiable.

Subd. 7. **Short title.** This section may be cited as the "Defense of Dwelling and Person Act of 2017."

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to uses of deadly force occurring on or after that date."

Delete the title and insert:

"A bill for an act relating to firearms; clarifying law on use of force in defense of home and person; codifying and extending Minnesota's self-defense and defense of home laws; eliminating the common law duty to retreat in cases of self-defense outside the home; expanding the boundaries of dwelling for purposes of self-defense; creating a presumption in the case of a person entering a dwelling or occupied vehicle by stealth or force; extending the rights available to a person in that person's dwelling to a person defending against entry of that person's occupied vehicle; amending Minnesota Statutes 2016, section 609.065."

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

The report was adopted.

Pursuant to Joint Rule 2.03 and in accordance with Senate Concurrent Resolution No. 4, H. F. No. 238 was re-referred to the Committee on Rules and Legislative Administration.

Anderson, S., from the Committee on State Government Finance to which was referred:

H. F. No. 691, A bill for an act relating to state government; requiring monthly reports related to the employee gainsharing system; amending Minnesota Statutes 2016, section 16A.90.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1  
STATE GOVERNMENT APPROPRIATIONS

Section 1. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2018" and "2019" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2018, or June 30, 2019, respectively. "The first year" is fiscal year 2018. "The second year" is fiscal year 2019. "The biennium" is fiscal years 2018 and 2019.

**APPROPRIATIONS**  
**Available for the Year**  
**Ending June 30**  
**2018**                      **2019**

Sec. 2. **LEGISLATURE**

Subdivision 1. **Total Appropriation**                      **\$79,858,000**                      **\$79,488,000**

Appropriations by Fund

	<u>2018</u>	<u>2019</u>
General	79,730,000	79,360,000
Health Care Access	128,000	128,000

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

Subd. 2. **Senate**                      **29,849,000**                      **29,655,000**

\$3,124,000 of the senate carryforward balance is canceled to the general fund on July 1, 2017.

Subd. 3. **House of Representatives**                      **32,383,000**                      **32,383,000**

During the biennium ending June 30, 2019, any revenue received by the house of representatives from voluntary donations to support broadcast or print media are appropriated to the house of representatives.

\$4,092,000 of the house of representatives carryforward balance is canceled to the general fund on July 1, 2017.

**Subd. 4. Legislative Coordinating Commission**17,626,00017,450,000Appropriations by Fund

<u>General</u>	<u>17,498,000</u>	<u>17,322,000</u>
<u>Health Care Access</u>	<u>128,000</u>	<u>128,000</u>

Appropriations provided by this subdivision may be used for designated staff to support the following offices and commissions: Office of the Legislative Auditor; Office of the Revisor of Statutes; Legislative Reference Library; Legislative-Citizen Commission on Minnesota Resources; Legislative Commission on Pensions and Retirement; Legislative Energy Commission; and the Lessard-Sams Outdoor Heritage Council. The operation of all other joint offices and commissions must be supported by the central administrative staff of the Legislative Coordinating Commission.

From its funds, \$10,000 each year is for purposes of the legislators' forum, through which Minnesota legislators meet with counterparts from South Dakota, North Dakota, and Manitoba to discuss issues of mutual concern.

\$1,418,000 of the Legislative Coordinating Commission carryforward balance is canceled to the general fund on July 1, 2017.

**Legislative Auditor.** \$6,694,000 the first year and \$6,564,000 the second year are for the Office of the Legislative Auditor.

Of these amounts, \$130,000 the first year is for the transit financial activity reviews required by Minnesota Statutes, section 3.972, subdivision 4.

No later than January 15, 2018, the legislative auditor must complete a review of the small business investment tax credit incentive established in Minnesota Statutes, section 116J.8737. The review must follow the evaluation plan established for review of a general incentive program under Minnesota Statutes, section 3.9735, subdivision 4.

**Revisor of Statutes.** \$6,090,000 the first year and \$6,090,000 the second year are for the Office of the Revisor of Statutes.

As soon as practicable and consistent with the terms of the lease agreement, the revisor of statutes must terminate its lease of office space located at 525 Park Street in St. Paul. The revisor must consult with the Legislative Coordinating Commission to identify other suitable space within the State Capitol complex to which existing staff and equipment at that location may be relocated.

**Legislative Budget Office.** \$864,000 the first year and \$818,000 the second year are for the Legislative Budget Office established in section 3.8853.

Sec. 3. **GOVERNOR AND LIEUTENANT GOVERNOR**

**\$3,195,000**

**\$3,195,000**

(a) This appropriation is to fund the Office of the Governor and Lieutenant Governor.

(b) Up to \$19,000 the first year and up to \$19,000 the second year are for necessary expenses in the normal performance of the Governor's and Lieutenant Governor's duties for which no other reimbursement is provided.

(c) The Office of the Governor may receive payments of no more than \$720,000 each fiscal year from executive agencies under Minnesota Statutes, section 15.53, to support office costs, not including the residence groundskeeper, incurred by the office. Payments received under this paragraph must be deposited in a special revenue account. Money in the account is appropriated to the Office of the Governor.

By September 1 of each year, the commissioner of management and budget shall report to the chairs and ranking minority members of the senate State Departments and Veterans Affairs Budget Division and the house of representatives State Government Finance Committee any personnel costs incurred by the Offices of the Governor and Lieutenant Governor that were supported by appropriations to other agencies during the previous fiscal year. The Office of the Governor shall inform the chairs and ranking minority members of the committees before initiating any interagency agreements.

(d) Appropriations provided by this section may not be used to support the hiring of additional personnel in the Office of the Governor, to support current personnel in the office assigned to oversee federal policy or federal government relations, or to maintain office space located in the District of Columbia.

Sec. 4. **STATE AUDITOR**

Subdivision 1. **Total Appropriation**

**\$9,243,000**

**\$9,488,000**

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

Subd. 2. **Audit Practice**

7,449,000

7,694,000

Subd. 3. **Legal and Special Investigations**

272,000

272,000

Subd. 4. **Government Information**

511,000

511,000

Subd. 5. <u>Pension Oversight</u>	<u>485,000</u>	<u>485,000</u>
Subd. 6. <u>Operations Management</u>	<u>305,000</u>	<u>305,000</u>
Subd. 7. <u>Constitutional Office</u>	<u>221,000</u>	<u>221,000</u>
Sec. 5. <u>ATTORNEY GENERAL</u>		
Subdivision 1. <u>Total Appropriation</u>	<u>\$23,894,000</u>	<u>\$23,894,000</u>

Appropriations by Fund

	<u>2018</u>	<u>2019</u>
<u>General</u>	<u>21,094,000</u>	<u>21,094,000</u>
<u>State Government Special</u>		
<u>Revenue</u>	<u>2,405,000</u>	<u>2,405,000</u>
<u>Remediation</u>	<u>250,000</u>	<u>250,000</u>
<u>Environmental</u>	<u>145,000</u>	<u>145,000</u>

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

Subd. 2. <u>Government Legal Services</u>	<u>3,764,000</u>	<u>3,764,000</u>
Subd. 3. <u>Regulatory Law and Professions</u>	<u>5,070,000</u>	<u>5,070,000</u>

Appropriations by Fund

<u>General</u>	<u>2,291,000</u>	<u>2,291,000</u>
<u>State Government Special</u>		
<u>Revenue</u>	<u>2,384,000</u>	<u>2,384,000</u>
<u>Remediation</u>	<u>250,000</u>	<u>250,000</u>
<u>Environmental</u>	<u>145,000</u>	<u>145,000</u>

Subd. 4. <u>State Government Services</u>	<u>6,345,000</u>	<u>6,345,000</u>
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Appropriations by Fund

<u>General</u>	<u>6,324,000</u>	<u>6,324,000</u>
<u>State Government Special</u>		
<u>Revenue</u>	<u>21,000</u>	<u>21,000</u>

Subd. 5. <u>Civil Law Section</u>	<u>3,102,000</u>	<u>3,102,000</u>
Subd. 6. <u>Civil Litigation</u>	<u>1,542,000</u>	<u>1,542,000</u>
Subd. 7. <u>Administrative Operations</u>	<u>4,071,000</u>	<u>4,071,000</u>



Sec. 6. **SECRETARY OF STATE**

<b><u>Subdivision 1. Total Appropriation</u></b>	<b><u>\$5,419,000</u></b>	<b><u>\$5,530,000</u></b>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. <b><u>Administration</u></b>	<u>512,000</u>	<u>525,000</u>
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Subd. 3. <b><u>Safe at Home</u></b>	<u>659,000</u>	<u>676,000</u>
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Subd. 4. <b><u>Business Services</u></b>	<u>1,422,000</u>	<u>1,174,000</u>
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Subd. 5. <b><u>Elections</u></b>	<u>2,826,000</u>	<u>3,155,000</u>
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Sec. 7. <b><u>CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD</u></b>	<b><u>\$689,000</u></b>	<b><u>\$689,000</u></b>
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This appropriation includes administrative savings to the board resulting from the repeal of the campaign subsidy program provided in article 2.

Sec. 8. <b><u>STATE BOARD OF INVESTMENT</u></b>	<b><u>\$139,000</u></b>	<b><u>\$139,000</u></b>
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Sec. 9. **ADMINISTRATIVE HEARINGS**

<b><u>Subdivision 1. Total Appropriation</u></b>	<b><u>\$8,170,000</u></b>	<b><u>\$8,170,000</u></b>
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Appropriations by Fund

	<u>2018</u>	<u>2019</u>
General	<u>383,000</u>	<u>383,000</u>
Workers' Compensation	<u>7,787,000</u>	<u>7,787,000</u>

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

Subd. 2. <b><u>Campaign Violations</u></b>	<u>115,000</u>	<u>115,000</u>
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These amounts are for the cost of considering complaints filed under Minnesota Statutes, section 211B.32. These amounts may be used in either year of the biennium.

Subd. 3. <b><u>Data Practices</u></b>	<u>6,000</u>	<u>6,000</u>
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These amounts are for the cost of considering data practices complaints filed under Minnesota Statutes, section 13.085. These amounts may be used in either year of the biennium.

Subd. 4. <b><u>Municipal Boundary Adjustments</u></b>	<u>262,000</u>	<u>262,000</u>
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Sec. 10. **OFFICE OF MN.IT SERVICES**Subdivision 1. **Total Appropriation****\$2,622,000****\$2,622,000**

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

The state chief information officer must prioritize use of appropriations provided by this section to enhance cybersecurity across state government.

Subd. 2. **State Chief Information Officer**1,316,0001,316,000

The commissioner of management and budget is authorized to provide cash flow assistance of up to \$110,000,000 from the special revenue fund or other statutory general funds as defined in Minnesota Statutes, section 16A.671, subdivision 3, paragraph (a), to the Office of MN.IT Services for the purpose of managing revenue and expenditure differences. These funds shall be repaid with interest by the end of the fiscal year 2019 closing period.

During the biennium ending June 30, 2019, the Office of MN.IT Services must not charge fees to a public noncommercial educational television broadcast station eligible for funding under Minnesota Statutes, chapter 129D, for access to the state broadcast infrastructure. If the access fees not charged to public noncommercial educational television broadcast stations total more than \$400,000 for the biennium, the office may charge for access fees in excess of these amounts.

Subd. 3. **Geospatial Information Office**871,000871,000Subd. 4. **Enterprise IT Security**435,000435,000Sec. 11. **ADMINISTRATION**Subdivision 1. **Total Appropriation****\$19,584,000****\$19,584,000**

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

Subd. 2. **Government and Citizen Services**7,101,0007,101,000

Appropriations provided by this section may not be used to fund continuous improvement initiatives, including the Office of Continuous Improvement (LEAN).

**Council on Developmental Disabilities.** \$74,000 the first year and \$74,000 the second year are for the Council on Developmental Disabilities.

**Olmstead Plan.** \$148,000 each year is for the Olmstead plan.

**Materials Management.** \$2,033,000 each year is for materials management.

Amounts allocated by the commissioner for each fiscal year to the Office of Equity in Procurement must be at least ten percent less than the amounts allocated for that purpose in fiscal year 2017.

**Plant Management.** \$371,000 each year is for plant management.

\$2,929,000 the first year of the balance in the facility repair and replacement account in the special revenue fund is canceled to the general fund. These amounts are in addition to amounts transferred under Minnesota Statutes, section 16B.24, subdivision 5, paragraph (d).

**Real Estate and Construction Services.** \$2,088,000 each year is for real estate and construction services.

**Enterprise Real Property.** \$571,000 each year is for enterprise real property.

**Small Agency Resource Team (SmART).** \$416,000 each year is for the small agency resource team.

**State Agency Accommodation Reimbursement.** \$200,000 the first year and \$200,000 the second year are credited to the accommodation account established in Minnesota Statutes, section 16B.4805.

**Community Services.** \$1,200,000 each year is for community services.

Subd. 3. **Strategic Management Services**

1,706,000

1,706,000

**Executive Leadership/Partnerships.** \$500,000 each year is for executive leadership/partnerships.

**School Trust Lands Director.** \$185,000 each year is for school trust lands director.

**Financial Management and Reporting.** \$671,000 each year is for financial management and reporting.

**Human Resources.** \$350,000 each year is for human resources.

Subd. 4. **Fiscal Agent**

10,777,000

10,777,000

**In-Lieu of Rent.** \$8,158,000 the first year and \$8,158,000 the second year are for space costs of the legislature and veterans organizations, ceremonial space, and statutorily free space.

**Public Television.** (a) \$1,550,000 the first year and \$1,550,000 the second year are for matching grants for public television.

(b) \$250,000 the first year and \$250,000 the second year are for public television equipment grants under Minnesota Statutes, section 129D.13.

(c) The commissioner of administration must consider the recommendations of the Minnesota Public Television Association before allocating the amounts appropriated in paragraphs (a) and (b) for equipment or matching grants.

(d) **Public Radio.** \$392,000 the first year and \$392,000 the second year are for community service grants to public educational radio stations. This appropriation may be used to disseminate emergency information in foreign languages.

(e) \$117,000 the first year and \$117,000 the second year are for equipment grants to public educational radio stations. This appropriation may be used for the repair, rental, and purchase of equipment including equipment under \$500.

(f) \$310,000 the first year and \$310,000 the second year are for equipment grants to Minnesota Public Radio, Inc., including upgrades to Minnesota's Emergency Alert and AMBER Alert Systems.

(g) The appropriations in paragraphs (d) to (f) may not be used for indirect costs claimed by an institution or governing body.

(h) The commissioner of administration must consider the recommendations of the Minnesota Public Educational Radio Stations before awarding grants under Minnesota Statutes, section 129D.14, using the appropriations in paragraphs (d) and (e). No grantee is eligible for a grant unless they are a member of the Association of Minnesota Public Educational Radio Stations on or before July 1, 2015.

(i) Any unencumbered balance remaining the first year for grants to public television or public radio stations does not cancel and is available for the second year.

**Sec. 12. CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD**

**\$345,000**

**\$345,000**

**Sec. 13. MINNESOTA MANAGEMENT AND BUDGET**

**\$18,320,000**

**\$18,320,000**

**Subdivision 1. Appropriations**

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

Subd. 2. <u>Accounting Services</u>	<u>3,751,000</u>	<u>3,751,000</u>
Subd. 3. <u>Budget Services</u>	<u>2,823,000</u>	<u>2,823,000</u>
Subd. 4. <u>Economic Analysis</u>	<u>424,000</u>	<u>424,000</u>
Subd. 5. <u>Debt Management</u>	<u>367,000</u>	<u>367,000</u>
Subd. 6. <u>Enterprise Communications and Planning</u>	<u>830,000</u>	<u>830,000</u>
Subd. 7. <u>Enterprise Human Resources</u>	<u>2,681,000</u>	<u>2,681,000</u>

Appropriations provided by this section or transferred to the commissioner from another agency may not be used to support a statewide executive recruiting program.

Subd. 8. <u>Labor Relations</u>	<u>868,000</u>	<u>868,000</u>
Subd. 9. <u>Agency Administration</u>	<u>6,576,000</u>	<u>6,576,000</u>

(a) No later than June 30, 2018, the commissioner must credit at least \$1,000,000 to the general fund based on savings realized through implementation of the employee gainsharing program required by Minnesota Statutes, section 16A.90. If a credit of at least this amount has not been made to the general fund as of that date, the appropriation provided in this subdivision for fiscal year 2019 is reduced in an amount equal to the difference between the amount actually credited to the general fund and the total credit required by this paragraph.

(b) Appropriations provided by this section may not support the development or implementation of the program evaluation methodologies authorized by Laws 2015, chapter 77, article 1, section 13.

#### Sec. 14. REVENUE

Subdivision 1. <u>Total Appropriation</u>	<u>\$141,485,000</u>	<u>\$141,310,000</u>
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#### Appropriations by Fund

	<u>2018</u>	<u>2019</u>
General	<u>137,249,000</u>	<u>137,074,000</u>
Health Care Access	<u>1,749,000</u>	<u>1,749,000</u>
Highway User Tax		
<u>Distribution</u>	<u>2,184,000</u>	<u>2,184,000</u>
Environmental	<u>303,000</u>	<u>303,000</u>

Notwithstanding the appropriations provided by this section, the amounts allocated for tax compliance activities of the department must be no less than the amounts allocated for those activities during fiscal year 2017.

<b><u>Subd. 2. Tax System Management</u></b>		<b><u>114,128,000</u></b>	<b><u>113,953,000</u></b>
<b><u>Appropriations by Fund</u></b>			
	<b><u>2018</u></b>	<b><u>2019</u></b>	
<u>General</u>	<u>109,892,000</u>	<u>109,717,000</u>	
<u>Health Care Access</u>	<u>1,749,000</u>	<u>1,749,000</u>	
<u>Highway User Tax</u>			
<u>Distribution</u>	<u>2,184,000</u>	<u>2,184,000</u>	
<u>Environmental</u>	<u>303,000</u>	<u>303,000</u>	
<b><u>(a) Operations Support</u></b>			
<u>General</u>		<u>9,356,000</u>	<u>9,356,000</u>
<u>Health Care Access</u>		<u>126,000</u>	<u>126,000</u>
<b><u>(b) Appeals, Legal Services, and Tax Research</u></b>			
<u>General</u>		<u>6,932,000</u>	<u>6,932,000</u>
<u>Health Care Access</u>		<u>113,000</u>	<u>113,000</u>
<b><u>(c) Payment and Return Processing</u></b>			
<u>General</u>		<u>12,927,000</u>	<u>12,927,000</u>
<u>Health Care Access</u>		<u>51,000</u>	<u>51,000</u>
<u>Highway User Tax Distribution</u>		<u>343,000</u>	<u>343,000</u>
<b><u>(d) Administration of State Taxes</u></b>			
<u>General</u>		<u>54,904,000</u>	<u>54,729,000</u>
<u>Health Care Access</u>		<u>1,407,000</u>	<u>1,407,000</u>
<u>Highway User Tax Distribution</u>		<u>1,621,000</u>	<u>1,621,000</u>
<u>Environmental</u>		<u>303,000</u>	<u>303,000</u>
 <u>(1) \$15,000 from the general fund in the first year is for preparing and submitting a supplemental 2017 tax incidence report meeting the requirements of Minnesota Statutes, section 270C.13, subdivision 1, as amended by this act. The supplemental report must be completed and submitted no later than January 2, 2018.</u>			
 <u>(2) \$160,000 from the general fund in the first year is for administration of a first-time home buyer savings account program. This appropriation is canceled to the general fund if income tax provisions related to first-time home buyer savings accounts are not enacted by law at the 2017 regular or special legislative session.</u>			
<b><u>(e) Technology Development, Implementation, and Support</u></b>			
<u>General</u>		<u>21,781,000</u>	<u>21,781,000</u>
<u>Health Care Access</u>		<u>52,000</u>	<u>52,000</u>
<u>Highway User Tax Distribution</u>		<u>220,000</u>	<u>220,000</u>

**(f) Property Tax Administration and State Aid**

<u>General</u>	<u>3,992,000</u>	<u>3,992,000</u>
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Subd. 3. <u>Debt Collection Management</u>	<u>27,357,000</u>	<u>27,357,000</u>
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Sec. 15. <u>HUMAN RIGHTS</u>	<u>\$3,171,000</u>	<u>\$3,171,000</u>
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Sec. 16. <u>GAMBLING CONTROL</u>	<u>\$3,422,000</u>	<u>\$3,457,000</u>
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These appropriations are from the lawful gambling regulation account in the special revenue fund.

Sec. 17. <u>RACING COMMISSION</u>	<u>\$845,000</u>	<u>\$908,000</u>
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These appropriations are from the racing and card playing regulation accounts in the special revenue fund.

Sec. 18. STATE LOTTERY

Notwithstanding Minnesota Statutes, section 349A.10, subdivision 3, the State Lottery's operating budget must not exceed \$32,500,000 in fiscal year 2018 and \$33,000,000 in fiscal year 2019.

Sec. 19. <u>AMATEUR SPORTS COMMISSION</u>	<u>\$300,000</u>	<u>\$300,000</u>
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Sec. 20. <u>COUNCIL ON MINNESOTANS OF AFRICAN HERITAGE</u>	<u>\$401,000</u>	<u>\$401,000</u>
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Sec. 21. <u>COUNCIL ON ASIAN-PACIFIC MINNESOTANS</u>	<u>\$364,000</u>	<u>\$364,000</u>
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Sec. 22. <u>COUNCIL ON LATINO AFFAIRS</u>	<u>\$386,000</u>	<u>\$386,000</u>
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Sec. 23. <u>INDIAN AFFAIRS COUNCIL</u>	<u>\$576,000</u>	<u>\$576,000</u>
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Sec. 24. <u>MINNESOTA HISTORICAL SOCIETY</u>		
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Subdivision 1. <u>Total Appropriation</u>	<u>\$22,893,000</u>	<u>\$22,893,000</u>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. <u>Operations and Programs</u>	<u>22,572,000</u>	<u>22,572,000</u>
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Notwithstanding Minnesota Statutes, section 138.668, the Minnesota Historical Society may not charge a fee for its general tours at the Capitol, but may charge fees for special programs other than general tours.

\$750,000 the first year and \$750,000 the second year are for digital preservation and access, including planning and implementation of a program to preserve and make available resources related to Minnesota history. These are onetime appropriations.

**Subd. 3. Fiscal Agent**

<u>(a) Global Minnesota</u>	<u>39,000</u>	<u>39,000</u>
<u>(b) Minnesota Air National Guard Museum</u>	<u>17,000</u>	<u>17,000</u>
<u>(c) Minnesota Military Museum</u>	<u>50,000</u>	<u>50,000</u>
<u>(d) Farmamerica</u>	<u>115,000</u>	<u>115,000</u>
<u>(e) Hockey Hall of Fame</u>	<u>100,000</u>	<u>100,000</u>

Any unencumbered balance remaining in this subdivision the first year does not cancel but is available for the second year of the biennium.

**Sec. 25. BOARD OF THE ARTS**

<b>Subdivision 1. <u>Total Appropriation</u></b>	<b><u>\$7,530,000</u></b>	<b><u>\$7,530,000</u></b>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

<b>Subd. 2. <u>Operations and Services</u></b>	<u>591,000</u>	<u>591,000</u>
<b>Subd. 3. <u>Grants Program</u></b>	<u>4,800,000</u>	<u>4,800,000</u>
<b>Subd. 4. <u>Regional Arts Councils</u></b>	<u>2,139,000</u>	<u>2,139,000</u>

Any unencumbered balance remaining in this section the first year does not cancel, but is available for the second year.

Money appropriated in this section and distributed as grants may only be spent on projects located in Minnesota. A recipient of a grant funded by an appropriation in this section must not use more than five percent of the total grant for costs related to travel outside the state of Minnesota.

<b>Sec. 26. <u>MINNESOTA HUMANITIES CENTER</u></b>	<b><u>\$950,000</u></b>	<b><u>\$950,000</u></b>
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(a) \$325,000 each year is for the Healthy Eating, Here at Home program under Minnesota Statutes, section 138.912. No more than three percent of the appropriation may be used for the nonprofit administration of this program.

(b) \$250,000 each year is for grants to the Veterans Defense Project. Grants must be used to support, through education and outreach, military veterans who are involved with the criminal justice system. These are onetime appropriations.



Sec. 27. <b><u>BOARD OF ACCOUNTANCY</u></b>	<b><u>\$641,000</u></b>	<b><u>\$641,000</u></b>
Sec. 28. <b><u>BOARD OF ARCHITECTURE ENGINEERING, LAND SURVEYING, LANDSCAPE ARCHITECTURE, GEOSCIENCE, AND INTERIOR DESIGN</u></b>	<b><u>\$794,000</u></b>	<b><u>\$794,000</u></b>
Sec. 29. <b><u>BOARD OF COSMETOLOGIST EXAMINERS</u></b>	<b><u>\$1,346,000</u></b>	<b><u>\$1,346,000</u></b>
Sec. 30. <b><u>BOARD OF BARBER EXAMINERS</u></b>	<b><u>\$325,000</u></b>	<b><u>\$325,000</u></b>
Sec. 31. <b><u>GENERAL CONTINGENT ACCOUNTS</u></b>	<b><u>\$750,000</u></b>	<b><u>\$500,000</u></b>

Appropriations by Fund

	<u>2018</u>	<u>2019</u>
General	<u>250,000</u>	<u>-0-</u>
State Government Special		
Revenue	<u>400,000</u>	<u>400,000</u>
Workers' Compensation	<u>100,000</u>	<u>100,000</u>

(a) The appropriations in this section may only be spent with the approval of the governor after consultation with the Legislative Advisory Commission pursuant to Minnesota Statutes, section 3.30.

(b) If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

(c) If a contingent account appropriation is made in one fiscal year, it should be considered a biennial appropriation.

Sec. 32. <b><u>TORT CLAIMS</u></b>	<b><u>\$161,000</u></b>	<b><u>\$161,000</u></b>
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These appropriations are to be spent by the commissioner of management and budget according to Minnesota Statutes, section 3.736, subdivision 7. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Sec. 33. <b><u>MINNESOTA STATE RETIREMENT SYSTEM</u></b>
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Subdivision 1. <b><u>Total Appropriation</u></b>	<b><u>\$14,893,000</u></b>	<b><u>\$15,071,000</u></b>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. <b><u>Combined Legislators and Constitutional Officers Retirement Plan</u></b>	<b><u>8,893,000</u></b>	<b><u>9,071,000</u></b>
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Under Minnesota Statutes, sections 3A.03, subdivision 2; 3A.04, subdivisions 3 and 4; and 3A.115.

**Subd. 3. Judges Retirement Plan****6,000,000****6,000,000**

For transfer to the judges retirement fund under Minnesota Statutes, section 490.123. \$6,000,000 each fiscal year is included in the base for fiscal years 2020 and 2021. This transfer continues each fiscal year until the judges retirement plan reaches 100 percent funding as determined by an actuarial valuation prepared according to Minnesota Statutes, section 356.214.

If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

**Sec. 34. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION****\$6,000,000****\$6,000,000**

General employees retirement plan of the Public Employees Retirement Association relating to the merged former MERF division.

State payments from the general fund to the Public Employees Retirement Association on behalf of the former MERF division account are \$6,000,000 on September 15, 2017, and \$6,000,000 on September 15, 2018.

These amounts are estimated to be needed under Minnesota Statutes, section 353.505.

**Sec. 35. TEACHERS RETIREMENT ASSOCIATION****\$29,831,000****\$29,831,000**

The amounts estimated to be needed are as follows:

**Special Direct State Aid.** \$27,331,000 the first year and \$27,331,000 the second year are for special direct state aid authorized under Minnesota Statutes, section 354.436.

**Special Direct State Matching Aid.** \$2,500,000 the first year and \$2,500,000 the second year are for special direct state matching aid authorized under Minnesota Statutes, section 354.435.

**Sec. 36. ST. PAUL TEACHERS RETIREMENT FUND****\$9,827,000****\$9,827,000**

The amounts estimated to be needed for special direct state aid to the first class city teachers retirement fund association authorized under Minnesota Statutes, section 354A.12, subdivisions 3a and 3c.

**Sec. 37. MILITARY AFFAIRS****Subdivision 1. Total Appropriation****\$19,616,000****\$19,616,000**

The amounts that may be spent for each purpose are specified in the following subdivisions. If appropriations for either year of the biennium are insufficient, the appropriation from the other year is available.

Subd. 2. <b><u>Maintenance of Training Facilities</u></b>	<u>9,661,000</u>	<u>9,661,000</u>
Subd. 3. <b><u>General Support</u></b>	<u>3,067,000</u>	<u>3,067,000</u>
Subd. 4. <b><u>Enlistment Incentives</u></b>	<u>6,888,000</u>	<u>6,888,000</u>

The appropriations in this subdivision are available until expended, except that any unspent amounts allocated to a program otherwise supported by this appropriation are canceled to the general fund upon receipt of federal funds in the same amount to support administration of that program.

Sec. 38. **VETERANS AFFAIRS**

Subdivision 1. <b><u>Total Appropriation</u></b>	<b><u>\$74,029,000</u></b>	<b><u>\$74,029,000</u></b>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. <b><u>Veterans Programs and Services</u></b>	<u>16,811,000</u>	<u>16,811,000</u>
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**Veterans Service Organizations.** \$353,000 each year is for grants to the following congressionally chartered veterans service organizations as designated by the commissioner: Disabled American Veterans, Military Order of the Purple Heart, the American Legion, Veterans of Foreign Wars, Vietnam Veterans of America, AMVETS, and Paralyzed Veterans of America. This funding must be allocated in direct proportion to the funding currently being provided by the commissioner to these organizations. These are onetime appropriations.

**Minnesota Assistance Council for Veterans.** \$750,000 each year is for a grant to the Minnesota Assistance Council for Veterans to provide assistance throughout Minnesota to veterans and their families who are homeless or in danger of homelessness, including assistance with the following:

- (1) utilities;
- (2) employment; and
- (3) legal issues.

The assistance authorized under this paragraph must be made only to veterans who have resided in Minnesota for 30 days prior to application for assistance and according to other guidelines established by the commissioner. In order to avoid duplication of services, the commissioner must ensure that this assistance is coordinated with all other available programs for veterans.

**Honor Guards.** \$200,000 each year is for compensation for honor guards at the funerals of veterans under Minnesota Statutes, section 197.231.

**Minnesota GI Bill.** \$200,000 each year is for the costs of administering the Minnesota GI Bill postsecondary educational benefits, on-the-job training, and apprenticeship program under Minnesota Statutes, section 197.791.

**Gold Star Program.** \$100,000 each year is for administering the Gold Star Program for surviving family members of deceased veterans.

**County Veterans Service Office.** \$1,100,000 each year is for funding the County Veterans Service Office grant program under Minnesota Statutes, section 197.608.

**Veterans Journey Home.** \$350,000 each year is for grants to the veterans Journey Home program. Grants must support the development of new or rehabilitated affordable housing dedicated for low-to-moderate income veterans and their families. These are onetime appropriations.

Subd. 3. **Veterans Health Care**

57,218,000

57,218,000

The general fund appropriations made to the department may be transferred to a veterans homes special revenue account in the special revenue fund in the same manner as other receipts are deposited according to Minnesota Statutes, section 198.34, and are appropriated to the department for the operation of veterans homes facilities and programs.

No later than January 15, 2018, the commissioner must submit a report to the legislative committees with jurisdiction over veterans affairs and state government finance on reserve amounts maintained in the veterans homes special revenue account. The report must detail current and historical amounts maintained as a reserve, and uses of those amounts. The report must also include data on the utilization of existing veterans homes, including current and historical bed capacity and usage, staffing levels and staff vacancy rates, and staff-to-resident ratios.

Sec. 39. **PRESERVATION OF PROGRAMS AND SERVICES.**

To the extent that appropriations provided by this article are less than the amounts appropriated for fiscal year 2017, the affected constitutional office, agency, board, or commission must prioritize reductions to its central administration and general operations in absorbing those reductions. Unless otherwise specified, reductions must not be made to programs or services of the constitutional office, agency, board, or commission that are provided directly to members of the public.

Sec. 40. **APPROPRIATION CANCELLATIONS.**

All unspent funds estimated to be \$7,166,000 designated for grants under Minnesota Statutes, sections 240A.085 to 240A.11, are canceled to the general fund on June 30, 2017.

Sec. 41. **SAVINGS; APPROPRIATION REDUCTION FOR EXECUTIVE AGENCIES.**

(a) The commissioner of management and budget must reduce general fund appropriations to executive agencies, including constitutional offices, for agency operations for the biennium ending June 30, 2019, by \$4,394,000 due to savings from permitting employees to opt out of insurance coverage under the state employee group insurance coverage.

(b) If savings obtained through permitting employees to opt out of insurance coverage under the state employee group insurance coverage yield savings in nongeneral funds other than those established in the state constitution or protected by federal law, the commissioner of management and budget may transfer the amount of savings to the general fund. The amount transferred to the general fund from other funds reduces the required general fund reduction in this section. Reductions made in 2019 must be reflected as reductions in agency base budgets for fiscal years 2020 and 2021. The commissioner of management and budget must report to the chairs and ranking minority members of the senate Finance Committee and the house of representatives Ways and Means Committee regarding the amount of reductions in spending by each agency under this subdivision.

Sec. 42. **SAVINGS; APPROPRIATION REDUCTIONS FOR INFORMATION TECHNOLOGY CONSOLIDATION.**

(a) The commissioner of management and budget must reduce general fund appropriations to agencies subject to the executive branch information technology consolidation required by Laws 2011, First Special Session chapter 10, article 4, section 7, as amended by Laws 2013, chapter 134, section 29 by at least \$3,000,000 for the biennium ending June 30, 2019, to reflect savings on enterprise services personnel costs resulting from the consolidation.

(b) If savings obtained through the completion of information technology consolidation yield savings in nongeneral funds other than those established in the state constitution or protected by federal law, the commissioner may transfer the amount of savings to the general fund. The amount transferred to the general fund from other funds reduces the required general fund reduction in this section. Reductions made in 2019 must be reflected as reductions in agency base budgets for fiscal years 2020 and 2021.

Sec. 43. **BASE BUDGET REPORT.**

No later than October 15, 2017, the commissioners of management and budget, revenue, and veterans affairs must each submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over state government finance that detail the agency's base budget, by fiscal year. At a minimum, the report must include:

(1) a description of each appropriation rider enacted for the agency, and the year the rider was first enacted in a substantially similar form;

(2) a description of the agency's use of appropriated funds that are not directed by a rider, including an itemization of programs that appeared in a rider in a prior biennium and continue to receive funding despite no longer appearing in a rider; and

(3) an itemization of any appropriations provided to the agency under a provision of statute or the state constitution.

ARTICLE 2  
STATE GOVERNMENT OPERATIONS

Section 1. **[2.92] DISTRICTING PRINCIPLES.**

Subdivision 1. **Applicability.** The principles in this section apply to legislative and congressional districts.

Subd. 2. **Nesting.** A representative district may not be divided in the formation of a senate district.

Subd. 3. **Equal population.** (a) Legislative districts must be substantially equal in population. The population of a legislative district must not deviate from the ideal by more than 0.5 percent, plus or minus.

(b) Congressional districts must be as nearly equal in population as practicable.

Subd. 4. **Contiguity; compactness.** The districts must be composed of convenient contiguous territory. To the extent consistent with the other principles in this section, districts should be compact. Contiguity by water is sufficient if the water is not a serious obstacle to travel within the district. Point contiguity is not sufficient.

Subd. 5. **Numbering.** (a) Legislative districts must be numbered in a regular series, beginning with house district 1A in the northwest corner of the state and proceeding across the state from west to east, north to south, but bypassing the 11-county metropolitan area until the southeast corner has been reached; then to the 11-county metropolitan area. In a county that includes more than one whole senate district, the districts must be numbered consecutively.

(b) Congressional district numbers must begin with district one in the southeast corner of the state and end with district eight in the northeast corner of the state.

Subd. 6. **Minority representation.** (a) The dilution of racial or ethnic minority voting strength is contrary to the laws of the United States and the state of Minnesota. These principles must not be construed to supersede any provision of the Voting Rights Act of 1965, as amended.

(b) A redistricting plan must not have the intent or effect of dispersing or concentrating minority population in a manner that prevents minority communities from electing their candidates of choice.

Subd. 7. **Minor civil divisions.** (a) A county, city, or town must not be unduly divided unless required to meet equal population requirements or to form districts composed of convenient, contiguous territory.

(b) A county, city, or town is not unduly divided in the formation of a legislative or congressional district if:

(1) the division occurs because a portion of a city or town is noncontiguous with another portion of the same city or town; or

(2) despite the division, the known population of any affected county, city, or town remains wholly located within a single district.

Subd. 8. **Preserving communities of interest.** (a) Districts should attempt to preserve identifiable communities of interest where that can be done in compliance with the principles under this section.

(b) For purposes of this subdivision, "communities of interest" means recognizable areas with similarities of interests including but not limited to racial, ethnic, geographic, social, or cultural interests.

Subd. 9. **Incumbents.** The districts must not be drawn for the purpose of protecting or defeating an incumbent.

Subd. 10. **Data to be used.** (a) The geographic areas and population counts used in maps, tables, and legal descriptions of the districts must be those used by the Geographic Information Systems Office of the Legislative Coordinating Commission. The population counts shall be the block population counts provided to the state under Public Law 94-171 after each decennial census, subject to correction of any errors acknowledged by the United States Census Bureau.

(b) Nothing in this subdivision prohibits the use of additional data, as determined by the legislature.

Subd. 11. **Consideration of plans.** A redistricting plan must not be considered for adoption by the senate or house of representatives until a block equivalency file showing the district to which each census block has been assigned, in a form prescribed by the director of the Geographic Information Systems Office, has been filed with the director.

Subd. 12. **Priority of principles.** Where it is not possible to fully comply with the principles contained in subdivisions 2 to 9, a redistricting plan must give priority to those principles in the order in which they are listed, except to the extent that doing so would violate federal or state law.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to any plan for districts enacted or established for use on or after that date.

Sec. 2. Minnesota Statutes 2016, section 3.305, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) "Legislative commission" means a joint commission, committee, or other entity in the legislative branch composed exclusively of members of the senate and the house of representatives.

(b) "Joint offices" means the Revisor of Statutes, Legislative Reference Library, the Office of Legislative Auditor, the Legislative Budget Office, and any other joint legislative service office.

Sec. 3. Minnesota Statutes 2016, section 3.855, subdivision 2, is amended to read:

Subd. 2. **State employee negotiations.** (a) The commissioner of management and budget shall regularly advise the commission on the progress of collective bargaining activities with state employees under the state Public Employment Labor Relations Act. During negotiations, the commission may make recommendations to the commissioner as it deems appropriate but no recommendation shall impose any obligation or grant any right or privilege to the parties.

(b) The commissioner shall submit to the chair of the commission any negotiated collective bargaining agreements, arbitration awards, compensation plans, or salaries for legislative approval or disapproval. Negotiated agreements shall be submitted within five days of the date of approval by the commissioner or the date of approval by the affected state employees, whichever occurs later. Arbitration awards shall be submitted within five days of their receipt by the commissioner. If the commission disapproves a collective bargaining agreement, award, compensation plan, or salary, the commission shall specify in writing to the parties those portions with which it disagrees and its reasons. If the commission approves a collective bargaining agreement, award, compensation plan, or salary, it shall submit the matter to the legislature to be accepted or rejected under this section.

(c) When the legislature is not in session, the commission may give interim approval to a negotiated collective bargaining agreement, salary, compensation plan, or arbitration award. ~~When the legislature is not in session, failure of the commission to disapprove a collective bargaining agreement or arbitration award within 30 days constitutes approval.~~ The commission shall submit the negotiated collective bargaining agreements, salaries, compensation

plans, or arbitration awards for which it has provided approval to the entire legislature for ratification at a special legislative session called to consider them or at its next regular legislative session as provided in this section. Approval or disapproval by the commission is not binding on the legislature.

(d) When the legislature is not in session, the proposed collective bargaining agreement, arbitration decision, salary, or compensation plan must be implemented upon its approval by the commission, and state employees covered by the proposed agreement or arbitration decision do not have the right to strike while the interim approval is in effect. Wages and economic fringe benefit increases provided for in the agreement or arbitration decision paid in accordance with the interim approval by the commission are not affected, but the wages or benefit increases must cease to be paid or provided effective upon the rejection of the agreement, arbitration decision, salary, or compensation plan, or upon adjournment of the legislature without acting on it.

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

Sec. 4. Minnesota Statutes 2016, section 3.8843, subdivision 7, is amended to read:

Subd. 7. **Expiration.** This section expires June 30, ~~2017~~ 2019.

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

Sec. 5. **[3.8853] LEGISLATIVE BUDGET OFFICE.**

The Legislative Budget Office is established under control of the Legislative Coordinating Commission to provide the house of representatives and the senate with nonpartisan, accurate, and timely information on the fiscal impact of proposed legislation, without regard to political factors. The Legislative Coordinating Commission shall appoint a director who may hire staff necessary to do the work of the office. The director serves a term of six years and may not be removed during a term except for cause after a public hearing.

Sec. 6. Minnesota Statutes 2016, section 3.971, subdivision 2, is amended to read:

Subd. 2. **Staff; compensation.** (a) The legislative auditor shall establish a Financial Audits Division and a Program Evaluation Division to fulfill the duties prescribed in this section.

(b) Each division may be supervised by a deputy auditor, appointed by the legislative auditor, with the approval of the commission, for a term coterminous with the legislative auditor's term. The deputy auditors may be removed before the expiration of their terms only for cause. The legislative auditor and deputy auditors may each appoint a confidential secretary to serve at pleasure. The salaries and benefits of the legislative auditor, deputy auditors and confidential secretaries shall be determined by the compensation plan approved by the Legislative Coordinating Commission. The deputy auditors may perform and exercise the powers, duties and responsibilities imposed by law on the legislative auditor when authorized by the legislative auditor.

(c) The legislative auditor must appoint a fiscal oversight officer with duties that include performing the review under section 3.972, subdivision 4.

(d) The deputy auditors and the confidential secretaries serve in the unclassified civil service, but the fiscal oversight officer and all other employees of the legislative auditor are in the classified civil service. Compensation for employees of the legislative auditor in the classified service shall be governed by a plan prepared by the legislative auditor and approved by the Legislative Coordinating Commission and the legislature under section 3.855, subdivision 3.



(e) While in office, a person appointed deputy for the Financial Audit Division must hold an active license as a certified public accountant.

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

Sec. 7. Minnesota Statutes 2016, section 3.971, subdivision 6, is amended to read:

Subd. 6. **Financial audits.** The legislative auditor shall audit the financial statements of the state of Minnesota required by section 16A.50 and, as resources permit, Minnesota State Colleges and Universities, the University of Minnesota, state agencies, departments, boards, commissions, offices, courts, and other organizations subject to audit by the legislative auditor, including, but not limited to, the State Agricultural Society, Agricultural Utilization Research Institute, Enterprise Minnesota, Inc., Minnesota Historical Society, ClearWay Minnesota, Minnesota Sports Facilities Authority, Metropolitan Council, Metropolitan Airports Commission, and Metropolitan Mosquito Control District. Financial audits must be conducted according to generally accepted government auditing standards. The legislative auditor shall see that all provisions of law respecting the appropriate and economic use of public funds and other public resources are complied with and may, as part of a financial audit or separately, investigate allegations of noncompliance.

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

Sec. 8. Minnesota Statutes 2016, section 3.972, is amended by adding a subdivision to read:

Subd. 4. **Certain transit financial activity reporting.** (a) The legislative auditor must perform a transit financial activity review of financial information for the Metropolitan Council's Transportation Division and the joint powers board under section 297A.992. Within 14 days of the end of each fiscal quarter, the legislative auditor must submit the review to the Legislative Audit Commission and the chairs and ranking minority members of the legislative committees with jurisdiction over transportation policy and finance, finance, and ways and means.

(b) At a minimum, each transit financial activity review must include:

(1) a summary of monthly financial statements, including balance sheets and operating statements, that shows income, expenditures, and fund balance;

(2) a list of any obligations and agreements entered into related to transit purposes, whether for capital or operating, including but not limited to bonds, notes, grants, and future funding commitments;

(3) the amount of funds in clause (2) that has been committed;

(4) independent analysis by the fiscal oversight officer of the fiscal viability of revenues and fund balance compared to expenditures, taking into account:

(i) all expenditure commitments;

(ii) cash flow;

(iii) sufficiency of estimated funds; and

(iv) financial solvency of anticipated transit projects; and

(5) a notification concerning whether the requirements under paragraph (c) have been met.

(c) The Metropolitan Council and the joint powers board under section 297A.992 must produce monthly financial statements as necessary for the review under paragraph (b), clause (1), and provide timely information as requested by the legislative auditor.

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

Sec. 9. Minnesota Statutes 2016, section 3.98, subdivision 1, is amended to read:

Subdivision 1. **Preparation.** ~~(a) The head or chief administrative officer of each department or agency of the state government, including the Supreme Court,~~ Legislative Budget Office shall prepare a fiscal note at the request of the chair of the standing committee to which a bill has been referred, or the chair of the house of representatives Ways and Means Committee, or the chair of the senate Committee on Finance.

(b) The head or chief administrative officer of each department or agency of state government, including the Supreme Court, shall supply information for fiscal notes upon request of the director of the Legislative Budget Office. The Legislative Budget Office may adopt standards and guidelines governing timing of responses to requests for information and governing access to data, consistent with laws governing access to data. Agencies must comply with these standards and guidelines.

(c) For purposes of this subdivision, "Supreme Court" includes all agencies, committees, and commissions supervised or appointed by the state Supreme Court or the state court administrator.

Sec. 10. Minnesota Statutes 2016, section 3.98, subdivision 4, is amended to read:

Subd. 4. **Uniform procedure.** ~~The commissioner of management and budget~~ Legislative Budget Office shall prescribe a uniform procedure to govern the departments and agencies of the state in complying with the requirements of this section.

Sec. 11. Minnesota Statutes 2016, section 3.987, subdivision 1, is amended to read:

Subdivision 1. **Local impact notes.** ~~The commissioner of management and budget~~ Legislative Budget Office shall coordinate the development of a local impact note for any proposed legislation ~~introduced after June 30, 1997,~~ upon request of the chair or the ranking minority member of either legislative Tax, Finance, or Ways and Means Committee. Upon receipt of a request to prepare a local impact note, the ~~commissioner office~~ must notify the authors of the proposed legislation that the request has been made. The local impact note must be made available to the public upon request. If the action is among the exceptions listed in section 3.988, a local impact note need not be requested nor prepared. The ~~commissioner office~~ shall make a reasonable and timely estimate of the local fiscal impact on each type of political subdivision that would result from the proposed legislation. The ~~commissioner of management and budget office~~ may require any political subdivision or the commissioner of an administrative agency of the state to supply in a timely manner any information determined to be necessary to determine local fiscal impact. The political subdivision, its representative association, or commissioner shall convey the requested information to the ~~commissioner of management and budget office~~ with a signed statement to the effect that the information is accurate and complete to the best of its ability. The political subdivision, its representative association, or commissioner, when requested, shall update its determination of local fiscal impact based on actual cost or revenue figures, improved estimates, or both. Upon completion of the note, the ~~commissioner office~~ must provide a copy to the authors of the proposed legislation and to the chair and ranking minority member of each committee to which the proposed legislation is referred.

Sec. 12. Minnesota Statutes 2016, section 6.481, subdivision 6, is amended to read:

Subd. 6. **Payments to state auditor.** A county audited by the state auditor must pay the state auditor for the costs and expenses of the audit. If the state auditor makes additional examinations of a county whose audit is performed by a CPA firm, the county must pay the auditor for the cost of these examinations. Payments must be deposited in the ~~state auditor enterprise~~ general fund.

Sec. 13. Minnesota Statutes 2016, section 6.56, subdivision 2, is amended to read:

Subd. 2. **Billings by state auditor.** Upon the examination of the books, records, accounts, and affairs of any political subdivision, as provided by law, such political subdivision shall be liable to the state for the total cost and expenses of such examination, including the salaries paid to the examiners while actually engaged in making such examination. The state auditor may bill such political subdivision periodically for service rendered and the officials responsible for approving and paying claims are authorized to pay said bill promptly. Said payments shall be without prejudice to any defense against said claims that may exist or be asserted. The ~~state auditor enterprise~~ general fund shall be credited with all collections made for any such examinations, including interest payments made pursuant to subdivision 3.

Sec. 14. Minnesota Statutes 2016, section 6.581, subdivision 4, is amended to read:

Subd. 4. **Reports to legislature.** At least 30 days before implementing increased charges for examinations, the state auditor must report the proposed increases to the chairs and ranking minority members of the committees in the house of representatives and the senate with jurisdiction over the budget of the state auditor. By January 15 of each odd-numbered year, the state auditor must report to the chairs and ranking minority members of the legislative committees and divisions with primary jurisdiction over the budget of the state auditor a summary of ~~the state auditor enterprise fund~~ anticipated revenues, and expenditures related to examinations for the biennium ending June 30 of that year. The report must also include for the biennium the number of full-time equivalents ~~paid by the fund~~ employed by the Office of the State Auditor, any audit rate changes stated as a percentage, the number of audit reports issued, and the number of counties audited.

Sec. 15. Minnesota Statutes 2016, section 10A.01, subdivision 26, is amended to read:

Subd. 26. **Noncampaign disbursement.** "Noncampaign disbursement" means a purchase or payment of money or anything of value made, or an advance of credit incurred, or a donation in kind received, by a principal campaign committee for any of the following purposes:

- (1) payment for accounting and legal services;
- (2) return of a contribution to the source;
- (3) repayment of a loan made to the principal campaign committee by that committee;
- ~~(4) return of a public subsidy;~~
- ~~(5) (4)~~ payment for food, beverages, and necessary utensils and supplies, entertainment, and facility rental for a fund-raising event;
- ~~(6) (5)~~ services for a constituent by a member of the legislature or a constitutional officer in the executive branch, including the costs of preparing and distributing a suggestion or idea solicitation to constituents, performed from the beginning of the term of office to adjournment sine die of the legislature in the election year for the office held, and half the cost of services for a constituent by a member of the legislature or a constitutional officer in the executive branch performed from adjournment sine die to 60 days after adjournment sine die;

~~(7)~~ (6) payment for food and beverages consumed by a candidate or volunteers while they are engaged in campaign activities;

~~(8)~~ (7) payment for food or a beverage consumed while attending a reception or meeting directly related to legislative duties;

~~(9)~~ (8) payment of expenses incurred by elected or appointed leaders of a legislative caucus in carrying out their leadership responsibilities;

~~(10)~~ (9) payment by a principal campaign committee of the candidate's expenses for serving in public office, other than for personal uses;

~~(11)~~ (10) costs of child care for the candidate's children when campaigning;

~~(12)~~ (11) fees paid to attend a campaign school;

~~(13)~~ (12) costs of a postelection party during the election year when a candidate's name will no longer appear on a ballot or the general election is concluded, whichever occurs first;

~~(14)~~ (13) interest on loans paid by a principal campaign committee on outstanding loans;

~~(15)~~ (14) filing fees;

~~(16)~~ (15) post-general election holiday or seasonal cards, thank-you notes, or advertisements in the news media mailed or published prior to the end of the election cycle;

~~(17)~~ (16) the cost of campaign material purchased to replace defective campaign material, if the defective material is destroyed without being used;

~~(18)~~ (17) contributions to a party unit;

~~(19)~~ (18) payments for funeral gifts or memorials;

~~(20)~~ (19) the cost of a magnet less than six inches in diameter containing legislator contact information and distributed to constituents;

~~(21)~~ (20) costs associated with a candidate attending a political party state or national convention in this state;

~~(22)~~ (21) other purchases or payments specified in board rules or advisory opinions as being for any purpose other than to influence the nomination or election of a candidate or to promote or defeat a ballot question; and

~~(23)~~ (22) costs paid to a third party for processing contributions made by a credit card, debit card, or electronic check.

The board must determine whether an activity involves a noncampaign disbursement within the meaning of this subdivision.

A noncampaign disbursement is considered to be made in the year in which the candidate made the purchase of goods or services or incurred an obligation to pay for goods or services.

**EFFECTIVE DATE.** This section is effective July 1, 2017, and applies to elections held on or after that date.

Sec. 16. Minnesota Statutes 2016, section 10A.105, subdivision 1, is amended to read:

Subdivision 1. **Single committee.** A candidate must not accept contributions from a source, other than self, in aggregate in excess of \$750 ~~or accept a public subsidy~~ unless the candidate designates and causes to be formed a single principal campaign committee for each office sought. A candidate may not authorize, designate, or cause to be formed any other political committee bearing the candidate's name or title or otherwise operating under the direct or indirect control of the candidate. However, a candidate may be involved in the direct or indirect control of a party unit.

**EFFECTIVE DATE.** This section is effective July 1, 2017, and applies to elections held on or after that date.

Sec. 17. Minnesota Statutes 2016, section 10A.15, subdivision 1, is amended to read:

Subdivision 1. **Anonymous contributions.** A political committee, political fund, principal campaign committee, or party unit may not retain an anonymous contribution in excess of \$20, but must forward it to the board for deposit in the general ~~account of the state elections campaign account~~ fund.

Sec. 18. Minnesota Statutes 2016, section 10A.245, subdivision 2, is amended to read:

Subd. 2. **Termination by board.** The board may terminate the registration of a principal campaign committee, party unit, political committee, or political fund found to be inactive under this section 60 days after sending written notice of inactivity by certified mail to the affected association at the last address on record with the board for that association. Within 60 days after the board sends notice under this section, the affected association must dispose of its assets as provided in this subdivision. The assets of the principal campaign committee, party unit, or political committee must be used for the purposes authorized by this chapter or section 211B.12 or must be liquidated and deposited in the general ~~account of the state elections campaign account~~ fund. The assets of an association's political fund that were derived from the association's general treasury money revert to the association's general treasury. Assets of a political fund that resulted from contributions to the political fund must be used for the purposes authorized by this chapter or section 211B.12 or must be liquidated and deposited in the general ~~account of the state elections campaign account~~ fund.

Sec. 19. Minnesota Statutes 2016, section 10A.25, subdivision 1, is amended to read:

Subdivision 1. **Limits are voluntary.** The expenditure limits imposed by this section apply only to a candidate who has signed ~~an agreement a pledge~~ under section 10A.322 ~~to be bound by them as a condition of receiving a public subsidy for the candidate's campaign.~~

Sec. 20. Minnesota Statutes 2016, section 10A.25, subdivision 10, is amended to read:

Subd. 10. **Effect of opponent's conduct.** (a) After the deadline for filing a ~~spending limit agreement~~ pledge under section 10A.322, a candidate who has ~~agreed~~ pledged to be bound by the expenditure limits imposed by this section ~~as a condition of receiving a public subsidy~~ for the candidate's campaign may choose to be released from the expenditure limits ~~but remain eligible to receive a public subsidy~~ if the candidate has an opponent who has not ~~agreed~~ pledged to be bound by the limits and has received contributions or made or become obligated to make expenditures during that election cycle in excess of the following limits:

(1) up to the close of the reporting period before the primary election, receipts or expenditures equal to 20 percent of the election segment expenditure limit for that office as set forth in subdivision 2; or

(2) after the close of the reporting period before the primary election, cumulative receipts or expenditures during that election cycle equal to 50 percent of the election cycle expenditure limit for that office as set forth in subdivision 2.

Before the primary election, a candidate's "opponents" are only those who will appear on the ballot of the same party in the primary election.

(b) A candidate who has not ~~agreed~~ pledged to be bound by expenditure limits, or the candidate's principal campaign committee, must file written notice with the board and provide written notice to any opponent of the candidate for the same office within 24 hours of exceeding the limits in paragraph (a). The notice must state only that the candidate or candidate's principal campaign committee has received contributions or made or become obligated to make campaign expenditures in excess of the limits in paragraph (a).

(c) Upon receipt of the notice, a candidate who had ~~agreed~~ pledged to be bound by the limits may file with the board a notice that the candidate chooses to be no longer bound by the expenditure limits. A notice of a candidate's choice not to be bound by the expenditure limits that is based on the conduct of an opponent in the state primary election may not be filed more than one day after the State Canvassing Board has declared the results of the state primary.

(d) A candidate who has ~~agreed~~ pledged to be bound by the expenditure limits imposed by this section and whose opponent in the general election has chosen, as provided in paragraph (c), not to be bound by the expenditure limits because of the conduct of an opponent in the primary election is no longer bound by the limits ~~but remains eligible to receive a public subsidy.~~

Sec. 21. Minnesota Statutes 2016, section 10A.257, subdivision 1, is amended to read:

Subdivision 1. **Unused funds.** For election cycles ending on or before December 31, 2018, after all campaign expenditures and noncampaign disbursements for an election cycle have been made, an amount up to 25 percent of the 2016 election cycle expenditure limit for the office may be carried forward. Any remaining amount up to the total amount of the 2016 public subsidy from the state elections campaign fund must be returned to the state treasury for credit to the general fund under Minnesota Statutes 2016, section 10A.324. Any remaining amount in excess of the total 2016 public subsidy must be contributed to the state elections campaign account or a political party for multicandidate expenditures as defined in section 10A.275.

**EFFECTIVE DATE.** This section is effective July 1, 2017, and applies to elections held on or after that date.

Sec. 22. Minnesota Statutes 2016, section 10A.27, subdivision 10, is amended to read:

Subd. 10. **Limited personal contributions.** A candidate who signs ~~an agreement~~ a pledge under section 10A.322 may not contribute to the candidate's own campaign during a segment of an election cycle more than five times the candidate's contribution limit for that segment under subdivision 1.

Sec. 23. Minnesota Statutes 2016, section 10A.27, is amended by adding a subdivision to read:

Subd. 11a. **Contributions from the sale of goods or services.** Proceeds from the sale of goods or services by a political committee must be reported as a contribution to that committee, as provided in section 10A.13. A political committee may not use proceeds from the sale of goods or services to make a contribution to a principal campaign committee, a party unit, or a political committee or political fund, unless the political committee or political fund makes only independent expenditures and disbursements permitted under section 10A.121, subdivision 1. A political committee selling goods or services must disclose to each purchaser, prior to a sale, that proceeds may be used to make a contribution to an independent expenditure political committee or fund, or may be used by the committee for other political purposes as authorized by law, and must offer the purchaser an opportunity to review the committee's most recent report submitted to the board under section 10A.20. A copy of the report must be clearly posted in a conspicuous location on at least 8.5-inch by 11-inch sized paper and available for public inspection at the point of sale.

Sec. 24. Minnesota Statutes 2016, section 10A.322, subdivision 1, is amended to read:

Subdivision 1. **Agreement Pledge by candidate.** (a) ~~As a condition of receiving a public subsidy,~~ A candidate ~~must~~ may sign and file with the board a written ~~agreement pledge~~ in which the candidate agrees that the candidate will comply with sections 10A.25; 10A.27, subdivision 10; ~~10A.324;~~ and 10A.38 until the dissolution of the principal campaign committee of the candidate or the end of the first election cycle completed after the pledge was filed, whichever occurs first.

(b) Before the first day of filing for office, the board must forward ~~agreement pledge~~ forms to all filing officers. The board must also provide ~~agreement pledge~~ forms to candidates on request at any time. The candidate must file the ~~agreement pledge~~ with the board at least three weeks before the candidate's state primary. ~~An agreement~~ A pledge may not be filed after that date. ~~An agreement~~ The board must post a copy of each pledge filed by a candidate on the board's Web site. For purposes of public posting, a pledge once filed may not be rescinded.

~~(c) The board must notify the commissioner of revenue of any agreement signed under this subdivision.~~

~~(d) Notwithstanding paragraph (b), if a vacancy occurs that will be filled by means of a special election and the filing period does not coincide with the filing period for the general election, a candidate may sign and submit a spending limit agreement not later than the day after the close of the filing period for the special election for which the candidate filed.~~

(c) A pledge filed by a candidate under this subdivision is a voluntary agreement by the candidate to comply with the sections listed in paragraph (a). Compliance with the terms of a pledge, or any provisions of law cited within the pledge, may not be the subject of an advisory opinion issued under section 10A.02, subdivision 12, and is not subject to an audit, investigation, or enforcement action by the board under section 10A.02, 10A.022, or any other applicable law.

Sec. 25. Minnesota Statutes 2016, section 10A.38, is amended to read:

#### **10A.38 CAPTIONING OF CAMPAIGN ADVERTISEMENTS.**

(a) This section applies to a campaign advertisement by a candidate who ~~is governed by an agreement~~ has filed a pledge under section 10A.322.

(b) "Campaign advertisement" means a professionally produced visual or audio recording of two minutes or less produced by the candidate for the purpose of influencing the nomination or election of a candidate.

(c) A campaign advertisement that is disseminated as an advertisement by broadcast or cable television must include closed captioning for deaf and hard-of-hearing viewers, unless the candidate has filed with the board before the advertisement is disseminated a statement setting forth the reasons for not doing so. A campaign advertisement that is disseminated as an advertisement to the public on the candidate's Web site must include closed captioning for deaf and hard-of-hearing viewers, unless the candidate has posted on the Web site a transcript of the spoken content of the advertisement or the candidate has filed with the board before the advertisement is disseminated a statement setting forth the reasons for not doing so. A campaign advertisement must not be disseminated as an advertisement by radio unless the candidate has posted on the candidate's Web site a transcript of the spoken content of the advertisement or the candidate has filed with the board before the advertisement is disseminated a statement setting forth the reasons for not doing so.

Sec. 26. **[15.0395] INTERAGENCY AGREEMENTS AND INTRA-AGENCY TRANSFERS.**

(a) The head of each agency must provide quarterly reports to the chairs and ranking minority members of the legislative committees with jurisdiction over the department or agency's budget on:

(1) interagency agreements or service-level agreements and any renewals or extensions of existing interagency or service-level agreements with another agency if the cumulative value of those agreements is more than \$50,000 in a single fiscal year; and

(2) transfers of appropriations between accounts within or between agencies, if the cumulative value of the transfers is more than \$50,000 in a single fiscal year.

The report must include the statutory citation authorizing the agreement, transfer or dollar amount, purpose, and effective date of the agreement, the duration of the agreement, and a copy of the agreement.

(b) As used in this section, "agency" includes the departments of the state listed in section 15.01, a multimember state agency in the executive branch described in section 15.012, paragraph (a), the Office of MN.IT Services, and the Office of Higher Education.

Sec. 27. **[16A.117] CONTINUING APPROPRIATIONS.**

Subdivision 1. **Appropriations continue for one year.** If a major appropriation bill is not enacted before July 1 of an odd-numbered year, the existing appropriation amounts pertaining to that bill for the fiscal year ending that June 30 are in effect again at 95 percent of the base level through the fiscal year beginning July 1 of that odd-numbered year. The base level is the amount appropriated for the fiscal year ending that June 30, except as otherwise provided by subdivision 2 or by other law. The amounts needed to implement this section are appropriated from each fund covered by this section.

Subd. 2. **Exceptions and adjustments.** (a) An appropriation remaining in effect under authority of subdivision 1 must be adjusted or discontinued as required by other law and according to paragraphs (b) to (e).

(b) In order to meet the fiscal obligations required under current law, the commissioner must adjust the appropriation for each forecasted program according to the forecast adjusted base spending level estimated by the commissioner in the preceding February forecast.

(c) An appropriation for the fiscal year ending June 30 of the odd-numbered year does not remain in effect for the fiscal year starting on July 1 if the legislature specifically designated the appropriation as a onetime appropriation, if the commissioner of management and budget determines that the legislature clearly intended the appropriation to be onetime, or if the program for which the appropriation was made expires on or before July 1.

(d) If an appropriation remains in effect under authority of subdivision 1, but the program or activity that is the subject of the appropriation is scheduled to expire during a fiscal year, the commissioner of management and budget must prorate the appropriation consistent with the expiration date.

(e) The commissioner of management and budget may make technical adjustments to the amount of an appropriation to the extent the commissioner determines the technical adjustments are needed to accurately reflect the amount that constitutes the annual base level of the appropriation. The commissioner may make an adjustment under this paragraph only if one or more of the following conditions is met:



(1) the legislature previously appropriated money for a biennium, with the entire appropriation being allocated to one year of the biennium, and the commissioner determines an adjustment is necessary to accurately reflect the annual amount needed to maintain program operations at the same level;

(2) laws or policies under which revenues and expenditures are accounted for have changed to eliminate or consolidate certain funds or accounts or to create new funds or accounts, and adjustments in appropriations are necessary to implement these changes;

(3) duties have been transferred between agency programs, or between agencies, and adjustments in appropriations are necessary to reflect these transfers; or

(4) a program, or changes to a program, were not fully operational in one fiscal year, but will be fully operational in the following year, and an adjustment to the appropriation is needed to accurately reflect the annual cost of the new or changed program.

(f) The commissioner of management and budget must give the chairs and ranking minority members of the senate finance and house ways and means committees written notice of any adjustments made under this subdivision.

Subd. 3. **Statutory appropriations.** All statutory appropriations from the general fund or another fund in the state treasury continue as required under current law and are not limited by subdivision 1.

Sec. 28. Minnesota Statutes 2016, section 16A.90, is amended to read:

**16A.90 EMPLOYEE GAINSHARING SYSTEM.**

Subdivision 1. **Commissioner must establish program.** (a) The commissioner shall establish a program to provide onetime bonus compensation to state employees for efforts made to reduce the costs of operating state government or for ways of providing better or more efficient state services. The commissioner may authorize an executive branch appointing authority to make a onetime award to an employee or group of employees whose suggestion or involvement in a project is determined by the commissioner to have resulted in documented cost-savings to the state. Before authorizing awards under this section, the commissioner shall establish guidelines for the program including but not limited to:

(1) the maximum award is ten percent of the documented savings in the first fiscal year in which the savings are realized up to \$50,000;

(2) the award must be paid from the appropriation to which the savings accrued; and

(3) employees whose primary job responsibility is to identify cost savings or ways of providing better or more efficient state services are generally not eligible for bonus compensation under this section except in extraordinary circumstances as defined by the commissioner.

(b) The program required by this section must be in addition to any existing monetary or nonmonetary performance-based recognition programs for state employees, including achievement awards, continuous improvement awards, and general employee recognitions.

Subd. 2. **Monthly legislative report.** No later than August 1, 2017, and monthly thereafter, the commissioner must report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over Minnesota Management and Budget on the status of the program required by this section. The report must detail:

(1) the specific program guidelines established by the commissioner as required by subdivision 1, if the guidelines have not been described in a previous report;

(2) any proposed modifications to the established guidelines under consideration by the commissioner, including the reason for the proposed modifications;

(3) the methods used by the commissioner to promote the program to state employees, if the methods have not been described in a previous report;

(4) a summary of the results of the program that includes the following, categorized by agency:

(i) the number of state employees whose suggestions or involvement in a project were considered for possible bonus compensation, and a description of each suggestion or project that was considered;

(ii) the total amount of bonus compensation actually awarded, itemized by each suggestion or project that resulted in an award and the amount awarded for that suggestion or project; and

(iii) the total amount of documented cost-savings that accrued to the agency as a result of each suggestion or project for which bonus compensation was granted; and

(5) any recommendations for legislation that, in the judgment of the commissioner, would improve the effectiveness of the bonus compensation program established by this section or which would otherwise increase opportunities for state employees to actively participate in the development and implementation of strategies for reducing the costs of operating state government or for providing better or more efficient state services.

Sec. 29. Minnesota Statutes 2016, section 16B.335, subdivision 1, is amended to read:

Subdivision 1. **Construction and major remodeling.** (a) The commissioner, or any other recipient to whom an appropriation is made to acquire or better public lands or buildings or other public improvements of a capital nature, must not prepare final plans and specifications for any construction, major remodeling, or land acquisition in anticipation of which the appropriation was made until the agency that will use the project has presented the program plan and cost estimates for all elements necessary to complete the project to the chair of the senate Finance Committee and the chair of the house of representatives Ways and Means Committee and the chairs have made their recommendations, and the chair and ranking minority member of the senate Capital Investment Committee and the chair and ranking minority member of the house of representatives Capital Investment Committee are notified. "Construction or major remodeling" means construction of a new building, a substantial addition to an existing building, or a substantial change to the interior configuration of an existing building. The presentation must note any significant changes in the work that will be done, or in its cost, since the appropriation for the project was enacted or from the predesign submittal. The program plans and estimates must be presented for review at least two weeks before a recommendation is needed. The recommendations are advisory only. Failure or refusal to make a recommendation is considered a negative recommendation.

(b) The chairs and ranking minority members of the senate Finance and Capital Investment Committees ~~and~~ the house of representatives Capital Investment and Ways and Means Committees, and the house of representatives and senate budget committees or divisions with jurisdiction over the agency that will use the project must also be notified whenever there is a substantial change in a construction or major remodeling project, or in its cost. This notice must include the nature and reason for the change and the anticipated cost of the change. The notice must be given no later than ten days after signing a change order or other document authorizing a change in the project, or if there is not a change order or other document, no later than ten days after the project owner becomes aware of a substantial change in the project or its cost.

~~(b)~~ (c) Capital projects exempt from the requirements ~~of this subdivision in paragraph (a) to seek recommendations before preparing final plans and specifications~~ include demolition or decommissioning of state assets, hazardous material projects, utility infrastructure projects, environmental testing, parking lots, parking structures, park and ride facilities, bus rapid transit stations, light rail lines, passenger rail projects, exterior lighting, fencing, highway rest areas, truck stations, storage facilities not consisting primarily of offices or heated work areas, roads, bridges, trails, pathways, campgrounds, athletic fields, dams, floodwater retention systems, water access sites, harbors, sewer separation projects, water and wastewater facilities, port development projects for which the commissioner of transportation has entered into an assistance agreement under section 457A.04, ice centers, a local government project with a construction cost of less than \$1,500,000, or any other capital project with a construction cost of less than \$750,000. The requirements in paragraph (b) to give notice of changes applies to these projects.

Sec. 30. Minnesota Statutes 2016, section 16B.4805, subdivision 4, is amended to read:

Subd. 4. **Administration costs.** The commissioner may use up to ~~45~~ five percent of the biennial appropriation for administration of this section.

Sec. 31. Minnesota Statutes 2016, section 16B.97, is amended by adding a subdivision to read:

Subd. 6. **Commerce grants.** The office must monitor grants made by the Department of Commerce.

Sec. 32. **[16B.991] TERMINATION OF GRANT.**

Each grant agreement subject to sections 16B.97 and 16B.98 must provide that the agreement will immediately be terminated if:

(1) the recipient is convicted of a criminal offense relating to a state grant agreement; or

(2) the agency entering into the grant agreement or the commissioner of administration determines that the grant recipient is under investigation by a federal agency, a state agency, or a local law enforcement agency for matters relating to administration of a state grant.

Sec. 33. Minnesota Statutes 2016, section 16E.016, is amended to read:

**16E.016 RESPONSIBILITY FOR INFORMATION TECHNOLOGY SERVICES AND EQUIPMENT.**

(a) The chief information officer is responsible for providing or entering into managed services contracts for the provision, improvement, and development of the following information technology systems and services to state agencies:

- (1) state data centers;
- (2) mainframes including system software;
- (3) servers including system software;
- (4) desktops including system software;
- (5) laptop computers including system software;
- (6) a data network including system software;

- (7) database, electronic mail, office systems, reporting, and other standard software tools;
- (8) business application software and related technical support services;
- (9) help desk for the components listed in clauses (1) to (8);
- (10) maintenance, problem resolution, and break-fix for the components listed in clauses (1) to (8);
- (11) regular upgrades and replacement for the components listed in clauses (1) to (8); and
- (12) network-connected output devices.

(b) All state agency employees whose work primarily involves functions specified in paragraph (a) are employees of the Office of MN.IT Services. This includes employees who directly perform the functions in paragraph (a), as well as employees whose work primarily involves managing, supervising, or providing administrative services or support services to employees who directly perform these functions. The chief information officer may assign employees of the office to perform work exclusively for another state agency.

(c) Subject to sections 16C.08 and 16C.09, the chief information officer may allow a state agency to obtain services specified in paragraph (a) through a contract with an outside vendor when the chief information officer and the agency head agree that a contract would provide best value, as defined in section 16C.02, under the service-level agreement. The chief information officer must require that agency contracts with outside vendors ensure that systems and services are compatible with standards established by the Office of MN.IT Services.

~~(d) The Minnesota State Retirement System, the Public Employees Retirement Association, the Teachers Retirement Association, the State Board of Investment, the Campaign Finance and Public Disclosure Board, the State Lottery, and the Statewide Radio Board are not state agencies for purposes of this section.~~

Sec. 34. Minnesota Statutes 2016, section 16E.0466, is amended to read:

#### **16E.0466 STATE AGENCY TECHNOLOGY PROJECTS.**

Subdivision 1. Consultation required. (a) Every state agency with an information or telecommunications project must consult with the Office of MN.IT Services to determine the information technology cost of the project. Upon agreement between the commissioner of a particular agency and the chief information officer, the agency must transfer the information technology cost portion of the project to the Office of MN.IT Services. Service level agreements must document all project-related transfers under this section. Those agencies specified in section 16E.016, paragraph (d), are exempt from the requirements of this section.

(b) Notwithstanding section 16A.28, subdivision 3, any unexpended operating balance appropriated to a state agency may be transferred to the information and telecommunications technology systems and services account for the information technology cost of a specific project, subject to the review of the Legislative Advisory Commission, under section 16E.21, subdivision 3.

Subd. 2. Legislative report. No later than October 1, 2017, and quarterly thereafter, the state chief information officer must submit a comprehensive project portfolio report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over state government finance on projects requiring consultation under subdivision 1. The report must itemize:

- (1) each project presented to the office for consultation in the time since the last report;

(2) the information technology cost associated with the project, including the information technology cost as a percentage of the project's complete budget;

(3) the status of the information technology components of the project's development;

(4) the date the information technology components of the project are expected to be complete; and

(5) the projected costs for ongoing support and maintenance of the information technology components after the project is complete.

**Sec. 35. [43A.035] LIMIT ON NUMBER OF FULL-TIME EQUIVALENT EMPLOYEES; USE OF AGENCY SAVINGS.**

Subdivision 1. **Number of full-time equivalent employees limited.** The total number of full-time equivalent employees employed in all executive branch agencies may not exceed 31,691. The commissioner of management and budget may forbid an executive agency from hiring a new employee or from filling a vacancy as the commissioner determines necessary to ensure compliance with this section. Any reductions in staff should prioritize protecting client-facing health care workers, corrections officers, public safety workers, and mental health workers. As a means of achieving compliance with this subdivision, the commissioner may authorize an agency to provide an early retirement incentive to an executive branch employee, under which the state will continue to make the employer contribution for health insurance after the employee has terminated state service. The commissioner must prescribe eligibility requirements and the maximum duration of the payments.

Subd. 2. **Use of savings resulting from vacant positions.** To the extent that an executive branch agency accrues savings in personnel costs resulting from the departure of an agency employee or the maintenance of a vacant position, those savings may only be used to support a new employee in that position at an equal or lesser rate of compensation, and for an equal or lesser full-time equivalent work status. Savings accrued from departed personnel or maintenance of a vacant position may not be transferred or reallocated to another program or activity within the executive branch agency, or used to increase the number of full-time equivalent employees at the agency, unless expressly authorized by law.

Subd. 3. **Definition.** For purposes of this section, an "executive branch agency" does not include the Minnesota State Colleges and Universities or statewide pension plans.

Sec. 36. Minnesota Statutes 2016, section 43A.17, subdivision 11, is amended to read:

Subd. 11. **Severance pay for certain employees.** (a) For purposes of this subdivision, "highly compensated employee" means an employee of the state whose estimated annual compensation is greater than 60 percent of the governor's annual salary, and who is not covered by a collective bargaining agreement negotiated under chapter 179A.

(b) Severance pay for a highly compensated employee includes benefits or compensation with a quantifiable monetary value, that are provided for an employee upon termination of employment and are not part of the employee's annual wages and benefits and are not specifically excluded by this subdivision. Severance pay does not include payments for accumulated vacation, accumulated sick leave, and accumulated sick leave liquidated to cover the cost of group term insurance. Severance pay for a highly compensated employee does not include payments of periodic contributions by an employer toward premiums for group insurance policies. The severance pay for a highly compensated employee must be excluded from retirement deductions and from any calculations of retirement benefits. Severance pay for a highly compensated employee must be paid in a manner mutually agreeable to the employee and the employee's appointing authority over a period not to exceed five years from retirement or termination of employment. If a retired or terminated employee dies before all or a portion of the severance pay has

been disbursed, the balance due must be paid to a named beneficiary or, lacking one, to the deceased's estate. Except as provided in paragraph (c), severance pay provided for a highly compensated employee leaving employment may not exceed ~~an amount equivalent to six months of pay~~ the lesser of:

(1) six months pay; or

(2) the highly compensated employee's regular rate of pay multiplied by 35 percent of the highly compensated employee's accumulated but unused sick leave hours.

(c) Severance pay for a highly compensated employee may exceed ~~an amount equivalent to six months of pay~~ the limit prescribed in paragraph (b) if the severance pay is part of an early retirement incentive offer approved by the state and the same early retirement incentive offer is also made available to all other employees of the appointing authority who meet generally defined criteria relative to age or length of service.

(d) An appointing authority may make severance payments to a highly compensated employee, up to the limits prescribed in this subdivision, only if doing so is authorized by a compensation plan under section 43A.18 that governs the employee, provided that the following highly compensated employees are not eligible for severance pay:

(1) a commissioner, deputy commissioner, or assistant commissioner of any state department or agency as listed in section 15.01 or 15.06, including the state chief information officer; and

(2) any unclassified employee who is also a public official, as defined in section 10A.01, subdivision 35.

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

Sec. 37. Minnesota Statutes 2016, section 43A.24, is amended by adding a subdivision to read:

Subd. 1a. **Opt out.** (a) An individual eligible for state-paid hospital, medical, and dental benefits under this section has the right to decline those benefits, provided the individual declining the benefits can prove health insurance coverage from another source. Any individual declining benefits must do so in writing, signed and dated, on a form provided by the commissioner.

(b) The commissioner must create and make available in hard copy and online a form for individuals to use in declining state-paid hospital, medical, and dental benefits. The form must, at a minimum, include notice to the declining individual of the next available opportunity and procedure to re-enroll in the benefits.

Sec. 38. **[118A.09] ADDITIONAL LONG-TERM EQUITY INVESTMENT AUTHORITY.**

Subdivision 1. **Definition; qualifying government.** "Qualifying government" means:

(1) a county or statutory or home rule charter city with a population of more than 100,000;

(2) a county or statutory or home rule charter city which had its most recently issued general obligation bonds rated in the highest category by a national bond rating agency; or

(3) a self-insurance pool listed in section 471.982, subdivision 3.

A county or statutory or home rule charter city with a population of 100,000 or less that is a qualifying government, but is subsequently rated less than the highest category by a national bond rating agency on a general obligation bond issue, may not invest additional funds under this section but may continue to manage funds previously invested under subdivision 2.

Subd. 2. **Additional investment authority.** Qualifying governments may invest the amount described in subdivision 3:

(1) in index mutual funds based in the United States and indexed to a broad market United States equity index; or

(2) with the Minnesota State Board of Investment subject to such terms and minimum amounts as may be adopted by the board. Index mutual fund investments must be made directly with the main sales office of the fund.

Subd. 3. **Funds.** (a) Qualifying governments may only invest under subdivision 2 according to the limitations in this subdivision. A qualifying government under subdivision 1, clause (1) or (2), may only invest its funds that are held for long-term capital plans authorized by the city council or county board, or long-term obligations of the qualifying government. Long-term obligations of the qualifying government include long-term capital plan reserves, funds held to offset long-term environmental exposure, other postemployment benefit liabilities, compensated absences, and other long-term obligations established by applicable accounting standards.

(b) Qualifying governments under subdivision 1, clause (1) or (2), may invest up to 15 percent of the sum of:

(1) unassigned cash;

(2) cash equivalents;

(3) deposits; and

(4) investments.

This calculation must be based on the qualifying government's most recent audited statement of net position, which must be compliant and audited pursuant to governmental accounting and auditing standards. Once the amount invested reaches 15 percent of the sum of unassigned cash, cash equivalents, deposits, and investments, no further funds may be invested under this section; however, a qualifying government may continue to manage the funds previously invested under this section even if the total amount subsequently exceeds 15 percent of the sum of unassigned cash, cash equivalents, deposits, and investments.

(c) A qualified government under subdivision 1, clause (3), may invest up to the lesser of:

(1) 15 percent of the sum of its cash, cash equivalents, deposits, and investments; or

(2) 25 percent of its net assets as reported on the pool's most recent audited statement of net position, which must be compliant and audited pursuant to governmental accounting and auditing standards.

Subd. 4. **Approval.** Before investing pursuant to this section, the governing body of the qualifying government must adopt a resolution that includes the following statements:

(1) the governing body understands that investments under subdivision 2 have a risk of loss;

(2) the governing body understands the type of funds that are being invested and the specific investment itself; and

(3) the governing body certifies that all funds designated for investment through the State Board of Investment meet the requirements of this section and the policies and procedures established by the State Board of Investment.

Subd. 5. **Public Employees Retirement Association to act as account administrator.** A qualifying government exercising authority under this section to invest amounts with the State Board of Investment shall establish an account with the Public Employees Retirement Association (PERA), which shall act as the account administrator.

Subd. 6. **Purpose of account.** The account established under subdivision 5 may only be used for the purposes provided under subdivision 3. PERA may rely on representations made by the qualifying government in exercising its duties as account administrator and has no duty to further verify qualifications, use, or intended use of the funds that are invested or withdrawn.

Subd. 7. **Account maintenance.** (a) A qualifying government may establish an account to be held under the supervision of PERA for the purposes of investing funds with the State Board of Investment under subdivision 2. PERA shall establish a separate account for each qualifying government. PERA may charge participating qualifying governments a fee for reasonable administrative costs. The amount of any fee charged by PERA is annually appropriated to the association from the account. PERA may establish other reasonable terms and conditions for creation and maintenance of these accounts.

(b) PERA must report to the qualifying government on the investment returns of invested funds and on all investment fees or costs incurred by the account.

Subd. 8. **Investment.** (a) The assets of an account shall be invested and held as required by this subdivision.

(b) PERA must certify all money in the accounts for which it is account administrator to the State Board of Investment for investment under section 11A.14, subject to the policies and procedures established by the State Board of Investment. Investment earnings must be credited to the account of the individual qualifying government.

(c) For accounts invested by the State Board of Investment, the investment restrictions shall be the same as those generally applicable to the State Board of Investment.

(d) A qualifying government may provide investment direction to PERA, subject to the policies and procedures established by the State Board of Investment.

Subd. 9. **Withdrawal of funds and termination of account.** (a) A government may withdraw some or all of its money or terminate the account.

(b) A government requesting withdrawal of money from an account created under this section must do so at a time and in the manner required by the executive director of PERA, subject to the policies and procedures established by the State Board of Investment.

Sec. 39. Minnesota Statutes 2016, section 190.19, subdivision 2, is amended to read:

Subd. 2. **Uses.** (a) Money appropriated from the Minnesota "Support Our Troops" account to the Department of Military Affairs may be used for:

- (1) grants directly to eligible individuals;
- (2) grants to one or more eligible foundations for the purpose of making grants to eligible individuals, as provided in this section;
- (3) veterans' services; or
- (4) grants to family readiness groups chartered by the adjutant general.



(b) As used in paragraph (a), the term "eligible individual" includes any person who is:

(1) a member in good standing of the Minnesota National Guard or a reserve unit based in Minnesota ~~who has been called to active service as defined in section 190.05, subdivision 5;~~

(2) a Minnesota resident who is a member of a military reserve unit not based in Minnesota, if the member is called to active service as defined in section 190.05, subdivision 5;

(3) any other Minnesota resident performing active service for any branch of the military of the United States;

(4) a person who honorably served in one of the capacities listed in clause (1), (2), or (3) who has current financial needs ~~directly related to that service;~~ and

(5) a member of the immediate family of an individual identified in clause (1), (2), (3), or (4). For purposes of this clause, "immediate family" means the individual's spouse and minor children and, if they are dependents of the member of the military, the member's parents, grandparents, siblings, stepchildren, and adult children.

(c) As used in paragraph (a), the term "eligible foundation" includes any organization that:

(1) is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code;

(2) has articles of incorporation under chapter 317A specifying the purpose of the organization as including the provision of financial assistance to members of the Minnesota National Guard and other United States armed forces reserves and their families and survivors; and

(3) agrees in writing to distribute any grant money received from the adjutant general under this section to eligible individuals as defined in this section and in accordance with any written policies and rules the adjutant general may impose as conditions of the grant to the foundation.

(d) The maximum grant awarded to an eligible individual under paragraph (a) in a calendar year with funds from the Minnesota "Support Our Troops" account, either through an eligible institution or directly from the adjutant general, may not exceed ~~\$2,000~~ \$4,000.

Sec. 40. Minnesota Statutes 2016, section 190.19, subdivision 2a, is amended to read:

Subd. 2a. **Uses; veterans.** (a) Money appropriated to the Department of Veterans Affairs from the Minnesota "Support Our Troops" account may be used for:

(1) grants to veterans service organizations;

(2) outreach to underserved veterans;

(3) providing services and programs for veterans and their families;

(4) transfers to the vehicle services account for Gold Star license plates under section 168.1253;

(5) grants of up to \$100,000 to any organization approved by the commissioner of veterans affairs for the purpose of supporting and improving the lives of veterans and their families; ~~and~~

(6) grants to an eligible foundation; and

(7) the agency's uncompensated burial costs for eligible dependents to whom the commissioner grants a no-fee or reduced-fee burial in the state's veteran cemeteries pursuant to section 197.236, subdivision 9, paragraph (b).

(b) For purposes of this subdivision, "eligible foundation" includes any organization that:

(1) is a tax-exempt organization under section 501(c) of the Internal Revenue Code; and

(2) is a nonprofit corporation under chapter 317A and the organization's articles of incorporation specify that a purpose of the organization includes: (i) providing assistance to veterans and their families; or (ii) enhancing the lives of veterans and their families.

Sec. 41. Minnesota Statutes 2016, section 196.05, subdivision 1, is amended to read:

Subdivision 1. **General duties.** The commissioner shall:

(1) act as the agent of a resident of the state having a claim against the United States for benefits arising out of or by reason of service in the armed forces and prosecute the claim without charge;

(2) act as custodian of veterans' bonus records;

(3) administer the laws relating to the providing of bronze flag holders at veterans' graves for memorial purposes;

(4) administer the laws relating to recreational or rest camps for veterans so far as applicable to state agencies;

(5) administer the state soldiers' assistance fund and veterans' relief fund and other funds appropriated for the payment of bonuses or other benefits to veterans or for the rehabilitation of veterans;

(6) cooperate with national, state, county, municipal, and private social agencies in securing to veterans and their dependents the benefits provided by national, state, and county laws, municipal ordinances, or public and private social agencies;

(7) provide necessary assistance where other adequate aid is not available to the dependent family of a veteran while the veteran is hospitalized and after the veteran is released for as long a period as is necessary as determined by the commissioner;

(8) cooperate with United States governmental agencies providing compensation, pensions, insurance, or other benefits provided by federal law, by supplementing the benefits prescribed therein, when conditions in an individual case make it necessary;

(9) assist dependent family members of military personnel who are called from reserve status to extended federal active duty during a time of war or national emergency through the state soldiers' assistance fund provided by section 197.03;

(10) exercise other powers as may be authorized and necessary to carry out the provisions of this chapter and chapter 197, consistent with that chapter; ~~and~~

(11) provide information, referral, and counseling services to those veterans who may have suffered adverse health conditions as a result of possible exposure to chemical agents; and

(12) in coordination with the Minnesota Association of County Veterans Service Officers, develop a written disclosure statement for use by private providers of veterans benefits services as required under section 197.6091. At a minimum, the written disclosure statement shall include a signature line, contact information for the department, and a statement that veterans benefits services are offered at no cost by federally chartered veterans service organizations and by county veterans service officers.

Sec. 42. Minnesota Statutes 2016, section 197.236, subdivision 9, is amended to read:

Subd. 9. **Burial fees.** (a) The commissioner of veterans affairs shall establish a fee schedule, which may be adjusted from time to time, for the interment of eligible spouses and dependent children. The fees shall cover as nearly as practicable the actual costs of interment, excluding the value of the plot.

(b) Upon application, the commissioner may waive or reduce the burial fee in the case of for an indigent eligible person. The commissioner shall develop a policy, eligibility standards, and application form for requests to waive or reduce the burial fee to indigent eligible applicants.

(c) No plot or interment fees may be charged for the burial of service members who die on active duty or eligible veterans, as defined in United States Code, title 38, section 101, paragraph (2).

Sec. 43. **[197.6091] VETERANS BENEFITS SERVICES; DISCLOSURE REQUIREMENTS.**

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

(b)(1) "Advertising" or "advertisement" means any of the following:

(i) any written or printed communication made for the purpose of soliciting business for veterans benefits appeal services, including but not limited to a brochure, letter, pamphlet, newspaper, telephone listing, periodical, or other writing;

(ii) any directory listing caused or permitted by a person and made available by that person indicating that veterans benefits appeal services are being offered; or

(iii) any radio, television, computer network, or similar airwave or electronic transmission that solicits business for or promotes a person offering veterans benefits appeal services.

(2) "Advertising" or "advertisement" does not include any of the following:

(i) any printing or writing used on buildings, uniforms, or badges, where the purpose of the writing is for identification; or

(ii) any printing or writing in a memorandum or other communication used in the ordinary course of business where the sole purpose of the writing is other than soliciting business for veterans benefits appeal services.

(c) "Veterans benefits appeal services" means services that a veteran might reasonably require in order to appeal a denial of federal or state veterans benefits, including but not limited to denials of disability, limited income, home loan, insurance, education and training, burial and memorial, and dependent and survivor benefits.

(d) "Veterans benefits services" means services that a veteran or a family member of a veteran might reasonably use in order to obtain federal, state, or county veterans benefits.

(e) "Written disclosure statement" means the written disclosure statement developed by the commissioner of veterans affairs pursuant to section 196.05, subdivision 1.

Subd. 2. **Advertising disclosure requirements.** A person advertising veterans benefits appeal services must conspicuously disclose in the advertisement, in similar type size or voice-over, that veterans benefits appeal services are also offered at no cost by county veterans service officers under sections 197.603 and 197.604.

Subd. 3. **Veterans benefits services disclosure requirements.** A person who provides veterans benefits services in exchange for compensation shall provide a written disclosure statement to each client or prospective client. Before a person enters into an agreement to provide veterans benefits services or accepts money or any other thing of value for the provision of veterans benefits services, the person must obtain the signature of the client on a written disclosure statement containing an attestation by the client that the client has read and understands the written disclosure statement.

Subd. 4. **Violations; penalties.** A person who fails to comply with this section is subject to a civil penalty not to exceed \$1,000 for each violation. Civil penalties shall be assessed by the district court in an action initiated by the attorney general. For the purposes of computing the amount of each civil penalty, each day of a continuing violation constitutes a separate violation. Additionally, the attorney general may accept a civil penalty as determined by the attorney general in settlement of an investigation of a violation of this section regardless of whether an action has been filed under this section. Any civil penalty recovered shall be deposited in the Support Our Troops account established under section 190.19.

Subd. 5. **Nonapplicability.** This section does not apply to the owner or personnel of any medium in which an advertisement appears or through which an advertisement is disseminated.

Sec. 44. Minnesota Statutes 2016, section 197.791, subdivision 2, is amended to read:

Subd. 2. **Program established.** The Minnesota GI Bill program is established to provide postsecondary educational assistance, apprenticeship and on-the-job training benefits, and other professional and educational benefits to eligible Minnesota veterans and to the children and spouses of deceased and severely disabled Minnesota veterans.

The commissioner, in cooperation with eligible postsecondary educational institutions, shall administer the program for the purpose of providing postsecondary educational assistance to eligible persons in accordance with this section. Each public postsecondary educational institution in the state must participate in the program and each private postsecondary educational institution in the state is encouraged to participate in the program. Any participating private institution may suspend or terminate its participation in the program at the end of any semester or other academic term.

Sec. 45. Minnesota Statutes 2016, section 197.791, subdivision 3, is amended to read:

Subd. 3. **Duties; responsibilities.** (a) The commissioner shall establish policies and procedures including, but not limited to, procedures for student application record keeping, information sharing, payment of educational assistance benefits under subdivision 5, payment of apprenticeship or on-the-job training benefits under subdivision 5a, payment of other educational or professional benefits under subdivision 5, and other procedures the commissioner considers appropriate and necessary for effective and efficient administration of the program established in this section.

(b) The commissioner may delegate part or all of the administrative procedures for the program to responsible representatives of participating eligible institutions. The commissioner may execute an interagency agreement with the Minnesota Office of Higher Education for services the commissioner determines necessary to administer the program.

Sec. 46. Minnesota Statutes 2016, section 197.791, subdivision 4, is amended to read:

Subd. 4. **Eligibility.** (a) A person is eligible for educational assistance under ~~this section~~ subdivisions 5 and 5a if:

(1) the person is:

(i) a veteran who is serving or has served honorably in any branch or unit of the United States armed forces at any time;

(ii) a nonveteran who has served honorably for a total of five years or more cumulatively as a member of the Minnesota National Guard or any other active or reserve component of the United States armed forces, and any part of that service occurred on or after September 11, 2001;

(iii) the surviving spouse or child of a person who has served in the military and who has died as a direct result of that military service, only if the surviving spouse or child is eligible to receive federal education benefits under United States Code, title 38, chapter 33, as amended, or United States Code, title 38, chapter 35, as amended; or

(iv) the spouse or child of a person who has served in the military at any time and who has a total and permanent service-connected disability as rated by the United States Veterans Administration, only if the spouse or child is eligible to receive federal education benefits under United States Code, title 38, chapter 33, as amended, or United States Code, title 38, chapter 35, as amended; and

(2) the person receiving the educational assistance is a Minnesota resident, as defined in section 136A.101, subdivision 8; and

(3) the person receiving the educational assistance:

(i) is an undergraduate or graduate student at an eligible institution;

(ii) is maintaining satisfactory academic progress as defined by the institution for students participating in federal Title IV programs;

(iii) is enrolled in an education program leading to a certificate, diploma, or degree at an eligible institution;

(iv) has applied for educational assistance under this section prior to the end of the academic term for which the assistance is being requested;

(v) is in compliance with child support payment requirements under section 136A.121, subdivision 2, clause (5); and

(vi) has completed the Free Application for Federal Student Aid (FAFSA).

(b) A person's eligibility terminates when the person becomes eligible for benefits under section 135A.52.

(c) To determine eligibility, the commissioner may require official documentation, including the person's federal form DD-214 or other official military discharge papers; correspondence from the United States Veterans Administration; birth certificate; marriage certificate; proof of enrollment at an eligible institution; signed affidavits; proof of residency; proof of identity; or any other official documentation the commissioner considers necessary to determine eligibility.

(d) The commissioner may deny eligibility or terminate benefits under this section to any person who has not provided sufficient documentation to determine eligibility for the program. An applicant may appeal the commissioner's eligibility determination or termination of benefits in writing to the commissioner at any time. The

commissioner must rule on any application or appeal within 30 days of receipt of all documentation that the commissioner requires. The decision of the commissioner regarding an appeal is final. However, an applicant whose appeal of an eligibility determination has been rejected by the commissioner may submit an additional appeal of that determination in writing to the commissioner at any time that the applicant is able to provide substantively significant additional information regarding the applicant's eligibility for the program. An approval of an applicant's eligibility by the commissioner following an appeal by the applicant is not retroactively effective for more than one year or the semester of the person's original application, whichever is later.

(e) Upon receiving an application with insufficient documentation to determine eligibility, the commissioner must notify the applicant within 30 days of receipt of the application that the application is being suspended pending receipt by the commissioner of sufficient documentation from the applicant to determine eligibility.

Sec. 47. Minnesota Statutes 2016, section 197.791, subdivision 5, is amended to read:

Subd. 5. **Benefit Educational assistance amount.** (a) On approval by the commissioner of eligibility for the program, the applicant shall be awarded, on a funds-available basis, the educational assistance under the program for use at any time according to program rules at any eligible institution.

(b) The amount of educational assistance in any semester or term for an eligible person must be determined by subtracting from the eligible person's cost of attendance the amount the person received or was eligible to receive in that semester or term from:

(1) the federal Pell Grant;

(2) the state grant program under section 136A.121; and

(3) any federal military or veterans educational benefits including but not limited to the Montgomery GI Bill, GI Bill Kicker, the federal tuition assistance program, vocational rehabilitation benefits, and any other federal benefits associated with the person's status as a veteran, except veterans disability payments from the United States Veterans Administration and payments made under the Veterans Retraining Assistance Program (VRAP).

(c) The amount of educational assistance for any eligible person who is a full-time student must not exceed the following:

~~(1) \$1,000 per semester or term of enrollment;~~

~~(2) (1) \$3,000 per state fiscal year; and~~

~~(3) (2) \$10,000 in a lifetime.~~

(d) A person eligible under this subdivision may use the benefit amounts for the following purposes:

(1) licensing or certification tests, the successful completion of which demonstrates an individual's possession of the knowledge or skill required to enter into, maintain, or advance in employment in a predetermined and identified vocation or profession, provided that the tests and the licensing or credentialing organizations or entities that offer the tests are approved by the commissioner;

(2) tests for admission to institutions of higher learning or graduate schools;

(3) national tests providing an opportunity for course credit at institutions of higher learning;

(4) a preparatory course for a test that is required or used for admission to an institution of higher education or a graduate program; and

(5) any fee associated with the pursuit of a professional or educational objective specified in clauses (1) to (4).

(e) If an eligible person receives benefits under subdivision 5, the eligible person's aggregate benefits under this subdivision and subdivision 5 must not exceed \$10,000 in the eligible person's lifetime.

(f) If an eligible person receives benefits under subdivision 5a, the eligible person's aggregate benefits under this subdivision and subdivision 5a must not exceed \$10,000 in the eligible person's lifetime.

For a part-time student, the amount of educational assistance must not exceed \$500 per semester or term of enrollment. For the purpose of this paragraph, a part-time undergraduate student is a student taking fewer than 12 credits or the equivalent for a semester or term of enrollment and a part-time graduate student is a student considered part time by the eligible institution the graduate student is attending. The minimum award for undergraduate and graduate students is \$50 per term.

Sec. 48. Minnesota Statutes 2016, section 197.791, subdivision 5a, is amended to read:

Subd. 5a. **Apprenticeship and on-the-job training.** (a) The commissioner, in consultation with the commissioners of employment and economic development and labor and industry, shall develop and implement an apprenticeship and on-the-job training program to administer a portion of the Minnesota GI Bill program to pay benefit amounts to eligible ~~applicants~~ persons, as provided in this subdivision.

(b) An "eligible employer" means an employer operating a qualifying apprenticeship or on-the-job training program that has been approved by the commissioner.

(c) A person is eligible for apprenticeship and on-the-job training assistance under this subdivision if the person meets the criteria established under subdivision 4, ~~paragraphs paragraph (a), clause (1), and (e) to (e).~~ The commissioner may determine eligibility as provided in subdivision 4, paragraph (c), and may deny or terminate benefits as prescribed under subdivision 4, paragraphs (d) and (e). The amount of assistance paid to or on behalf of an eligible individual under this subdivision must not exceed the following:

(1) ~~\$2,000~~ \$3,000 per fiscal year for apprenticeship expenses;

(2) ~~\$2,000~~ \$3,000 per fiscal year for on-the-job training;

(3) \$1,000 for a job placement credit payable to an eligible employer upon hiring and completion of six consecutive months' employment of a person receiving assistance under this subdivision; and

(4) \$1,000 for a job placement credit payable to an eligible employer after a person receiving assistance under this subdivision has been employed by the eligible employer for at least 12 consecutive months as a full-time employee.

No more than ~~\$3,000~~ \$5,000 in aggregate benefits under this paragraph may be paid to or on behalf of an individual in one fiscal year, and not more than ~~\$9,000~~ \$10,000 in aggregate benefits under this paragraph may be paid to or on behalf of an individual over any period of time.

(d) Assistance for apprenticeship expenses and on-the-job training is available for qualifying programs, which must, at a minimum, meet the following criteria:

- (1) the training must be with an eligible employer;
- (2) the training must be documented and reported;
- (3) the training must reasonably be expected to lead to an entry-level position; and
- (4) the position must require at least six months of training to become fully trained.

Sec. 49. Minnesota Statutes 2016, section 270C.13, subdivision 1, is amended to read:

Subdivision 1. **Biennial report.** The commissioner shall report to the legislature by March 1 of each odd-numbered year on the overall incidence of the income tax, sales and excise taxes, and property tax. The report shall present information on the distribution of the tax burden as follows: (1) for the overall income distribution, using a systemwide incidence measure such as the Suits index or other appropriate measures of equality and inequality; (2) by income classes, including at a minimum deciles of the income distribution; and (3) by other appropriate taxpayer characteristics. The report must also include information on the distribution of the burden of federal taxes borne by Minnesota residents.

Sec. 50. **[270C.303] FREE ELECTRONIC FILING OF INDIVIDUAL INCOME TAX RETURNS.**

(a) The commissioner must develop and implement a system for the secure electronic filing of individual income tax returns and payment of individual income tax liabilities on the department's Web site at no cost. The system must allow for filing of individual returns by individuals and also by tax preparers.

(b) The system must automatically populate returns with taxpayer data available to the commissioner including but not limited to wage data received from one or more employers, state income tax withheld by one or more employers, and additional taxes owed to the state or refund owed to the taxpayer.

(c) The system must be available:

(1) by January 15, 2019, for the filing and payment of tax year 2018 individual income taxes of filers with income only from wages, fewer than five dependents, and federal adjusted gross income less than \$200,000 for married couples filing joint returns, and less than \$100,000 for all other filers; and

(2) by January 15, 2020, for the filing and payment of tax year 2019 individual income taxes of filers with income only from wages, Social Security benefits, interest, dividends, individual retirement account distributions and pensions, fewer than five dependents, and federal adjusted gross income less than \$200,000 for married couples filing joint returns, and less than \$100,000 for all other filers.

(d) For purposes of this section, "federal adjusted gross income" has the meaning given in section 62 of the Internal Revenue Code. Other terms have the meanings given in chapter 290.

(e) By September 15 of each year, beginning in 2019, the commissioner must provide a report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over taxes, in compliance with sections 3.195 and 3.197. The report must include statistics on usage of the free electronic filing system required in this section; ways in which the commissioner could expand the system, including draft legislation if needed for system expansion; and any other information the commissioner considers relevant.



Sec. 51. Minnesota Statutes 2016, section 353.27, subdivision 3c, is amended to read:

Subd. 3c. **Former MERF members; member and employer contributions.** (a) For the period July 1, 2015, through December 31, 2031, the member contributions for former members of the Minneapolis Employees Retirement Fund and by the former Minneapolis Employees Retirement Fund-covered employing units are governed by this subdivision.

(b) The member contribution for a public employee who was a member of the former Minneapolis Employees Retirement Fund on June 29, 2010, is 9.75 percent of the salary of the employee.

(c) The employer regular contribution with respect to a public employee who was a member of the former Minneapolis Employees Retirement Fund on June 29, 2010, is 9.75 percent of the salary of the employee.

(d) ~~For calendar years 2015 and 2016, The annual employer supplemental contribution is the employing unit's share of \$31,000,000. For calendar years 2017 through 2031, the employer supplemental contribution is the employing unit's share of \$21,000,000.~~

(e) Each employing unit's share under paragraph (d) is the amount determined from an allocation between each employing unit in the portion equal to the unit's employer supplemental contribution paid or payable under Minnesota Statutes 2012, section 353.50, during calendar year 2014.

(f) The employer supplemental contribution amount under paragraph (d) for calendar year 2015 must be invoiced by the executive director of the Public Employees Retirement Association by July 1, 2015. The calendar year 2015 payment is payable in a single amount on or before September 30, 2015. For subsequent calendar years, the employer supplemental contribution under paragraph (d) must be invoiced on January 31 of each year and is payable in two parts, with the first half payable on or before July 31 and with the second half payable on or before December 15. Late payments are payable with compound interest at the rate of 0.71 percent per month for each month or portion of a month that has elapsed after the due date.

(g) The employer supplemental contribution under paragraph (d) terminates on December 31, 2031.

Sec. 52. Minnesota Statutes 2016, section 353.505, is amended to read:

**353.505 STATE CONTRIBUTIONS; FORMER MERF DIVISION.**

(a) On September 15, 2015, ~~and~~ September 15, 2016, and annually thereafter, the state shall pay to the general employees retirement plan of the Public Employees Retirement Association, with respect to the former MERF division, \$6,000,000. ~~By September 15 of each year after 2016, the state shall pay to the general employees retirement plan of the Public Employees Retirement Association, with respect to the former MERF division, \$16,000,000.~~

(b) State contributions under this section end on September 15, 2031.

Sec. 53. Minnesota Statutes 2016, section 471.6161, subdivision 8, is amended to read:

Subd. 8. **School districts; group health insurance coverage.** (a) Any entity providing group health insurance coverage to a school district must provide the school district with school district-specific nonidentifiable aggregate claims records for the most recent 24 months within 30 days of the request.

(b) School districts shall request proposals for group health insurance coverage as provided in subdivision 2 from a minimum of three potential sources of coverage. ~~One of these requests must go to an administrator governed by chapter 43A.~~ Entities referenced in subdivision 1 must respond to requests for proposals received directly from a

school district. School districts that are self-insured must also follow these provisions, except as provided in paragraph (f). School districts must make requests for proposals at least 150 days prior to the expiration of the existing contract but not more frequently than once every 24 months. The request for proposals must include the most recently available 24 months of nonidentifiable aggregate claims data. The request for proposals must be publicly released at or prior to its release to potential sources of coverage.

(c) School district contracts for group health insurance must not be longer than ~~two~~ four years ~~unless the exclusive representative of the largest employment group and the school district agree otherwise.~~

(d) All initial proposals shall be sealed upon receipt until they are all opened no less than 90 days prior to the plan's renewal date in the presence of up to three representatives selected by the exclusive representative of the largest group of employees. Section 13.591, subdivision 3, paragraph (b), applies to data in the proposals. The representatives of the exclusive representative must maintain the data according to this classification and are subject to the remedies and penalties under sections 13.08 and 13.09 for a violation of this requirement.

(e) A school district, in consultation with the same representatives referenced in paragraph (d), may continue to negotiate with any entity that submitted a proposal under paragraph (d) in order to reduce costs or improve services under the proposal. Following the negotiations any entity that submitted an initial proposal may submit a final proposal incorporating the negotiations, which is due no less than 75 days prior to the plan's renewal date. All the final proposals submitted must be opened at the same time in the presence of up to three representatives selected by the exclusive representative of the largest group of employees. Notwithstanding section 13.591, subdivision 3, paragraph (b), following the opening of the final proposals, all the proposals, including any made under paragraph (d), and other data submitted in connection with the proposals are public data. The school district may choose from any of the initial or final proposals without further negotiations and in accordance with subdivision 5, but not sooner than 15 days after the proposals become public data.

(f) School districts that are self-insured shall follow all of the requirements of this section, except that:

(1) their requests for proposals may be for third-party administrator services, where applicable;

(2) these requests for proposals must be from a minimum of three different sources, which may include both entities referenced in subdivision 1 and providers of third-party administrator services;

~~(3) for purposes of fulfilling the requirement to request a proposal for group insurance coverage from an administrator governed by chapter 43A, self-insured districts are not required to include in the request for proposal the coverage to be provided;~~

~~(4) a district that is self insured on or before the date of enactment, or that is self insured with more than 1,000 insured lives, or a district in which the school board adopted a motion on or before May 14, 2014, to approve a self insured health care plan to be effective July 1, 2014, may, but need not, request a proposal from an administrator governed by chapter 43A;~~

~~(5)~~ (3) requests for proposals must be sent to providers no less than 90 days prior to the expiration of the existing contract; and

~~(6)~~ (4) proposals must be submitted at least 60 days prior to the plan's renewal date and all proposals shall be opened at the same time and in the presence of the exclusive representative, where applicable.

(g) Nothing in this section shall restrict the authority granted to school district boards of education by section 471.59, ~~except that districts will not be considered self insured for purposes of this subdivision solely through participation in a joint powers arrangement.~~

(h) An entity providing group health insurance to a school district under a multiyear contract must give notice of any rate or plan design changes applicable under the contract at least 90 days before the effective date of any change. The notice must be given to the school district and to the exclusive representatives of employees.

(i) The exclusive representative of the largest group of employees shall comply with this subdivision and must not exercise any of their abilities under section 43A.316, subdivision 5, notwithstanding anything contained in that section, or any other law to the contrary.

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

Sec. 54. Minnesota Statutes 2016, section 471.617, subdivision 2, is amended to read:

Subd. 2. **Jointly.** Any two or more statutory or home rule charter cities, counties, school districts, or instrumentalities thereof which together have more than 100 employees may jointly self-insure for any employee health benefits including long-term disability, but not for employee life benefits, subject to the same requirements as an individual self-insurer under subdivision 1. Self-insurance pools under this section are subject to section 62L.045. A self-insurance pool established and operated by one or more service cooperatives governed by section 123A.21 to provide coverage described in this subdivision qualifies under this subdivision, ~~but the individual school district members of such a pool shall not be considered to be self insured for purposes of section 471.6161, subdivision 8, paragraph (f).~~ The commissioner of commerce may adopt rules pursuant to chapter 14, providing standards or guidelines for the operation and administration of self-insurance pools.

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

Sec. 55. Minnesota Statutes 2016, section 508.12, subdivision 1, is amended to read:

Subdivision 1. **Examiner and deputy examiner.** The judges of the district court shall appoint a competent attorney in each county within their respective districts to be an examiner of titles and legal adviser to the registrar in said county, to which examiner all applications to register title to land are referred without further order, and may appoint attorneys to serve as deputy examiners who shall act in the name of the examiner and under the examiner's supervision and control, and the deputy's acts shall be the acts of the examiners. The examiner of titles and deputy examiners shall hold office subject to the will and discretion of the district court by whom appointed. The examiner's compensation and that of the examiner's deputies shall be fixed and determined by the court and paid in the same manner as the compensation of other county employees is paid except that in all counties having fewer than 75,000 inhabitants, and in Stearns, Dakota, Scott, Wright, Sherburne, and Olmsted Counties the fees and compensation of the examiners for services as legal adviser to the registrar shall be determined by the judges of the district court and paid in the same manner as the compensation of other county employees is paid, but in every other instance shall be paid by the person applying to have the person's title registered or for other action or relief which requires the services, certification or approval of the examiner.

Sec. 56. Minnesota Statutes 2016, section 518A.79, is amended by adding a subdivision to read:

Subd. 3a. **Open meetings.** Except as otherwise provided in this section, the task force is subject to chapter 13D. A meeting of the task force occurs when a quorum is present and the members receive information, discuss, or take action on any matter relating to the duties of the task force. The task force may conduct meetings as provided in section 13D.015 or 13D.02. The task force may conduct meetings at any location in the state that is appropriate for the purposes of the task force as long as the location is open and accessible to the public. For legislative members of the task force, enforcement of this subdivision is governed by section 3.055, subdivision 2. For nonlegislative members of the task force, enforcement of this subdivision is governed by section 13D.06, subdivisions 1 and 2.

**EFFECTIVE DATE.** This section is effective January 1, 2018.

**Sec. 57. COMMISSIONER OF REVENUE TO DETERMINE ADEQUACY OF CURRENT RULES AND VALUATION PRACTICES FOR STATE-ASSESSED PIPELINES.**

The commissioner of revenue must review all current rules and practices relating to the valuation of pipeline companies that are assessed by the state. The commissioner must determine whether current rules and practices provide accurate estimates of market value. By February 1, 2018, the commissioner must prepare testimony for the house of representatives and senate committees having jurisdiction over property taxes recommending changes to the rules and practices to provide more accurate assessments and reduce the number and amount of judgments against the state and counties for state-assessed pipeline property.

**Sec. 58. FREE ELECTRONIC FILING OF INDIVIDUAL INCOME TAX RETURNS; PILOT PROGRAM.**

(a) The commissioner must conduct a pilot program to test the free electronic filing requirement in Minnesota Statutes, section 270C.303. The pilot program must operate at no fewer than three taxpayer assistance sites that receive grants under Minnesota Statutes, section 270C.21. At least one of the pilot program sites must be in the seven-county metropolitan area, and at least one must be in greater Minnesota. The pilot program system must be available by January 15, 2018, for the filing and payment of tax year 2017 individual income taxes of filers with income only from wages, fewer than five dependents, and federal adjusted gross income less than \$200,000 for married couples filing joint returns, and less than \$100,000 for all other filers.

(b) The system must automatically populate returns with taxpayer data available to the commissioner including but not limited to W-2 data on wages and state income tax withholding.

(c) For purposes of this section, "federal adjusted gross income" has the meaning given in section 62 of the Internal Revenue Code. Other terms have the meanings given in Minnesota Statutes, chapter 290.

(d) By August 15, 2018, the commissioner must report final statistics on usage of the pilot program and on plans to implement tax year 2018 electronic filing as required in Minnesota Statutes, section 270C.303. The report must comply with the requirements of Minnesota Statutes, sections 3.195 and 3.197.

**Sec. 59. INITIAL TRANSIT FINANCIAL ACTIVITY REPORTING.**

(a) The first transit financial activity review and report submitted under Minnesota Statutes, section 3.972, subdivision 4, must include financial information from the period beginning on January 1, 2016, and through the end of the fiscal quarter immediately preceding the date of the report.

(b) The legislative auditor must provide a copy of the review under paragraph (a) to each county that is party to the joint powers agreement under Minnesota Statutes, section 297A.992.

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

**Sec. 60. LIMIT ON EXPENDITURES FOR ADVERTISING.**

During the fiscal years ending June 30, 2018, and June 30, 2019, an executive branch agency's spending on advertising and promotions may not exceed 90 percent of the amount the agency spent on advertising and promotions during the fiscal year ending June 30, 2016. The commissioner of management and budget must ensure compliance with this limit and may issue guidelines and policies to executive agencies. The commissioner may forbid an agency from engaging in advertising as the commissioner determines necessary to ensure compliance with this section. This section does not apply to the Minnesota Lottery, Explore Minnesota Tourism, or the Minnesota State Colleges and Universities. Spending during the biennium ending June 30, 2019, on advertising relating to a declared emergency, an emergency, or a disaster, as those terms are defined in Minnesota Statutes, section 12.03, is excluded for purposes of this section.

Sec. 61. **OFFICE OF MN.IT SERVICES; PERFORMANCE OUTCOMES REQUIRED.**

Subdivision 1. **Completion of agency consolidation.** No later than December 31, 2018, the state chief information officer must complete the executive branch information technology consolidation required by Laws 2011, First Special Session chapter 10, article 4. The head of any state agency subject to consolidation must assist the state chief information officer as necessary to implement the requirements of this subdivision.

Subd. 2. **Information technology efficiencies and solutions.** No later than December 31, 2018, the state chief information officer shall:

(1) host at least 25 percent of all state agency servers on a public cloud solution;

(2) store at least 35 percent of all state agency data on a public cloud solution; and

(3) operate no more than six data centers statewide.

Subd. 3. **Enterprise services; personnel efficiencies.** No later than June 30, 2019, the state chief information officer shall reduce the Office of MN.IT Services' total cost for enterprise services personnel by at least \$3,000,000.

Subd. 4. **Legislative report; application consolidation.** No later than January 1, 2018, the state chief information officer must submit a report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over state government finance on the status of business application software consolidation across state agencies. At a minimum, the report must describe the outcomes achieved to date, a plan and timeline for continued consolidation of business application software with measurable outcome goals, and recommendations, if any, on legislation necessary to facilitate achievement of these goals.

Sec. 62. **STATE AUDITOR LITIGATION EXPENSES; SCHEDULE OF CHARGES.**

Subdivision 1. **Litigation expenses; core functions of the state auditor.** (a) Unless funds are otherwise expressly provided by law for this purpose, all costs incurred by the state auditor in preparing and asserting a civil claim or appeal, or in defending against a civil claim or appeal, related to the proper exercise of the auditor's constitutionally authorized core functions must be paid by the auditor's constitutional office division. Only allocations made to the constitutional office division on or before January 1, 2017, may be used to pay these costs.

(b) In complying with paragraph (a), the state auditor may not, directly or indirectly, decrease allocations previously made to, transfer funds from, or otherwise reduce services provided by any other division of the office.

Subd. 2. **Schedule of charges.** Notwithstanding Minnesota Statutes, section 6.581, subdivision 3, or any other law to the contrary, the rates included in the state auditor's schedule of charges for examinations conducted after June 30, 2017, must be no greater than the rates included in the schedule of charges established for examinations conducted in calendar year 2016.

Sec. 63. **TRANSITION; STATE AUDITOR ENTERPRISE FUND.**

Notwithstanding any law to the contrary, receipts received by the state auditor on or after July 1, 2017, from examinations conducted by the state auditor under Minnesota Statutes, chapter 6, must be credited to the general fund. Amounts in the state auditor enterprise fund at the end of fiscal year 2017 are transferred to the general fund.

Sec. 64. **LIMIT ON INCREASE IN MANAGERIAL COMPENSATION.**

During the biennium ending June 30, 2019, an employee covered by the managerial plan in Minnesota Statutes, section 43A.18, subdivision 3, may not be granted a percentage increase in annual salary that exceeds the lesser of:

(1) the percentage increase in Minnesota median household income, as determined by the American Community Survey compiled by the United States Bureau of the Census, for the most recent 12-month period for which data is available; or

(2) the percentage increase in the Consumer Price Index, as determined by the United States Bureau of Economic Analysis, for the most recent 12-month period for which data is available.

Sec. 65. **SALARY LIMIT.**

Subdivision 1. **Executive branch.** (a) During the fiscal year ending June 30, 2018, the aggregate amount spent by all executive branch agencies on employee salaries may not exceed 101 percent of the aggregate amount these agencies spent on employee salaries in the fiscal year ending June 30, 2017.

(b) During the fiscal year ending June 30, 2019, the aggregate amount spent by all executive branch agencies on employee salaries may not exceed 103 percent of the aggregate amount these agencies spent on employee salaries in the fiscal year ending June 30, 2017.

(c) For purposes of this section, "executive branch" has the meaning given in Minnesota Statutes, section 43A.02, subdivision 22, and includes the Minnesota State Colleges and Universities but not constitutional offices.

Subd. 2. **Legislative branch.** (a) During the fiscal year ending June 30, 2018, the amount spent on employee salaries may not exceed 101 percent of the amount spent on these salaries during the fiscal year ending June 30, 2017, for:

(1) the house of representatives;

(2) the senate; and

(3) the Legislative Coordinating Commission and all groups under its jurisdiction.

(b) During the fiscal year ending June 30, 2019, the amount spent on employee salaries may not exceed 103 percent of the amount spent on these salaries during the fiscal year ending June 30, 2017, for:

(1) the house of representatives;

(2) the senate; and

(3) the Legislative Coordinating Commission and all groups under its jurisdiction.

Each entity listed in this subdivision must be treated separately for purposes of determining compliance, except that the Legislative Coordinating Commission and all groups under its jurisdiction must be treated as one unit.

Sec. 66. **REPEALER.**

Subdivision 1. **Campaign subsidy.** Minnesota Statutes 2016, sections 10A.30; 10A.31, subdivisions 1, 3, 3a, 4, 5, 5a, 6, 6a, 7, 7a, 10, 10a, 10b, and 11; 10A.315; 10A.321; 10A.322, subdivisions 2 and 4; 10A.323; and 10A.324, subdivisions 1 and 3, and Minnesota Rules, parts 4503.1400, subparts 2, 3, 4, 5, 6, 7, 8, and 9; and 4503.1450, are

repealed effective July 1, 2017, and apply to elections held on or after that date. Money in the account under Minnesota Statutes, section 10A.30, on June 30, 2017, cancels to the general fund, and amounts designated under Minnesota Statutes, section 10A.31, on income tax and property tax refund returns filed after June 30, 2017, are not effective and remain in the general fund.

Subd. 2. **State auditor enterprise fund.** Minnesota Statutes 2016, section 6.581, subdivision 1, is repealed.

Subd. 3. **Legislative commissions.** Minnesota Statutes 2016, sections 3.886; and 161.1419, are repealed.

### ARTICLE 3 STATE BUDGETING TECHNICAL

Section 1. Minnesota Statutes 2016, section 15.0596, is amended to read:

#### **15.0596 ADDITIONAL COMPENSATION FROM CONTINGENT FUND PROHIBITED.**

In all cases where the compensation of an officer of the state is fixed by law at a specified sum, it shall be unlawful for any such officer or employee to receive additional compensation for the performance of official services out of the contingent fund of the officer or the department, and it shall be unlawful for the head of any department of the state government to direct the payment of such additional compensation out of the contingent fund; and the commissioner of management and budget is hereby prohibited from issuing a ~~warrant~~ payment upon such contingent fund in payment of such additional compensation.

Every person offending against the provisions of this section shall be guilty of a misdemeanor.

Sec. 2. Minnesota Statutes 2016, section 15.191, subdivision 1, is amended to read:

Subdivision 1. **Emergency disbursements.** Imprest cash funds for the purpose of making minor disbursements, providing for change, and providing employees with travel advances or a portion or all of their payroll ~~warrant~~ where the ~~warrant payment~~ has not been received through the payroll system, may be established by state departments or agencies from existing appropriations in the manner prescribed by this section.

Sec. 3. Minnesota Statutes 2016, section 15.191, subdivision 3, is amended to read:

Subd. 3. ~~Warrant Payment~~ **Payment against designated appropriation.** Imprest cash funds established under this section shall be created by ~~warrant drawn~~ payment issued against the appropriation designated by the commissioner of management and budget.

Sec. 4. Minnesota Statutes 2016, section 16A.065, is amended to read:

#### **16A.065 PREPAY SOFTWARE, SUBSCRIPTIONS, UNITED STATES DOCUMENTS.**

Notwithstanding section 16A.41, subdivision 1, the commissioner may allow an agency to make advance deposits or payments for software or software maintenance services for state-owned or leased electronic data processing equipment, for information technology hosting services, for sole source maintenance agreements where it is not cost-effective to pay in arrears, for exhibit booth space or boat slip rental when required by the renter to guarantee the availability of space, for registration fees where advance payment is required or advance payment discount is provided, ~~and~~ for newspaper, magazine, and other subscription fees, and other costs where advance payment discount is provided or are customarily paid for in advance. The commissioner may also allow advance deposits by any department with the Library of Congress and federal Supervisor of Documents for items to be purchased from those federal agencies.

Sec. 5. Minnesota Statutes 2016, section 16A.13, subdivision 2a, is amended to read:

Subd. 2a. **Procedure.** The commissioner shall see that the deduction for the withheld tax is made from an employee's pay on the payroll abstract. The commissioner shall approve one ~~warrant payable~~ payment to the commissioner for the total amount deducted on the abstract. Deductions from the pay of an employee paid direct by an agency shall be made by the employee's payroll authority. A later deduction must correct an error made on an earlier deduction. The paying authority shall see that a ~~warrant or check~~ payment for the deductions is promptly sent to the commissioner. The commissioner shall deposit the amount of the ~~warrant or check~~ payment to the credit of the proper federal authority or other person authorized by federal law to receive it.

Sec. 6. Minnesota Statutes 2016, section 16A.134, is amended to read:

#### **16A.134 CHARITABLE ORGANIZATIONS PAYROLL DEDUCTIONS.**

An employee's contribution to a registered combined charitable organization defined in section 43A.50 may be deducted from the employee's pay. On the employee's written request, the commissioner shall deduct a requested amount from the pay of the employee for each pay period. The commissioner shall issue a ~~warrant~~ payment in that amount to the specified organization.

Sec. 7. Minnesota Statutes 2016, section 16A.15, subdivision 3, is amended to read:

Subd. 3. **Allotment and encumbrance.** (a) A payment may not be made without prior obligation. An obligation may not be incurred against any fund, allotment, or appropriation unless the commissioner has certified a sufficient unencumbered balance or the accounting system shows sufficient allotment or encumbrance balance in the fund, allotment, or appropriation to meet it. The commissioner shall determine when the accounting system may be used to incur obligations without the commissioner's certification of a sufficient unencumbered balance. An expenditure or obligation authorized or incurred in violation of this chapter is invalid and ineligible for payment until made valid. A payment made in violation of this chapter is illegal. An employee authorizing or making the payment, or taking part in it, and a person receiving any part of the payment, are jointly and severally liable to the state for the amount paid or received. If an employee knowingly incurs an obligation or authorizes or makes an expenditure in violation of this chapter or takes part in the violation, the violation is just cause for the employee's removal by the appointing authority or by the governor if an appointing authority other than the governor fails to do so. In the latter case, the governor shall give notice of the violation and an opportunity to be heard on it to the employee and to the appointing authority. A claim presented against an appropriation without prior allotment or encumbrance may be made valid on investigation, review, and approval by the agency head in accordance with the commissioner's policy, if the services, materials, or supplies to be paid for were actually furnished in good faith without collusion and without intent to defraud. The commissioner may then ~~draw a warrant to~~ pay the claim just as properly allotted and encumbered claims are paid.

(b) The commissioner may approve payment for materials and supplies in excess of the obligation amount when increases are authorized by section 16C.03, subdivision 3.

(c) To minimize potential construction delay claims, an agency with a project funded by a building appropriation may allow a contractor to proceed with supplemental work within the limits of the appropriation before money is encumbered. Under this circumstance, the agency may requisition funds and allow contractors to expeditiously proceed with a construction sequence. While the contractor is proceeding, the agency shall immediately act to encumber the required funds.



Sec. 8. Minnesota Statutes 2016, section 16A.17, subdivision 5, is amended to read:

Subd. 5. **Payroll duties.** When the department prepares the payroll for an agency, the commissioner assumes the agency head's duties to make authorized or required deductions from, or employer contributions on, the pay of the agency's employees and to prepare and issue the necessary ~~warrants~~ payments.

Sec. 9. Minnesota Statutes 2016, section 16A.272, subdivision 3, is amended to read:

Subd. 3. **Section 7.19 16A.271 to apply.** The provisions of Minnesota Statutes ~~1941~~, section ~~7.19~~ 16A.271, shall apply to deposits of securities made pursuant to this section.

Sec. 10. Minnesota Statutes 2016, section 16A.40, is amended to read:

**16A.40 WARRANTS AND ELECTRONIC FUND TRANSFERS.**

Money must not be paid out of the state treasury except upon the warrant of the commissioner or an electronic fund transfer approved by the commissioner. Warrants must be drawn on printed blanks that are in numerical order. The commissioner shall enter, in numerical order in a ~~warrant~~ warrant payment register, the number, amount, date, and payee for every ~~warrant~~ warrant payment issued.

The commissioner may require payees to supply their bank routing information to enable the payments to be made through an electronic fund transfer.

Sec. 11. Minnesota Statutes 2016, section 16A.42, subdivision 2, is amended to read:

Subd. 2. **Approval.** If the claim is approved, the commissioner shall ~~complete and sign a warrant~~ issue a payment in the amount of the claim.

Sec. 12. Minnesota Statutes 2016, section 16A.42, subdivision 4, is amended to read:

Subd. 4. **Register.** The commissioner shall enter a ~~warrant~~ warrant payment in the ~~warrant~~ warrant payment register as if it were a cash payment.

Sec. 13. Minnesota Statutes 2016, section 16A.42, is amended by adding a subdivision to read:

Subd. 5. **Invalid claims.** If the commissioner determines that a claim is invalid after issuing a warrant, the commissioner may void an unpaid warrant. The commissioner is not liable to any holder who took the void warrant for value.

Sec. 14. Minnesota Statutes 2016, section 16A.56, is amended to read:

**16A.56 COMMISSIONER'S RECEIPT AND CLAIM DUTIES.**

The commissioner or a designee shall examine every receipt and claim, and if proper, approve them, name the account to be charged or credited, and issue ~~warrants~~ payments to pay claims.

Sec. 15. Minnesota Statutes 2016, section 16A.671, subdivision 1, is amended to read:

Subdivision 1. **Authority; advisory recommendation.** To ensure that cash is available when needed to ~~pay warrants~~ make payments drawn on the general fund under appropriations and allotments, the commissioner may (1) issue certificates of indebtedness in anticipation of the collection of taxes levied for and other revenues appropriated to the general fund for expenditure during each biennium; and (2) issue additional certificates to refund outstanding certificates and interest on them, under the Constitution, article XI, section 6.

Sec. 16. Minnesota Statutes 2016, section 16B.37, subdivision 4, is amended to read:

Subd. 4. **Work of department for another.** To avoid duplication and improve efficiency, the commissioner may direct an agency to do work for another agency or may direct a division or section of an agency to do work for another division or section within the same agency and shall require reimbursement for the work. Reimbursements received by an agency are reappropriated to the account making the original expenditure in accordance with the transfer ~~warrant~~ procedure established by the commissioner of management and budget.

Sec. 17. Minnesota Statutes 2016, section 16D.03, subdivision 2, is amended to read:

Subd. 2. **State agency reports.** State agencies shall report quarterly to the commissioner of management and budget the debts owed to them. The commissioner of management and budget, ~~in consultation with the commissioners of revenue and human services, and the attorney general,~~ shall establish internal guidelines for the recognition, tracking, and reporting, ~~and collection~~ of debts owed the state. The internal guidelines must include accounting standards, performance measurements, and uniform reporting requirements applicable to all state agencies. The commissioner of management and budget shall require a state agency to recognize, track, report, and attempt to collect debts according to the internal guidelines. The commissioner, in consultation with the commissioner of management and budget and the attorney general, shall establish internal guidelines for the collection of debt owed to the state.

Sec. 18. Minnesota Statutes 2016, section 16D.09, subdivision 1, is amended to read:

Subdivision 1. **Generally.** When a debt is determined by a state agency to be uncollectible, the debt may be written off by the state agency from the state agency's financial accounting records and no longer recognized as an account receivable for financial reporting purposes. A debt is considered to be uncollectible when (1) all reasonable collection efforts have been exhausted, (2) the cost of further collection action will exceed the amount recoverable, (3) the debt is legally without merit or cannot be substantiated by evidence, (4) the debtor cannot be located, (5) the available assets or income, current or anticipated, that may be available for payment of the debt are insufficient, (6) the debt has been discharged in bankruptcy, (7) the applicable statute of limitations for collection of the debt has expired, or (8) it is not in the public interest to pursue collection of the debt. ~~The determination of the uncollectibility of a~~ **Uncollectible** debt must be reported by the state agency ~~along with the basis for that decision~~ as part of its quarterly reports to the commissioner of management and budget. The basis for the determination of the uncollectibility of the debt must be maintained by the state agency. Determining that the debt is uncollectible does not cancel the legal obligation of the debtor to pay the debt.

Sec. 19. Minnesota Statutes 2016, section 21.116, is amended to read:

#### **21.116 EXPENSES.**

All necessary expenses incurred in carrying out the provisions of sections 21.111 to 21.122 and the compensation of officers, inspectors, and employees appointed, designated, or employed by the commissioner, as provided in such sections, together with their necessary traveling expenses, together with the traveling expenses of the members of the advisory seed potato certification committee, and other expenses necessary in attending committee meetings, shall be paid from, and only from, the seed potato inspection account, on order of the commissioner and commissioner of management and ~~budget's voucher warrant~~ budget.

Sec. 20. Minnesota Statutes 2016, section 43A.30, subdivision 2, is amended to read:

Subd. 2. **Payroll deduction.** If an eligible person who is on any payroll of the state or an eligible person's dependents is enrolled for any of the optional coverages made available by the commissioner pursuant to section 43A.26 the commissioner of management and budget, upon the person's written order, shall deduct from the salary or wages of the person those amounts required from time to time to maintain the optional coverages in force, and issue a ~~warrant~~ payment therefor to the appropriate carrier.

Sec. 21. Minnesota Statutes 2016, section 43A.49, is amended to read:

**43A.49 VOLUNTARY UNPAID LEAVE OF ABSENCE.**

(a) Appointing authorities in state government may allow each employee to take unpaid leaves of absence for up to 1,040 hours in each two-year period beginning July 1 of each odd-numbered year. Each appointing authority approving such a leave shall allow the employee to continue accruing vacation and sick leave, be eligible for paid holidays and insurance benefits, accrue seniority, and accrue service credit and credited salary in retirement plans as if the employee had actually been employed during the time of leave. An employee covered by the unclassified plan may voluntarily make the employee contributions to the unclassified plan during the leave of absence. If the employee makes these contributions, the appointing authority must make the employer contribution. If the leave of absence is for one full pay period or longer, any holiday pay shall be included in the first payroll ~~warrant~~ payment after return from the leave of absence. The appointing authority shall attempt to grant requests for the unpaid leaves of absence consistent with the need to continue efficient operation of the agency. However, each appointing authority shall retain discretion to grant or refuse to grant requests for leaves of absence and to schedule and cancel leaves, subject to the applicable provisions of collective bargaining agreements and compensation plans.

(b) To receive eligible service credit and credited salary in a defined benefit plan, the member shall pay an amount equal to the applicable employee contribution rates. If an employee pays the employee contribution for the period of the leave under this section, the appointing authority must pay the employer contribution. The appointing authority may, at its discretion, pay the employee contributions. Contributions must be made in a time and manner prescribed by the executive director of the applicable retirement system.

Sec. 22. Minnesota Statutes 2016, section 49.24, subdivision 13, is amended to read:

Subd. 13. **Disposition of unclaimed dividends.** Upon the liquidation of any financial institution liquidated by the commissioner as statutory liquidator, if any dividends or other moneys set apart for the payment of claims remain unpaid, and the places of residence of the owners thereof are unknown to the commissioner, the commissioner may pay same into the state treasury as hereinafter provided. Whenever the commissioner shall be satisfied that the process of liquidation should not be further continued the commissioner may make and certify triplicate lists of any such unclaimed dividends or other moneys, specifying the name of each owner, the amount due, and the last known address. Upon one of such lists, to be retained by the commissioner shall be endorsed the commissioner's order that such unclaimed moneys be forthwith deposited in the state treasury. When so deposited, one of said lists shall be delivered to the commissioner of management and budget and the commissioner shall retain in the commissioner's office such records and proofs concerning said claims as the commissioner may have, which shall thereafter remain on file in the office. The commissioner of management and budget shall execute upon the list retained by the commissioner a receipt for such money, which shall operate as a full discharge of the commissioner on account of such claims. At any time within six years after such receipt, but not afterward, the claimant may apply to the commissioner for the amount so deposited for the claimant's benefit, and upon proof satisfactory to the governor, the attorney general and the commissioner, or to a majority of them, they shall give an order to the commissioner of management and budget to issue a ~~warrant~~ payment for such amount, and such ~~warrant~~ payment shall thereupon be issued. If no such claim be presented within six years, the commissioner shall so note upon the commissioner's copy of said list and certify the fact to the commissioner of management and budget who shall make like entries upon the commissioner of management and budget's corresponding lists; and all further claims to said money shall be barred. Provided, that the commissioner of management and budget shall transfer to the commissioner of commerce's liquidation fund created by this section not to exceed 50 percent of the amount so turned over by the commissioner, to be used to partially defray expenses in connection with the liquidation of closed banks and the conduct of the liquidation division, in such amounts and at such times as the commissioner shall request.

There is hereby appropriated to the persons entitled to such amounts, from such moneys in the state treasury not otherwise appropriated, an amount sufficient to make such payment.

Sec. 23. Minnesota Statutes 2016, section 49.24, subdivision 16, is amended to read:

Subd. 16. **Transfers to liquidation fund.** The following moneys shall be transferred to and deposited in the commissioner of commerce's liquidation fund:

(1) All moneys paid to the commissioner of management and budget by the commissioner out of funds of any financial institution in the commissioner's hands as reimbursement for services and expenses pursuant to the provisions of subdivision 7.

(2) All moneys in the possession of the commissioner set aside for the purpose of meeting unforeseen and contingent expenses incident to the liquidation of closed financial institutions, which funds have been or shall be hereafter established by withholding portions of final liquidating dividends in such cases.

(3) All moneys which the commissioner shall request the commissioner of management and budget to transfer to such fund pursuant to the provisions of subdivision 13.

(4) All moneys in the possession of the commissioner now carried on the commissioner's books in "stamp account," "suspense account," and "unclaimed deposit account."

(5) All moneys in the possession of the commissioner which the commissioner may be authorized by order of any district court having jurisdiction of any liquidation proceedings to transfer to such fund, or to use for any of the purposes for which the fund is established.

(6) All moneys in the possession of the commissioner carried on the commissioner's books in the "unclaimed bonds account." At any time within six years after any bond the proceeds of the sale of which constitute a portion of the moneys in this paragraph referred to came into the possession of the commissioner as liquidator of any financial institution, any claimant thereto may apply to the commissioner for the proceeds of the sale of such bond, and, upon proof satisfactory to the governor, the attorney general, and the commissioner, or a majority of them, they shall give an order to the commissioner of management and budget to issue a ~~warrant~~ payment for such amount, without interest, and such ~~warrant~~ payment shall thereupon be issued and the amount thereof paid out of the commissioner of commerce's liquidation fund. If no such claim be presented within such period, all further claims to the proceeds of any such bond shall be barred.

(7) All sums which the commissioner may receive from the sale of personal property of liquidated financial institutions where the final dividend has been paid and no disposition of said property made by any order of the court, and the proceeds of sales of any personal property used by the liquidation division which have been purchased with funds of financial institutions in liquidation.

Sec. 24. Minnesota Statutes 2016, section 69.031, subdivision 1, is amended to read:

Subdivision 1. **Commissioner's ~~warrant~~ payment.** (a) The commissioner of management and budget shall issue to the Public Employees Retirement Association on behalf of a municipality or independent nonprofit firefighting corporation that is a member of the voluntary statewide lump-sum volunteer firefighter retirement plan under chapter 353G, to the Department of Natural Resources, the Department of Public Safety, or the county, municipality, or independent nonprofit firefighting corporation certified to the commissioner of management and budget by the commissioner a ~~warrant~~ payment for an amount equal to the amount of fire state aid or police state aid, whichever applies, certified for the applicable state aid recipient by the commissioner under section 69.021.

(b) Fire state aid and police state aid is payable on October 1 annually. The amount of state aid due and not paid by October 1 accrues interest payable to the state aid recipient at the rate of one percent for each month or part of a month that the amount remains unpaid after October 1.

Sec. 25. Minnesota Statutes 2016, section 80A.65, subdivision 9, is amended to read:

Subd. 9. **Generally.** No filing for which a fee is required shall be deemed to be filed or given any effect until the proper fee is paid. All fees and charges collected by the administrator shall be covered into the state treasury. When any person is entitled to a refund under this section, the administrator shall certify to the commissioner of management and budget the amount of the fee to be refunded to the applicant, and the commissioner of management and budget shall issue a ~~warrant in~~ payment thereof out of the fund to which such fee was credited in the manner provided by law. There is hereby appropriated to the person entitled to such refunds from the fund in the state treasury to which such fees were credited an amount to make such refunds and payments.

Sec. 26. Minnesota Statutes 2016, section 84A.23, subdivision 4, is amended to read:

Subd. 4. **Drainage ditch bonds; reports.** (a) Immediately after a project is approved and accepted and then after each distribution of the tax collections on the June and November tax settlements, the county auditor shall certify to the commissioner of management and budget the following information relating to bonds issued to finance or refinance public drainage ditches wholly or partly within the projects, and the collection of assessments levied on account of the ditches:

(1) the amount of principal and interest to become due on the bonds before the next tax settlement and distribution;

(2) the amount of money collected from the drainage assessments and credited to the funds of the ditches; and

(3) the amount of the deficit in the ditch fund of the county chargeable to the ditches.

(b) On approving the certificate, the commissioner of management and budget shall ~~draw a warrant~~ issue a payment, payable out of the fund pertaining to the project, for the amount of the deficit in favor of the county.

(c) As to public drainage ditches wholly within a project, the amount of money paid to or for the benefit of the county under paragraph (b) must never exceed the principal and interest of the bonds issued to finance or refinance the ditches outstanding at the time of the passage and approval of sections 84A.20 to 84A.30, less money on hand in the county ditch fund to the credit of the ditches. The liabilities must be reduced from time to time by the amount of all payments of assessments after April 25, 1931, made by the owners of lands assessed before that date for benefits on account of the ditches.

(d) As to public drainage ditches partly within and partly outside a project, the amount paid from the fund pertaining to the project to or for the benefit of the county must never exceed a certain percentage of bonds issued to finance and refinance the ditches so outstanding, less money on hand in the county ditch fund to the credit of the ditches on April 25, 1931. The percentage must bear the same proportion to the whole amount of these bonds as the original benefits assessed against lands within the project bear to the original total benefits assessed to the entire system of the ditches. This liability shall be reduced from time to time by the payments of all assessments extended after April 25, 1931, made by the owners of lands within the project of assessments for benefits assessed before that date on account of a ditch.

(e) The commissioner of management and budget may provide and prescribe forms for reports required by sections 84A.20 to 84A.30 and require any additional information from county officials that the commissioner of management and budget considers necessary for the proper administration of sections 84A.20 to 84A.30.

Sec. 27. Minnesota Statutes 2016, section 84A.33, subdivision 4, is amended to read:

Subd. 4. **Ditch bonds; funds; payments to counties.** (a) Upon the approval and acceptance of a project and after each distribution of the tax collections for the June and November tax settlements, the county auditor shall certify to the commissioner of management and budget the following information about bonds issued to finance or refinance public drainage ditches wholly or partly within the projects, and the collection of assessments levied for the ditches:

(1) the amount of principal and interest to become due on the bonds before the next tax settlement and distribution;

(2) the amount of money collected from the drainage assessments and credited to the funds of the ditches, not already sent to the commissioner of management and budget as provided in sections 84A.31 to 84A.42; and

(3) the amount of the deficit in the ditch fund of the county chargeable to the ditches.

(b) On approving this certificate of the county auditor, the commissioner of management and budget shall ~~draw a warrant~~ issue a payment, payable out of the fund provided for in sections 84A.31 to 84A.42, and send it to the county treasurer of the county. These funds must be credited to the proper ditch of the county and placed in the ditch bond fund of the county, which is created, and used only to pay the ditch bonded indebtedness of the county assumed by the state under sections 84A.31 to 84A.42. The total amount of ~~warrants drawn~~ payments issued must not exceed in any one year the total amount of the deficit provided for under this section.

(c) The state is subrogated to all title, right, interest, or lien of the county in or on the lands so certified within these projects.

(d) As to public drainage ditches wholly within a project, the amount paid to, or for the benefit of, the county under this subdivision must never exceed the principal and interest of the bonds issued to finance or refinance a ditch outstanding on April 22, 1933, less money on hand in the county ditch fund to the credit of a ditch. These liabilities must be reduced from time to time by the amount of any payments of assessments extended after April 22, 1933, made by the owners of lands assessed before that date for benefits on account of the ditches.

As to public drainage ditches partly within and partly outside a project the amount paid from the fund pertaining to the project to or for the benefit of the county must never exceed a certain percentage of bonds issued to finance and refinance a ditch so outstanding, less money on hand in the county ditch fund to the credit of a ditch on April 22, 1932. The percentage must bear the same proportion to the whole amount of the bonds as the original benefits assessed against these lands within the project bear to the original total benefits assessed to the entire system for a ditch. This liability must be reduced from time to time by the payments of all assessments extended after April 22, 1933, made by the owners of lands within the project of assessments for benefits assessed before that date on account of a ditch.

Sec. 28. Minnesota Statutes 2016, section 84A.40, is amended to read:

**84A.40 COUNTY MAY ASSUME BONDS.**

Any county where a project or portion of it is located may voluntarily assume, in the manner specified in this section, the obligation to pay a portion of the principal and interest of the bonds issued before the approval and acceptance of the project and remaining unpaid at maturity, of any school district or town in the county and wholly or partly within the project. The portion must bear the same proportion to the whole of the unpaid principal and interest as the last net tax capacity, before the acceptance of the project, of lands then acquired by the state under sections 84A.31 to 84A.42 in the school districts or towns bears to the total net tax capacity for the same year of the

school district or town. This assumption must be evidenced by a resolution of the county board of the county. A copy of the resolution must be certified to the commissioner of management and budget within one year after the acceptance of the project.

Later, if any of the bonds remains unpaid at maturity, the county board shall, upon demand of the governing body of the school district or town or of a bondholder, provide for the payment of the portion assumed. The county shall levy general taxes on all the taxable property of the county for that purpose, or issue its bonds to raise the sum needed, conforming to law respecting the issuance of county refunding bonds. The proceeds of taxes or bonds must be paid by the county treasurer to the treasurer of the school district or town. No payments shall be made by the county to the school district or town until the money in the treasury of the school district or town, together with the money to be paid by the county, is sufficient to pay in full each of the bonds as it becomes due.

If a county fails to adopt and certify the resolution, the commissioner of management and budget shall withhold from the payments to be made to the county under section 84A.32 a sum equal to that portion of the principal and interest of the outstanding bonds that bears the same proportion to the whole of the bonds as the above determined net tax capacity of lands acquired by the state within the project bears to the total net tax capacity for the same year of the school district or town. Money withheld from the county must be set aside in the state treasury and not paid to the county until the full principal and interest of the school district and town bonds have been paid.

If any bonds remain unpaid at maturity, upon the demand of the governing body of the school district or town, or a bondholder, the commissioner of management and budget shall issue to the treasurer of the school district or town a ~~warrant payment~~ for that portion of the past due principal and interest computed as in the case of the county's liability authorized in this section to be voluntarily assumed. Money received by a school district or town under this section must be applied to the payment of past-due bonds and interest.

Sec. 29. Minnesota Statutes 2016, section 84A.52, is amended to read:

**84A.52 ACCOUNTS; EXAMINATION, APPROPRIATION, PAYMENT.**

As a part of the examination provided for by section 6.481, of the accounts of the several counties within a game preserve, area, or project established under section 84A.01, 84A.20, or 84A.31, the state auditor shall segregate the audit of the accounts reflecting the receipt and disbursement of money collected or disbursed under this chapter or from the sale of tax-forfeited lands held by the state under section 84A.07, 84A.26, or 84A.36. The auditor shall also include in the reports required by section 6.481 summary statements as of December 31 before the examination that set forth the proportionate amount of principal and interest due from the state to the individual county and any money due the state from the county remaining unpaid under this chapter, or from the sale of any tax-forfeited lands referred to in this section, and other information required by the commissioner of management and budget. On receiving a report, the commissioner of management and budget shall determine the net amount due to the county for the period covered by the report and shall ~~draw a warrant~~ issue a payment upon the state treasury payable out of the consolidated fund for that amount. It must be paid to and received by the county as payment in full of all amounts due for the period stated on the ~~warrants~~ payments from the state under any provision of this chapter.

Money to ~~pay the warrants~~ make the payments is appropriated to the counties entitled to payment from the consolidated fund in the state treasury.

Sec. 30. Minnesota Statutes 2016, section 88.12, subdivision 1, is amended to read:

Subdivision 1. **Limitation.** The compensation and expenses of persons temporarily employed in emergencies in suppression or control of wildfires shall be fixed by the commissioner of natural resources or an authorized agent and paid as provided by law. Such compensation shall not exceed the maximum rate for comparable labor established as provided by law or rules, but shall not be subject to any minimum rate so established. The

commissioner is authorized to draw and expend from money appropriated for the purposes of sections 88.03 to 88.22 a reasonable sum and through forest officers or other authorized agent be used in paying emergency expenses, including just compensation for services rendered by persons summoned and for private property used, damaged, or appropriated under sections 88.03 to 88.22. The commissioner of management and budget is authorized to ~~draw a warrant~~ issue a payment for this sum when duly approved by the commissioner. The commissioner or agent in charge shall take proper subvouchers or receipts from all persons to whom these moneys are paid, and after these subvouchers have been approved they shall be filed with the commissioner of management and budget. Authorized funds as herein provided at any time shall be deposited, subject to withdrawal or disbursement by check or otherwise for the purposes herein prescribed, in a bank authorized and bonded to receive state deposits; and the bond of this bank to the state shall cover and include this deposit.

Sec. 31. Minnesota Statutes 2016, section 94.522, is amended to read:

**94.522 TRANSMISSION OF ~~WARRANTS~~ PAYMENTS TO COUNTY TREASURERS; USE OF PROCEEDS.**

It shall be the duty of the commissioner of management and budget to transmit ~~warrants on~~ payments from the state treasury to the county treasurer of the respective counties for the sums that may be due in accordance with section 94.521, which sums are hereby appropriated out of the state treasury from the amounts received from the United States government pursuant to the aforesaid acts of Congress, and such money shall be used by the counties receiving the same for the purposes and in the proportions herein provided.

Sec. 32. Minnesota Statutes 2016, section 94.53, is amended to read:

**94.53 ~~WARRANT~~ PAYMENT TO COUNTY TREASURERS; FEDERAL LOANS TO COUNTIES.**

It shall be the duty of the commissioner of management and budget to transmit ~~warrants on~~ payments from the state treasury to the county treasurers of the respective counties for the sum that may be due in accordance with sections 94.52 to 94.54, which sum or sums are hereby appropriated out of the state treasury from the amounts received from the United States government pursuant to the aforesaid act of Congress. The commissioner of management and budget, upon being notified by the federal government or any agencies thereof that a loan has been made to any such county the repayment of which is to be made from such fund, is authorized to transmit a ~~warrant or warrants~~ payment to the federal government or any agency thereof sufficient to repay such loan out of any money apportioned or due to such county under the provisions of such act of Congress, approved May 23, 1908 (Statutes at Large, volume 35, page 260).

Sec. 33. Minnesota Statutes 2016, section 116J.64, subdivision 7, is amended to read:

Subd. 7. **Processing.** (a) An Indian desiring a loan for the purpose of starting a business enterprise or expanding an existing business shall make application to the appropriate tribal government. The application shall be forwarded to the appropriate eligible organization, if it is participating in the program, for consideration in conformity with the plans submitted by said tribal governments. The tribal government may approve the application if it determines that the loan would advance the goals of the Indian business loan program. If the tribal government is not participating in the program, the agency may directly approve or deny the loan application.

(b) If the application is approved, the tribal government shall forward the application, together with all relevant documents pertinent thereto, to the commissioner of the agency, who shall ~~cause a warrant~~ request a payment to be ~~drawn in favor of~~ issued to the applicant or the applicable tribal government, ~~or the agency,~~ if it is administering the loan, with appropriate notations identifying the borrower.



(c) The tribal government, eligible organization, or the agency, if it is administering the loan, shall maintain records of transactions for each borrower in a manner consistent with good accounting practice. The interest rate on a loan shall be established by the tribal government or the agency, but may be no less than two percent per annum nor more than ten percent per annum. When any portion of a debt is repaid, the tribal government, eligible organization, or the agency, if it is administering the loan, shall remit the amount so received plus interest paid thereon to the commissioner of management and budget through the agency. The amount so received shall be credited to the Indian business loan account.

(d) On the placing of a loan, additional money equal to ten percent of the total amount made available to any tribal government, eligible organization, or the agency, if it is administering the loan, for loans during the fiscal year shall be paid to the tribal government, eligible organization, or the agency, prior to December 31 for the purpose of financing administrative costs.

Sec. 34. Minnesota Statutes 2016, section 126C.55, subdivision 2, is amended to read:

Subd. 2. **Notifications; payment; appropriation.** (a) If a school district or intermediate school district believes that it may be unable to make a principal or interest payment on any outstanding debt obligation on the date that payment is due, it must notify the commissioner as soon as possible, but not less than 15 working days before the date that principal or interest payment is due. The notice must include the name of the school district or intermediate school district, an identification of the debt obligation issue in question, the date the payment is due, the amount of principal and interest due on the payment date, the amount of principal or interest that the school district or intermediate school district will be unable to repay on that date, the paying agent for the debt obligation, the wire transfer instructions to transfer funds to that paying agent, and an indication as to whether a payment is being requested by the school district or intermediate school district under this section. If a paying agent becomes aware of a potential default, it shall inform the commissioner of that fact. After receipt of a notice which requests a payment under this section, after consultation with the school district or intermediate school district and the paying agent, and after verification of the accuracy of the information provided, the commissioner shall notify the commissioner of management and budget of the potential default. The notice must include a final figure as to the amount due that the school district or intermediate school district will be unable to repay on the date due.

(b) Except as provided in subdivision 9, upon receipt of this notice from the commissioner, the commissioner of management and budget shall issue a ~~warrant~~ payment and authorize the commissioner of education to pay to the paying agent for the debt obligation the specified amount on or before the date due. The amounts needed for the purposes of this subdivision are annually appropriated to the department from the state general fund.

(c) The Departments of Education and Management and Budget must jointly develop detailed procedures for school districts and intermediate school districts to notify the state that they have obligated themselves to be bound by the provisions of this section, procedures for school districts or intermediate school districts and paying agents to notify the state of potential defaults and to request state payment under this section, and procedures for the state to expedite payments to prevent defaults. The procedures are not subject to chapter 14.

Sec. 35. Minnesota Statutes 2016, section 126C.55, subdivision 9, is amended to read:

Subd. 9. **State bond rating.** If the commissioner of management and budget determines that the credit rating of the state would be adversely affected thereby, the commissioner of management and budget shall not issue ~~warrants~~ payments under subdivision 2 for the payment of principal or interest on any debt obligations for which a district did not, prior to their issuance, obligate itself to be bound by the provisions of this section.

Sec. 36. Minnesota Statutes 2016, section 126C.68, subdivision 3, is amended to read:

Subd. 3. **Warrant Payment.** The commissioner shall issue to each district whose note has been so received a warrant payment on the debt service loan account of the maximum effort school loan fund, payable on presentation to the commissioner of management and budget out of any money in such account. The warrant payment shall be issued by the commissioner in sufficient time to coincide with the next date on which the district is obligated to make principal or interest payments on its bonded debt in the ensuing year. Interest must accrue from the date such warrant payment is issued. The proceeds thereof must be used by the district to pay principal or interest on its bonded debt falling due in the ensuing year.

Sec. 37. Minnesota Statutes 2016, section 126C.69, subdivision 14, is amended to read:

Subd. 14. **Participation by county auditor; record of contract; payment of loan.** The district must file a copy of the capital loan contract with the county auditor of each county in which any part of the district is situated. The county auditor shall enter the capital loan, evidenced by the contract, in the auditor's bond register. The commissioner shall keep a record of each capital loan and contract showing the name and address of the district, the date of the contract, and the amount of the loan initially approved. On receipt of the resolution required in subdivision 12, the commissioner shall issue warrants payments, which may be dispersed in accordance with the schedule in the contract, on the capital loan account for the amount that may be disbursed under subdivision 1. Interest on each disbursement of the capital loan amount accrues from the date on which the commissioner of management and budget issues the warrant payment.

Sec. 38. Minnesota Statutes 2016, section 127A.34, subdivision 1, is amended to read:

Subdivision 1. **Copy to commissioner of management and budget; appropriation.** The commissioner shall furnish a copy of the apportionment of the school endowment fund to the commissioner of management and budget, who thereupon shall draw warrants on issue payments from the state treasury, payable to the several districts, for the amount due each district. There is hereby annually appropriated from the school endowment fund the amount of such apportionments.

Sec. 39. Minnesota Statutes 2016, section 127A.40, is amended to read:

#### **127A.40 MANNER OF PAYMENT OF STATE AIDS.**

It shall be the duty of the commissioner to deliver to the commissioner of management and budget a certificate for each district entitled to receive state aid under the provisions of this chapter. Upon the receipt of such certificate, it shall be the duty of the commissioner of management and budget to draw a warrant in favor of issue a payment to the district for the amount shown by each certificate to be due to the district. The commissioner of management and budget shall transmit such warrants payments to the district together with a copy of the certificate prepared by the commissioner.

Sec. 40. Minnesota Statutes 2016, section 136F.46, subdivision 1, is amended to read:

Subdivision 1. **Request; warrant payment.** The commissioner of management and budget, upon the written request of an employee of the board, may deduct from an employee's salary or wages the amount requested for payment to a nonprofit state college or university foundation meeting the requirements in subdivision 2. The commissioner shall issue a warrant payment for the deducted amount to the nonprofit foundation. The Penny Fellowship and the Nellie Stone Johnson Scholarship Program of the Minnesota State University Student Association shall be considered nonprofit state college and university foundations for purposes of this section.

Sec. 41. Minnesota Statutes 2016, section 136F.70, subdivision 3, is amended to read:

Subd. 3. **Refunds.** The board may make refunds to students for tuition, activity fees, union fees, and any other fees from imprest cash funds. The imprest cash fund shall be reimbursed periodically by ~~checks or warrants drawn on payments issued from~~ the funds and accounts to which the refund should ultimately be charged. The amounts necessary to pay the refunds are appropriated from the funds and accounts to which they are charged.

Sec. 42. Minnesota Statutes 2016, section 162.08, subdivision 10, is amended to read:

Subd. 10. **Project approval, reports.** When the county board of any county determines to do any construction work on a county state-aid highway or other road eligible for the expenditure of state aid funds within the county, and desires to expend on such work a portion of the money apportioned or allocated to it out of the county state-aid highway fund, the county shall first obtain approval of the project by the commissioner. Thereafter the county engineer shall make such reports in such manner as the commissioner requires under rules of the commissioner. Upon receipt of satisfactory reports, the commissioner shall certify to the commissioner of management and budget the amount of money that is eligible to be paid from the county's apportionment or allocation for the work under contract or actually completed. The commissioner of management and budget shall thereupon issue a ~~warrant payment~~ in that amount payable to the county treasurer. In no event shall the ~~warrant payment~~ with all other ~~warrants payments~~ issued exceed the amount apportioned and allocated to the county.

Sec. 43. Minnesota Statutes 2016, section 162.08, subdivision 11, is amended to read:

Subd. 11. **Certification required to issue ~~warrants payment~~.** The commissioner of management and budget shall not issue any ~~warrants payments~~ without the certification of the commissioner.

Sec. 44. Minnesota Statutes 2016, section 162.14, subdivision 4, is amended to read:

Subd. 4. **Project approval and reports.** When the governing body of any such city determines to do any construction work on any municipal state-aid street or other streets within the city upon which money apportioned out of the municipal state-aid street fund may be used as provided in subdivision 2, the governing body shall first obtain the approval of the commissioner. Thereafter, the engineer of the city shall make reports in such manner as the commissioner requires in accordance with the commissioner's rules. Upon receipt of satisfactory reports the commissioner shall certify to the commissioner of management and budget the amount of money that is eligible to be paid from the city's apportionment for the work under contract or actually completed. The commissioner of management and budget shall thereupon issue a ~~warrant payment~~ in that amount payable to the fiscal officers of the city. In no event shall the ~~warrant payment~~ with all other ~~warrants payments~~ issued exceed the amount apportioned to the city.

Sec. 45. Minnesota Statutes 2016, section 162.14, subdivision 5, is amended to read:

Subd. 5. **Certification required to issue ~~warrant payment~~.** The commissioner of management and budget shall not issue any ~~warrants payments~~ as provided for in subdivision 4 without the prior certification of the commissioner.

Sec. 46. Minnesota Statutes 2016, section 162.18, subdivision 4, is amended to read:

Subd. 4. **Certification to commissioner of money required.** Any municipality issuing and selling bonds pursuant to this section shall certify to the commissioner the amount of money required annually for the payment of principal and interest on the obligation. Upon receipt thereof, the commissioner shall certify to the commissioner of management and budget the sum of money needed annually by the municipality for the principal and interest, provided that the amount certified by the commissioner shall not exceed the limit heretofore specified. The

commissioner of management and budget shall thereafter, until said bonds are retired, issue a ~~warrant~~ payment annually in the amount certified payable to the fiscal officer of the municipality, and the amount thereof shall be deposited by the fiscal officer in the sinking fund from which the obligations are payable.

Sec. 47. Minnesota Statutes 2016, section 162.181, subdivision 4, is amended to read:

Subd. 4. **Certification to commissioner of money required.** Any county issuing and selling bonds pursuant to this section shall certify to the commissioner the amount of money required annually for the payment of principal and interest on the obligation. Upon receipt thereof, the commissioner shall certify to the commissioner of management and budget the sum of money needed annually by the county for the principal and interest, provided that the amount certified by the commissioner shall not exceed the limit heretofore specified. The commissioner of management and budget shall thereafter, until said bonds are retired, issue a ~~warrant~~ payment annually in the amount certified payable to the county treasurer of the county, and the amount thereof shall be deposited by the county treasurer in the sinking fund from which the obligations are payable.

Sec. 48. Minnesota Statutes 2016, section 163.051, subdivision 3, is amended to read:

Subd. 3. **Distribution to county; appropriation.** On a monthly basis, the registrar of motor vehicles shall issue a ~~warrant~~ payment in favor of the treasurer of each county for which the registrar has collected a wheelage tax in the amount of such tax then on hand in the county wheelage tax account. There is hereby appropriated from the county wheelage tax account each year, to each county entitled to payments authorized by this section, sufficient moneys to make such payments.

Sec. 49. Minnesota Statutes 2016, section 176.181, subdivision 2, is amended to read:

Subd. 2. **Compulsory insurance; self-insurers.** (a) Every employer, except the state and its municipal subdivisions, liable under this chapter to pay compensation shall insure payment of compensation with some insurance carrier authorized to insure workers' compensation liability in this state, or obtain a written order from the commissioner of commerce exempting the employer from insuring liability for compensation and permitting self-insurance of the liability. The terms, conditions and requirements governing self-insurance shall be established by the commissioner pursuant to chapter 14. The commissioner of commerce shall also adopt, pursuant to paragraph (d), rules permitting two or more employers, whether or not they are in the same industry, to enter into agreements to pool their liabilities under this chapter for the purpose of qualifying as group self-insurers. With the approval of the commissioner of commerce, any employer may exclude medical, chiropractic and hospital benefits as required by this chapter. An employer conducting distinct operations at different locations may either insure or self-insure the other portion of operations as a distinct and separate risk. An employer desiring to be exempted from insuring liability for compensation shall make application to the commissioner of commerce, showing financial ability to pay the compensation, whereupon by written order the commissioner of commerce, on deeming it proper, may make an exemption. An employer may establish financial ability to pay compensation by providing financial statements of the employer to the commissioner of commerce. Upon ten days' written notice the commissioner of commerce may revoke the order granting an exemption, in which event the employer shall immediately insure the liability. As a condition for the granting of an exemption the commissioner of commerce may require the employer to furnish security the commissioner of commerce considers sufficient to insure payment of all claims under this chapter, consistent with subdivision 2b. If the required security is in the form of currency or negotiable bonds, the commissioner of commerce shall deposit it with the commissioner of management and budget. In the event of any default upon the part of a self-insurer to abide by any final order or decision of the commissioner of labor and industry directing and awarding payment of compensation and benefits to any employee or the dependents of any deceased employee, then upon at least ten days' notice to the self-insurer, the commissioner of commerce may by written order to the commissioner of management and budget require the commissioner of management and budget to sell the pledged and assigned securities or a part thereof necessary to pay the full amount of any such claim or award with interest thereon. This authority to sell may be exercised from time to time to satisfy any order or award

of the commissioner of labor and industry or any judgment obtained thereon. When securities are sold the money obtained shall be deposited in the state treasury to the credit of the commissioner of commerce and awards made against any such self-insurer by the commissioner of commerce shall be paid to the persons entitled thereto by the commissioner of management and budget upon ~~warrants prepared~~ payments requested by the commissioner of commerce out of the proceeds of the sale of securities. Where the security is in the form of a surety bond or personal guaranty the commissioner of commerce, at any time, upon at least ten days' notice and opportunity to be heard, may require the surety to pay the amount of the award, the payments to be enforced in like manner as the award may be enforced.

(b) No association, corporation, partnership, sole proprietorship, trust or other business entity shall provide services in the design, establishment or administration of a group self-insurance plan under rules adopted pursuant to this subdivision unless it is licensed, or exempt from licensure, pursuant to section 60A.23, subdivision 8, to do so by the commissioner of commerce. An applicant for a license shall state in writing the type of activities it seeks authorization to engage in and the type of services it seeks authorization to provide. The license shall be granted only when the commissioner of commerce is satisfied that the entity possesses the necessary organization, background, expertise, and financial integrity to supply the services sought to be offered. The commissioner of commerce may issue a license subject to restrictions or limitations, including restrictions or limitations on the type of services which may be supplied or the activities which may be engaged in. The license is for a two-year period.

(c) To assure that group self-insurance plans are financially solvent, administered in a fair and capable fashion, and able to process claims and pay benefits in a prompt, fair and equitable manner, entities licensed to engage in such business are subject to supervision and examination by the commissioner of commerce.

(d) To carry out the purposes of this subdivision, the commissioner of commerce may promulgate administrative rules pursuant to sections 14.001 to 14.69. These rules may:

- (1) establish reporting requirements for administrators of group self-insurance plans;
- (2) establish standards and guidelines consistent with subdivision 2b to assure the adequacy of the financing and administration of group self-insurance plans;
- (3) establish bonding requirements or other provisions assuring the financial integrity of entities administering group self-insurance plans;
- (4) establish standards, including but not limited to minimum terms of membership in self-insurance plans, as necessary to provide stability for those plans;
- (5) establish standards or guidelines governing the formation, operation, administration, and dissolution of self-insurance plans; and
- (6) establish other reasonable requirements to further the purposes of this subdivision.

Sec. 50. Minnesota Statutes 2016, section 176.581, is amended to read:

**176.581 PAYMENT TO STATE EMPLOYEES.**

Upon a ~~warrant request~~ prepared by the commissioner of administration, and in accordance with the terms of the order awarding compensation, the commissioner of management and budget shall pay compensation to the employee or the employee's dependent. These payments shall be made from money appropriated for this purpose.

Sec. 51. Minnesota Statutes 2016, section 176.591, subdivision 3, is amended to read:

Subd. 3. **Compensation payments upon ~~warrants~~ request.** The commissioner of management and budget shall make compensation payments from the fund only as authorized by this chapter upon ~~warrants~~ request of the commissioner of administration.

Sec. 52. Minnesota Statutes 2016, section 192.55, is amended to read:

**192.55 PAYMENTS TO BE MADE THROUGH ADJUTANT GENERAL.**

All pay and allowances and necessary expenses for any of the military forces shall, when approved by the adjutant general, be paid by the commissioner of management and ~~budget's warrants issued~~ budget to the several officers and enlisted members entitled thereto; provided, that upon the request of the adjutant general, approved by the governor, the sum required for any such pay or allowances and necessary expenses shall be paid by the commissioner of management and ~~budget's warrant~~ budget to the adjutant general, who shall immediately pay and distribute the same to the several officers or enlisted members entitled thereto or to their commanding officers or to a finance officer designated by the adjutant general. The receipt of any such commanding officer or finance officer for any such payment shall discharge the adjutant general from liability therefor. Every commanding officer or finance officer receiving any such payment shall, as soon as practicable, pay and distribute the same to the several officers or enlisted members entitled thereto. The officer making final payment shall, as evidence thereof, secure the signature of the person receiving the same upon a payroll or other proper voucher.

Sec. 53. Minnesota Statutes 2016, section 196.052, is amended to read:

**196.052 GIFT ACCEPTANCE AND INVESTMENT.**

On the behalf of the state, the commissioner may accept any gift, grant, bequest, or devise made for the purposes of this chapter and chapter 197. The commissioner must administer the funds as directed by the donor. All funds must be deposited in the state treasury and credited to the veterans affairs endowment, bequest, and devises fund. The balance of the fund is annually appropriated to the commissioner of veterans affairs to accomplish the purposes of this chapter and chapter 197. Funds received by the commissioner under this section in excess of current needs must be invested by the State Board of Investment in accordance with section 11A.24. Disbursements from this fund must be in the manner provided for the issuance of other state ~~warrants~~ payments. The commissioner may refuse to accept any gift, grant, bequest, or devise if acceptance would not be in the best interest of the state or Minnesota's veterans.

Sec. 54. Minnesota Statutes 2016, section 198.16, is amended to read:

**198.16 PLANNED GIVING.**

The commissioner is authorized to accept on behalf of the state any gift, grant, bequest, or devise made for the purposes of this chapter, and administer the same as directed by the donor. All proceeds therefrom including money derived from the sale of any real or personal property must be deposited in the state treasury, invested by the State Board of Investment in accordance with sections 11A.24 and 11A.25, and credited to the Minnesota veterans home endowment, bequest, and devises fund. That fund consists of separate accounts for investing general and restricted gifts, money, and donations received and for any currently expendable proceeds.

The commissioner shall maintain records of all gifts received, clearly showing the identity of the donor, the purpose of the donation, and the ultimate disposition of the donation. Each donation must be duly receipted and must be expended or used by the commissioner as nearly in accordance with the condition of the gift or donation as is compatible with the best interests of the residents of the homes. Money in the fund is appropriated to the commissioner for the purposes for which it was received. Disbursements from this fund shall be made in the manner provided for the issuance of other state ~~warrants~~ payments.

Whenever the commissioner shall deem it advisable, in accordance with law, to sell or otherwise dispose of any real or personal property thus acquired, the commissioner of administration upon the request of the commissioner shall sell or otherwise dispose of said property in the manner provided by law for the sale or disposition of other state property by the commissioner of administration.

Sec. 55. Minnesota Statutes 2016, section 237.30, is amended to read:

**237.30 TELEPHONE INVESTIGATION FUND; APPROPRIATION.**

A Minnesota Telephone Investigation Fund shall exist for the use of the Department of Commerce and of the attorney general in investigations, valuations, and revaluations under section 237.295. All sums paid by the telephone companies to reimburse the department for its expenses pursuant to section 237.295 shall be credited to the revolving fund and shall be deposited in a separate bank account and not commingled with any other state funds or moneys, but any balance in excess of \$25,000 in the revolving fund at the end of each fiscal year shall be paid into the state treasury and credited to the general fund. All subsequent credits to said revolving fund shall be paid ~~upon the warrant of~~ by the commissioner of management and budget upon application of the department or of the attorney general to an aggregate amount of not more than one-half of such sums to each of them, which proportion shall be constantly maintained in all credits and withdrawals from the revolving fund.

Sec. 56. Minnesota Statutes 2016, section 241.13, subdivision 1, is amended to read:

Subdivision 1. **Contingent account.** The commissioner of corrections may permit a contingent account to remain in the hands of the accounting officer of any such institution from which expenditures may be made in case of actual emergency requiring immediate payment to prevent loss or danger to the institution or its inmates and for the purpose of paying freight, purchasing produce, livestock and other commodities requiring a cash settlement, and for the purpose of discounting bills incurred, but in all cases subject to revision by the commissioner of corrections. An itemized statement of every expenditure made during the month from such account shall be submitted to the commissioner under rules established by the commissioner. If necessary, the commissioner shall make proper requisition upon the commissioner of management and budget for a ~~warrant~~ payment to secure the contingent account for each institution.

Sec. 57. Minnesota Statutes 2016, section 244.19, subdivision 7, is amended to read:

Subd. 7. **Certificate of counties entitled to state aid.** On or before January 1 of each year, until 1970 and on or before April 1 thereafter, the commissioner of corrections shall deliver to the commissioner of management and budget a certificate in duplicate for each county of the state entitled to receive state aid under the provisions of this section. Upon the receipt of such certificate, the commissioner of management and budget shall ~~draw a warrant in favor of~~ issue a payment to the county treasurer for the amount shown by each certificate to be due to the county specified. The commissioner of management and budget shall transmit such ~~warrant~~ payment to the county treasurer together with a copy of the certificate prepared by the commissioner of corrections.

Sec. 58. Minnesota Statutes 2016, section 256B.20, is amended to read:

**256B.20 COUNTY APPROPRIATIONS.**

The providing of funds necessary to carry out the provisions hereof on the part of the counties and the manner of administering the funds of the counties and the state shall be as follows:

(1) The board of county commissioners of each county shall annually set up in its budget an item designated as the county medical assistance fund and levy taxes and fix a rate therefor sufficient to produce the full amount of such item, in addition to all other tax levies and tax rate, however fixed or determined, sufficient to carry out the

provisions hereof and sufficient to pay in full the county share of assistance and administrative expense for the ensuing year; and annually on or before October 10 shall certify the same to the county auditor to be entered by the auditor on the tax rolls. Such tax levy and tax rate shall make proper allowance and provision for shortage in tax collections.

(2) Any county may transfer surplus funds from any county fund, except the sinking or ditch fund, to the general fund or to the county medical assistance fund in order to provide money necessary to pay medical assistance awarded hereunder. The money so transferred shall be used for no other purpose, but any portion thereof no longer needed for such purpose shall be transferred back to the fund from which taken.

(3) Upon the order of the county agency the county auditor shall draw a warrant on the proper fund in accordance with the order, and the county treasurer shall pay out the amounts ordered to be paid out as medical assistance hereunder. When necessary by reason of failure to levy sufficient taxes for the payment of the medical assistance in the county, the county auditor shall carry any such payments as an overdraft on the medical assistance funds of the county until sufficient tax funds shall be provided for such assistance payments. The board of county commissioners shall include in the tax levy and tax rate in the year following the year in which such overdraft occurred, an amount sufficient to liquidate such overdraft in full.

(4) Claims for reimbursement and reports shall be presented to the state agency by the respective counties as required under section 256.01, subdivision 2, paragraph (p). The state agency shall audit such claims and certify to the commissioner of management and budget the amounts due the respective counties without delay. The amounts so certified shall be paid within ten days after such certification, from the state treasury upon ~~warrant payment~~ of the commissioner of management and budget from any money available therefor. The money available to the state agency to carry out the provisions hereof, including all federal funds available to the state, shall be kept and deposited by the commissioner of management and budget in the revenue fund and disbursed ~~upon warrants~~ in the same manner as other state funds.

Sec. 59. Minnesota Statutes 2016, section 260B.331, subdivision 2, is amended to read:

Subd. 2. **Cost of group foster care.** Whenever a child is placed in a group foster care facility as provided in section 260B.198, subdivision 1, clause (2) or (3), item (v), the cost of providing the care shall, upon certification by the juvenile court, be paid from the welfare fund of the county in which the proceedings were held. To reimburse the counties for the costs of providing group foster care for delinquent children and to promote the establishment of suitable group foster homes, the state shall quarterly, from funds appropriated for that purpose, reimburse counties 50 percent of the costs not paid by federal and other available state aids and grants. Reimbursement shall be prorated if the appropriation is insufficient.

The commissioner of corrections shall establish procedures for reimbursement and certify to the commissioner of management and budget each county entitled to receive state aid under the provisions of this subdivision. Upon receipt of a certificate the commissioner of management and budget shall issue a state ~~warrant payment~~ to the county treasurer for the amount due, together with a copy of the certificate prepared by the commissioner of corrections.

Sec. 60. Minnesota Statutes 2016, section 260C.331, subdivision 2, is amended to read:

Subd. 2. **Cost of group foster care.** Whenever a child is placed in a group foster care facility as provided in section 260C.201, subdivision 1, paragraph (b), clause (2) or (3), the cost of providing the care shall, upon certification by the juvenile court, be paid from the welfare fund of the county in which the proceedings were held. To reimburse the counties for the costs of promoting the establishment of suitable group foster homes, the state shall quarterly, from funds appropriated for that purpose, reimburse counties 50 percent of the costs not paid by federal and other available state aids and grants. Reimbursement shall be prorated if the appropriation is insufficient.



The commissioner of corrections shall establish procedures for reimbursement and certify to the commissioner of management and budget each county entitled to receive state aid under the provisions of this subdivision. Upon receipt of a certificate the commissioner of management and budget shall issue a state ~~warrant~~ payment to the county treasurer for the amount due, together with a copy of the certificate prepared by the commissioner of corrections.

Sec. 61. Minnesota Statutes 2016, section 273.121, subdivision 1, is amended to read:

Subdivision 1. **Notice.** Any county assessor or city assessor having the powers of a county assessor, valuing or classifying taxable real property shall in each year notify those persons whose property is to be included on the assessment roll that year if the person's address is known to the assessor, otherwise the occupant of the property. The notice shall be in writing and shall be sent by ordinary mail at least ten days before the meeting of the local board of appeal and equalization under section 274.01 or the review process established under section 274.13, subdivision 1c. Upon written request by the owner of the property, the assessor may send the notice in electronic form or by electronic mail instead of on paper or by ordinary mail. It shall contain: (1) the market value for the current and prior assessment, (2) the qualifying amount of any improvements under section 273.11, subdivision 16, for the current assessment, (3) the market value subject to taxation after subtracting the amount of any qualifying improvements for the current assessment, (4) the classification of the property for the current and prior assessment, (5) the assessor's office address, and (6) the dates, places, and times set for the meetings of the local board of appeal and equalization, the review process established under section 274.13, subdivision 1c, and the county board of appeal and equalization. If the classification of the property has changed between the current and prior assessments, a specific note to that effect shall be prominently listed on the statement. The commissioner of revenue shall specify the form of the notice. The assessor shall attach to the assessment roll a statement that the notices required by this section have been mailed. Any assessor who is not provided sufficient funds from the assessor's governing body to provide such notices, may make application to the commissioner of revenue to finance such notices. The commissioner of revenue shall conduct an investigation and, if satisfied that the assessor does not have the necessary funds, issue a certification to the commissioner of management and budget of the amount necessary to provide such notices. The commissioner of management and budget shall issue a ~~warrant~~ payment for such amount and shall deduct such amount from any state payment to such county or municipality. The necessary funds to make such payments are hereby appropriated. Failure to receive the notice shall in no way affect the validity of the assessment, the resulting tax, the procedures of any board of review or equalization, or the enforcement of delinquent taxes by statutory means.

Sec. 62. Minnesota Statutes 2016, section 287.08, is amended to read:

#### **287.08 TAX, HOW PAYABLE; RECEIPTS.**

(a) The tax imposed by sections 287.01 to 287.12 must be paid to the treasurer of any county in this state in which the real property or some part is located at or before the time of filing the mortgage for record. The treasurer shall endorse receipt on the mortgage and the receipt is conclusive proof that the tax has been paid in the amount stated and authorizes any county recorder or registrar of titles to record the mortgage. Its form, in substance, shall be "registration tax hereon of ..... dollars paid." If the mortgage is exempt from taxation the endorsement shall, in substance, be "exempt from registration tax." In either case the receipt must be signed by the treasurer. In case the treasurer is unable to determine whether a claim of exemption should be allowed, the tax must be paid as in the case of a taxable mortgage. For documents submitted electronically, the endorsements and tax amount shall be affixed electronically and no signature by the treasurer will be required. The actual payment method must be arranged in advance between the submitter and the receiving county.

(b) The county treasurer may refund in whole or in part any mortgage registry tax overpayment if a written application by the taxpayer is submitted to the county treasurer within 3-1/2 years from the date of the overpayment. If the county has not issued a denial of the application, the taxpayer may bring an action in Tax Court in the county

in which the tax was paid at any time after the expiration of six months from the time that the application was submitted. A denial of refund may be appealed within 60 days from the date of the denial by bringing an action in Tax Court in the county in which the tax was paid. The action is commenced by the serving of a petition for relief on the county treasurer, and by filing a copy with the court. The county attorney shall defend the action. The county treasurer shall notify the treasurer of each county that has or would receive a portion of the tax as paid.

(c) If the county treasurer determines a refund should be paid, or if a refund is ordered by the court, the county treasurer of each county that actually received a portion of the tax shall immediately pay a proportionate share of three percent of the refund using any available county funds. The county treasurer of each county that received, or would have received, a portion of the tax shall also pay their county's proportionate share of the remaining 97 percent of the court-ordered refund on or before the 20th day of the following month using solely the mortgage registry tax funds that would be paid to the commissioner of revenue on that date under section 287.12. If the funds on hand under this procedure are insufficient to fully fund 97 percent of the court-ordered refund, the county treasurer of the county in which the action was brought shall file a claim with the commissioner of revenue under section 16A.48 for the remaining portion of 97 percent of the refund, and shall pay over the remaining portion upon receipt of a ~~warrant~~ payment from the state issued pursuant to the claim.

(d) When any mortgage covers real property located in more than one county in this state the total tax must be paid to the treasurer of the county where the mortgage is first presented for recording, and the payment must be receipted as provided in paragraph (a). If the principal debt or obligation secured by such a multiple county mortgage exceeds \$10,000,000, the nonstate portion of the tax must be divided and paid over by the county treasurer receiving it, on or before the 20th day of each month after receipt, to the county or counties entitled in the ratio that the estimated market value of the real property covered by the mortgage in each county bears to the estimated market value of all the real property in this state described in the mortgage. In making the division and payment the county treasurer shall send a statement giving the description of the real property described in the mortgage and the estimated market value of the part located in each county. For this purpose, the treasurer of any county may require the treasurer of any other county to certify to the former the estimated market value of any tract of real property in any mortgage.

(e) The mortgagor must pay the tax imposed by sections 287.01 to 287.12. The mortgagee may undertake to collect and remit the tax on behalf of the mortgagor. If the mortgagee collects money from the mortgagor to remit the tax on behalf of the mortgagor, the mortgagee has a fiduciary duty to remit the tax on behalf of the mortgagor as to the amount of the tax collected for that purpose and the mortgagor is relieved of any further obligation to pay the tax as to the amount collected by the mortgagee for this purpose.

Sec. 63. Minnesota Statutes 2016, section 297I.10, subdivision 1, is amended to read:

Subdivision 1. **Cities of the first class.** (a) The commissioner shall order and direct a surcharge to be collected of two percent of the fire, lightning, and sprinkler leakage gross premiums, less return premiums, on all direct business received by any licensed foreign or domestic fire insurance company on property in a city of the first class, or by its agents for it, in cash or otherwise.

(b) By July 31 and December 31 of each year, the commissioner of management and budget shall ~~pay~~ issue to each city of the first class a ~~warrant~~ payment for an amount equal to the total amount of the surcharge on the premiums collected within that city since the previous payment.

(c) The treasurer of the city shall place the money received under this subdivision in a special account or fund to defray all or a portion of the employer contribution requirement of public employees police and fire plan coverage for city firefighters.

Sec. 64. Minnesota Statutes 2016, section 299C.21, is amended to read:

**299C.21 PENALTY ON LOCAL OFFICER REFUSING INFORMATION.**

If any public official charged with the duty of furnishing to the bureau fingerprint records, biological specimens, reports, or other information required by sections 299C.06, 299C.10, 299C.105, 299C.11, 299C.17, shall neglect or refuse to comply with such requirement, the bureau, in writing, shall notify the state, county, or city officer charged with the issuance of a ~~warrant for~~ the payment of the salary of such official. Upon the receipt of the notice the state, county, or city official shall withhold the issuance of a ~~warrant for~~ the payment of the salary or other compensation accruing to such officer for the period of 30 days thereafter until notified by the bureau that such suspension has been released by the performance of the required duty.

Sec. 65. Minnesota Statutes 2016, section 348.05, is amended to read:

**348.05 COMMISSIONER OF MANAGEMENT AND BUDGET TO ISSUE WARRANT PAYMENT.**

The commissioner of management and budget shall audit all such claims, and, on the first Monday of October, in each year, shall issue a ~~warrant payment~~ to the several claimants for the amount to which each is entitled; but, if the aggregate of compensation due to all such claimants shall exceed the appropriation therefor, the commissioner shall distribute the available amount amongst them pro rata, which distribution shall relieve the state from further obligation to such claimants for the year.

Sec. 66. Minnesota Statutes 2016, section 352.04, subdivision 9, is amended to read:

Subd. 9. **Erroneous deductions, canceled ~~warrants payments~~.** (a) Deductions taken from the salary of an employee for the retirement fund in excess of required amounts must, upon discovery and verification by the department making the deduction, be refunded to the employee.

(b) If a deduction for the retirement fund is taken from a salary ~~warrant or check payment~~, and the ~~check payment~~ is canceled or the amount of the ~~warrant or check payment~~ returned to the funds of the department making the payment, the sum deducted, or the part of it required to adjust the deductions, must be refunded to the department or institution if the department applies for the refund on a form furnished by the director. The department's payments must likewise be refunded to the department.

(c) If erroneous employee deductions and employer contributions are caused by an error in plan coverage involving the plan and any other plans specified in section 356.99, that section applies. If the employee should have been covered by the plan governed by chapter 352D, 353D, 354B, or 354D, the employee deductions and employer contributions taken in error must be directly transferred to the applicable employee's account in the correct retirement plan, with interest at the rate of 0.71 percent per month until June 30, 2015, and 0.667 percent per month thereafter, compounded annually, from the first day of the month following the month in which coverage should have commenced in the correct defined contribution plan until the end of the month in which the transfer occurs.

Sec. 67. Minnesota Statutes 2016, section 352.05, is amended to read:

**352.05 COMMISSIONER OF MANAGEMENT AND BUDGET TO BE TREASURER OF SYSTEM.**

The commissioner of management and budget is ex officio treasurer of the retirement funds of the system. The general bond to the state shall cover all liability for actions as treasurer of these funds. Funds of the system received by the commissioner of management and budget must be set aside in the state treasury to the credit of the proper fund. The commissioner of management and budget shall deliver to the director copies of all payroll abstracts of the state together with the commissioner of management and budget's ~~warrants payments~~ covering the deductions made

on these payroll abstracts for the retirement fund. The director shall have a list made of the commissioner of management and budget's ~~warrants payments~~. These ~~warrants payments~~ must then be credited to the retirement fund. The commissioner of management and budget shall pay out of this fund only upon abstracts signed by the director, or by the finance officer designated by the director during the disability or the absence of the director from the city of St. Paul, Minnesota. Abstracts for investments may be signed by the executive director of the State Board of Investment.

Sec. 68. Minnesota Statutes 2016, section 352.115, subdivision 12, is amended to read:

Subd. 12. **Death, return of ~~warrants payments~~.** If at the time of death a retired employee, a disabled employee, or a survivor has in possession the commissioner of management and budget's ~~warrants payments~~ covering a retirement annuity, disability benefit, or survivor benefit from the retirement fund, in the absence of probate proceedings, and upon the return of the ~~warrants payments~~ for cancellation, payment of the accrued annuity or benefit, shall be made as provided in subdivision 11, or 352.12, subdivision 4. Payments made under this subdivision shall be a bar to recovery by any other person or persons.

Sec. 69. Minnesota Statutes 2016, section 352.12, subdivision 13, is amended to read:

Subd. 13. **Refund, beneficiary.** If upon death a former employee has in possession a commissioner of management and budget's ~~warrant payment~~ which does not exceed \$1,000 covering a refund of accumulated contributions in the retirement fund, in the absence of probate proceedings the commissioner of management and budget's ~~warrant payment~~ may be returned for cancellation, and then upon application made by the last designated beneficiary of the deceased former employee, refund of the accumulated contributions must be paid to the last designated beneficiary. Payments made under this subdivision are a bar to recovery by any other person or persons.

Sec. 70. Minnesota Statutes 2016, section 353.05, is amended to read:

### **353.05 CUSTODIAN OF FUNDS.**

The commissioner of management and budget shall be ex officio treasurer of the retirement funds of the association and the general bond of the commissioner of management and budget to the state must be so conditioned as to cover all liability for acts as treasurer of these funds. All money of the association received by the commissioner of management and budget must be set aside in the state treasury to the credit of the proper fund or account. The commissioner of management and budget shall transmit monthly to the executive director a detailed statement of all amounts so received and credited to the funds. Payments out of the funds may only be made ~~on~~ warrants as payments issued by the commissioner of management and budget, upon abstracts signed by the executive director; provided that abstracts for investment may be signed by the executive director of the State Board of Investment.

Sec. 71. Minnesota Statutes 2016, section 353.27, subdivision 7, is amended to read:

Subd. 7. **Adjustment for erroneous receipts or disbursements.** (a) Except as provided in paragraph (b), erroneous employee deductions and erroneous employer contributions and additional employer contributions to the general employees retirement plan of the Public Employees Retirement Association or to the public employees police and fire retirement plan for a person who otherwise does not qualify for membership under this chapter, are considered:

(1) valid if the initial erroneous deduction began before January 1, 1990. Upon determination of the error by the association, the person may continue membership in the association while employed in the same position for which erroneous deductions were taken, or file a written election to terminate membership and apply for a refund upon termination of public service or defer an annuity under section 353.34; or

(2) invalid, if the initial erroneous employee deduction began on or after January 1, 1990. Upon determination of the error, the association shall refund all erroneous employee deductions and all erroneous employer contributions as specified in paragraph (e). No person may claim a right to continued or past membership in the association based on erroneous deductions which began on or after January 1, 1990.

(b) Erroneous deductions taken from the salary of a person who did not qualify for membership in the general employees retirement plan of the Public Employees Retirement Association or in the public employees police and fire retirement plan by virtue of concurrent employment before July 1, 1978, which required contributions to another retirement fund or relief association established for the benefit of officers and employees of a governmental subdivision, are invalid. Upon discovery of the error, allowable service credit for all invalid service is forfeited and, upon termination of public service, the association shall refund all erroneous employee deductions to the person, with interest as determined under section 353.34, subdivision 2, and all erroneous employer contributions without interest to the employer. This paragraph has both retroactive and prospective application.

(c) Adjustments to correct employer contributions and employee deductions taken in error from amounts which are not salary under section 353.01, subdivision 10, must be made as specified in paragraph (e). The period of adjustment must be limited to the fiscal year in which the error is discovered by the association and the immediate two preceding fiscal years.

(d) If there is evidence of fraud or other misconduct on the part of the employee or the employer, the board of trustees may authorize adjustments to the account of a member or former member to correct erroneous employee deductions and employer contributions on invalid salary and the recovery of any overpayments for a period longer than provided for under paragraph (c).

(e) Upon discovery of the receipt of erroneous employee deductions and employer contributions under paragraph (a), clause (2), or paragraph (c), the association must require the employer to discontinue the erroneous employee deductions and erroneous employer contributions reported on behalf of a member. Upon discontinuation, the association must:

(1) for a member, provide a refund in the amount of the invalid employee deductions with interest on the invalid employee deductions at the rate specified under section 353.34, subdivision 2, from the received date of each invalid salary transaction through the date the credit or refund is made;

(2) for a former member who:

(i) is not receiving a retirement annuity or benefit, return the erroneous employee deductions to the former member through a refund with interest at the rate specified under section 353.34, subdivision 2, from the received date of each invalid salary transaction through the date the credit or refund is made; or

(ii) is receiving a retirement annuity or disability benefit, or a person who is receiving an optional annuity or survivor benefit, for whom it has been determined an overpayment must be recovered, adjust the payment amount and recover the overpayments as provided under this section; and

(3) return the invalid employer contributions reported on behalf of a member or former member to the employer by providing a credit against future contributions payable by the employer.

(f) In the event that a salary ~~warrant or check payment~~ from which a deduction for the retirement fund was taken has been canceled or the amount of the ~~warrant or check payment~~ returned to the funds of the department making the payment, a refund of the sum deducted, or any portion of it that is required to adjust the deductions, must be made to the department or institution.

(g) If the association discovers that a retirement annuity, survivor benefit, or disability benefit has been incorrectly calculated by using invalid service or salary, or due to any erroneous calculation procedure, the association must recalculate the annuity or benefit payable and begin payment of the corrected annuity or benefit effective the first of the month following discovery of the error. Any overpayment resulting from the incorrect calculation must be recovered as provided under subdivision 7b, if the accrual date, or any adjustment in the amount of the annuity or benefit calculated after the accrual date, except adjustments required under section 353.656, subdivision 4, falls within the current fiscal year and the two immediate previous fiscal years.

(h) Notwithstanding the provisions of this subdivision, the association may apply the Revenue Procedures defined in the federal Internal Revenue Service Employee Plans Compliance Resolution System and not issue a refund of erroneous employee deductions and employer contributions or not recover a small overpayment of benefits if the cost to correct the error would exceed the amount of the member refund or overpayment.

(i) Any fees or penalties assessed by the federal Internal Revenue Service for any failure by an employer to follow the statutory requirements for reporting eligible members and salary must be paid by the employer.

Sec. 72. Minnesota Statutes 2016, section 354.42, subdivision 7, is amended to read:

Subd. 7. **Erroneous salary deductions or direct payments.** (a) Any deductions taken from the salary of an employee for the retirement fund in excess of amounts required must be refunded to the employee upon the discovery of the error and after the verification of the error by the employing unit making the deduction. The corresponding excess employer contribution and excess additional employer contribution amounts attributable to the erroneous salary deduction must be refunded to the employing unit.

(b) If salary deductions and employer contributions were erroneously transmitted to the retirement fund and should have been transmitted to the plan covered by chapter 352D, 353D, 354B, or 354D, the executive director must transfer these salary deductions and employer contributions to the account of the appropriate person under the applicable plan. The transfer to the applicable defined contribution plan account must include interest at the rate of 0.71 percent per month, compounded annually, from the first day of the month following the month in which coverage should have commenced in the defined contribution plan until the end of the month in which the transfer occurs.

(c) A potential transfer under paragraph (b) that would cause the plan to fail to be a qualified plan under section 401(a) of the Internal Revenue Code, as amended, must not be made by the executive director. Within 30 days after being notified by the Teachers Retirement Association of an unmade potential transfer under this paragraph, the employer of the affected person must transmit an amount representing the applicable salary deductions and employer contributions, without interest, to the account of the applicable person under the appropriate plan. The retirement association must provide a credit for the amount of the erroneous salary deductions and employer contributions against future contributions from the employer.

(d) If a salary ~~warrant or check~~ payment from which a deduction for the retirement fund was taken has been canceled or the amount of the ~~warrant or if a check~~ payment has been returned to the funds of the employing unit making the payment, a refund of the amount deducted, or any portion of it that is required to adjust the salary deductions, must be made to the employing unit.

(e) Erroneous direct payments of member-paid contributions or erroneous salary deductions that were not refunded during the regular payroll cycle processing must be refunded to the member, plus interest computed using the rate and method specified in section 354.49, subdivision 2.

(f) Any refund under this subdivision that would cause the plan to fail to be a qualified plan under section 401(a) of the Internal Revenue Code, as amended, may not be refunded and instead must be credited against future contributions payable by the employer. The employer is responsible for refunding to the applicable employee any amount that was erroneously deducted from the salary of the employee, with interest as specified in paragraph (e).

(g) If erroneous employee deductions and employer contributions are caused by an error in plan coverage involving the plan and any other plan specified in section 356.99, that section applies.

Sec. 73. Minnesota Statutes 2016, section 354.52, subdivision 4, is amended to read:

Subd. 4. **Reporting and remittance requirements.** An employer shall remit all amounts due to the association and furnish a statement indicating the amount due and transmitted with any other information required by the executive director. If an amount due is not received by the association within 14 calendar days of the payroll ~~warrant payment~~, the amount accrues interest at an annual rate of 8.5 percent compounded annually from the due date until the amount is received by the association. All amounts due and other employer obligations not remitted within 60 days of notification by the association must be certified to the commissioner of management and budget who shall deduct the amount from any state aid or appropriation amount applicable to the employing unit.

Sec. 74. Minnesota Statutes 2016, section 354.52, subdivision 4b, is amended to read:

Subd. 4b. **Payroll cycle reporting requirements.** An employing unit shall provide the following data to the association for payroll ~~warrants payments~~ on an ongoing basis within 14 calendar days after the date of the payroll ~~warrant payments~~ in a format prescribed by the executive director:

- (1) association member number;
- (2) employer-assigned employee number;
- (3) Social Security number;
- (4) amount of each salary deduction;
- (5) amount of salary as defined in section 354.05, subdivision 35, from which each deduction was made;
- (6) reason for payment;
- (7) the beginning and ending dates of the payroll period covered and the date of actual payment;
- (8) fiscal year of salary earnings;
- (9) total remittance amount including employee, employer, and additional employer contributions;
- (10) reemployed annuitant salary under section 354.44, subdivision 5; and
- (11) other information as may be required by the executive director.

Sec. 75. Minnesota Statutes 2016, section 401.15, subdivision 1, is amended to read:

Subdivision 1. **Certified statements; determinations; adjustments.** Within 60 days of the end of each calendar quarter, participating counties which have received the payments authorized by section 401.14 shall submit to the commissioner certified statements detailing the amounts expended and costs incurred in furnishing the correctional services provided in sections 401.01 to 401.16. Upon receipt of certified statements, the commissioner shall, in the manner provided in sections 401.10 and 401.12, determine the amount each participating county is entitled to receive, making any adjustments necessary to rectify any disparity between the amounts received pursuant to the estimate provided in section 401.14 and the amounts actually expended. If the amount received pursuant to the estimate is greater than the amount actually expended during the quarter, the commissioner may

withhold the difference from any subsequent monthly payments made pursuant to section 401.14. Upon certification by the commissioner of the amount a participating county is entitled to receive under the provisions of section 401.14 or of this subdivision the commissioner of management and budget shall thereupon issue a ~~state warrant payment~~ to the chief fiscal officer of each participating county for the amount due together with a copy of the certificate prepared by the commissioner.

Sec. 76. Minnesota Statutes 2016, section 446A.086, subdivision 4, is amended to read:

Subd. 4. **Notifications; payment; appropriation.** (a) After receipt of a notice of a default or potential default in payment of principal or interest in debt obligations covered by this section or an agreement under this section, and after consultation with the governmental unit and the paying agent, and after verification of the accuracy of the information provided, the authority shall notify the commissioner of the potential default. The notice must include a final figure as to the amount due that the governmental unit will be unable to repay on the date due.

(b) Upon receipt of this notice from the authority, the commissioner shall issue a ~~warrant payment~~ and authorize the authority to pay to the bond holders or paying agent for the debt obligation the specified amount on or before the date due. The amounts needed for the purposes of this subdivision are annually appropriated to the authority from the general fund.

Sec. 77. Minnesota Statutes 2016, section 446A.16, subdivision 1, is amended to read:

Subdivision 1. **Functions of commissioner of management and budget.** Except as otherwise provided in this section, money of the authority must be paid to the commissioner of management and budget as agent of the authority and the commissioner shall not commingle the money with other money. The money in the accounts of the authority must be paid out only ~~on warrants drawn~~ by the commissioner of management and budget on requisition of the chair of the authority or of another officer or employee as the authority authorizes. Deposits of the authority's money must, if required by the commissioner or the authority, be secured by obligations of the United States or of the state of a market value equal at all times to the amount of the deposit and all banks and trust companies are authorized to give security for the deposits.

Sec. 78. Minnesota Statutes 2016, section 462A.18, subdivision 1, is amended to read:

Subdivision 1. **Functions of commissioner of management and budget.** All moneys of the agency, except as otherwise authorized or provided in this section, shall be paid to the commissioner of management and budget as agent of the agency, who shall not commingle such moneys with any other moneys. The moneys in such accounts shall be paid out ~~on warrants drawn~~ by the commissioner on requisition of the chair of the agency or of such other officer or employee as the agency shall authorize to make such requisition. All deposits of such moneys shall, if required by the commissioner or the agency, be secured by obligations of the United States or of the state of a market value equal at all times to the amount of the deposit and all banks and trust companies are authorized to give such security for such deposits.

Sec. 79. Minnesota Statutes 2016, section 475A.04, subdivision 1, is amended to read:

Subdivision 1. **Procedure.** In the event that funds sufficient to pay all of the principal and interest due on any guaranteed bond are not in the hands of the municipal treasurer or the paying agent at least 15 days before the due date, the treasurer or agent shall report the amount of the deficiency to the paying agent and the auditor who shall grant a loan to the issuer in this amount and shall certify to the issuer, the paying agent, and the auditor and treasurer of each county in which property subject to taxation by the issuer is situated, the amount of the loan and interest to accrue thereon to the due date of the loan, and the commissioner of management and budget shall issue a ~~warrant payment~~ for the principal amount and shall remit it to the paying agent on or before the due date. If the municipal treasurer fails to deposit funds with the paying agent sufficient to pay all principal and interest due on any



guaranteed bond on any date, without having previously given the notice herein required, the paying agent may report the amount of the deficiency to the commissioner of management and budget, who shall forthwith grant a loan to the issuer for this amount plus interest to accrue thereon for one month at the rate represented by the coupons then due, and the loan shall be certified and remitted as provided above. The paying agent may advance its own funds for the payment of any guaranteed bonds and interest due for which it has not received sufficient funds from the municipality, and may contract with the municipality to make such advances, and shall be entitled to reimbursement therefor from the proceeds of the loan, with interest at the rate represented by the coupons due. The issuing municipality shall give a receipt to the commissioner of management and budget for the amount of the loan and interest.

Sec. 80. Minnesota Statutes 2016, section 525.841, is amended to read:

**525.841 ESCHEAT RETURNED.**

In all such cases the commissioner of management and budget shall be furnished with a certified copy of the court's order assigning the escheated property to the persons entitled thereto, and upon notification of payment of the estate tax, the commissioner of management and budget shall ~~draw a warrant~~ issue a payment or execute a proper conveyance to the persons designated in such order. In the event any escheated property has been sold pursuant to sections 11A.04, clause (9), and 11A.10, subdivision 2, or 16B.281 to 16B.287, then the ~~warrant payment~~ shall be for the appraised value as established during the administration of the decedent's estate. There is hereby annually appropriated from any moneys in the state treasury not otherwise appropriated an amount sufficient to make payment to all such designated persons. No interest shall be allowed on any amount paid to such persons.

ARTICLE 4  
ADMINISTRATIVE RULEMAKING

Section 1. Minnesota Statutes 2016, section 3.842, subdivision 4a, is amended to read:

Subd. 4a. **Objections to rules or proposed rules.** (a) For purposes of this subdivision, "committee" means the house of representatives policy committee or senate policy committee with primary jurisdiction over state governmental operations. The commission or a committee may object to a rule or proposed rule as provided in this subdivision. ~~If the commission or a committee objects to all or some portion of a rule because the commission or committee considers it to be~~ on the grounds that the rule or proposed rule:

(1) is beyond the procedural or substantive authority delegated to the agency, including a proposed rule submitted under section 14.15, subdivision 4, or 14.26, subdivision 3, paragraph (c);

(2) is inconsistent with the enabling statute;

(3) is unnecessary or redundant;

(4) has a substantial economic impact as defined in section 14.02, subdivision 5;

(5) is not based on sound, reasonably available scientific, technical, economic, or other information;

(6) is not cost-effective;

(7) is unduly burdensome; or

(8) is more restrictive than the standard, limitation, or requirement imposed by federal law or rule pertaining to the same subject matter.

If the commission or committee objects to all or some portion of a rule or proposed rule, the commission or committee may shall file that objection in the Office of the Secretary of State. The filed objection must contain a concise statement of the commission's or committee's reasons for its action. ~~An objection to a proposed rule submitted by the commission or a committee under section 14.15, subdivision 4, or 14.26, subdivision 3, paragraph (c), may not be filed before the rule is adopted~~ For a proposed rule, the objection must be filed within 30 days of receipt of the notice under section 14.14, 14.22, 14.386, 14.388, 14.389, or 14.3895.

(b) The secretary of state shall affix to each objection a certification of the date and time of its filing and as soon after the objection is filed as practicable shall electronically transmit a ~~certified~~ copy of it to the agency issuing the rule in question and to the revisor of statutes. The secretary of state shall also maintain a permanent register open to public inspection of all objections by the commission or committee.

(c) The commission or committee shall publish and index an objection filed under this section in the next issue of the State Register. The revisor of statutes shall indicate the existence of the objection adjacent to the rule in question when that rule is published in Minnesota Rules.

(d) Within 14 days after the filing of an objection by the commission or committee to a rule or proposed rule, the issuing agency shall respond in writing to the objecting entity. After receipt of the response, the commission or committee may withdraw or modify its objection. After the filing of an objection that is not subsequently withdrawn, the agency may not adopt the rule until the legislature adjourns the annual legislative session that began after the objection was filed. If the commission files an objection that is not subsequently withdrawn, the commission must, as soon as practical, make a recommendation on a bill that approves the proposed rule, prohibits adoption of the proposed rule, or amends or repeals the law governing a previously adopted rule for which an objection was filed.

(e) After the filing of an objection by the commission or committee that is not subsequently withdrawn, the burden is upon the agency in any proceeding for judicial review or for enforcement of the rule to establish that the whole or portion of the rule objected to is valid and demonstrates that the objection raised under paragraph (a) is not justified, based on the criteria for objecting to a rule under paragraph (a).

(f) The failure of the commission or a committee to object to a rule is not an implied legislative authorization of its validity.

(g) In accordance with sections 14.44 and 14.45, the commission or a committee may petition for a declaratory judgment to determine the validity of a rule objected to by the commission or committee. The action must be started within two years after an objection is filed in the Office of the Secretary of State.

(h) The commission or a committee may intervene in litigation arising from agency action. For purposes of this paragraph, agency action means the whole or part of a rule, or the failure to issue a rule.

Sec. 2. Minnesota Statutes 2016, section 10A.02, subdivision 13, is amended to read:

Subd. 13. **Rules.** (a) Chapter 14 applies to the board. The board may adopt rules to carry out the purposes of this chapter if, before June 1, 2017, the board has published a notice of intent to adopt a rule without public hearing under section 14.22, subdivision 1, 14.389, subdivision 2, or 14.3895, subdivision 3; a dual notice under section 14.22, subdivision 2; or a notice of hearing on a proposed rule under section 14.14.

(b) After May 31, 2017, the board may only adopt rules that:

(1) incorporate specific changes set forth in applicable statutes when no interpretation of law is required; or

(2) make changes to rules that do not alter the sense, meaning, or effect of a rule.

(c) In addition to the notice required under chapter 14, the board shall notify the chairs and ranking minority members of the committees or subcommittees in the senate and house of representatives with primary jurisdiction over elections within seven calendar days of taking the following actions:

- (1) publication of a notice of intent to adopt rules or a notice of hearing;
- (2) publication of proposed rules in the State Register;
- (3) issuance of a statement of need and reasonableness; or
- (4) adoption of final rules.

**EFFECTIVE DATE.** This section is effective the day following final enactment for rules for which a notice of intent to adopt a rule without public hearing under Minnesota Statutes, section 14.22, subdivision 1, 14.389, subdivision 2, or 14.3895, subdivision 3; a dual notice under Minnesota Statutes, section 14.22, subdivision 2; or a notice of hearing on a proposed rule under Minnesota Statutes, section 14.14, was published before June 1, 2017.

Sec. 3. Minnesota Statutes 2016, section 10A.025, subdivision 1a, is amended to read:

Subd. 1a. **Electronic filing.** A report or statement required to be filed under this chapter may be filed electronically. The board shall adopt rules ~~to regulate~~ on the technical aspects of regulating electronic filing and ~~to ensure~~ ensuring that the electronic filing process is secure.

Sec. 4. Minnesota Statutes 2016, section 14.002, is amended to read:

#### **14.002 STATE REGULATORY POLICY.**

The legislature recognizes the important and sensitive role for administrative rules in implementing policies and programs created by the legislature. However, the legislature finds that some regulatory rules and programs have become overly prescriptive and inflexible, thereby increasing costs to the state, local governments, and the regulated community and decreasing the effectiveness of the regulatory program. Therefore, ~~whenever feasible~~, state agencies must develop rules and regulatory programs that emphasize superior achievement in meeting the agency's regulatory objectives and maximum flexibility for the regulated party and the agency in meeting those goals.

Sec. 5. Minnesota Statutes 2016, section 14.02, is amended by adding a subdivision to read:

**Subd. 5. Substantial economic impact.** A rule has a "substantial economic impact" if the rule would result in, or likely result in:

- (1) an adverse effect or impact on the private-sector economy of the state of Minnesota of \$5,000,000 or more in a single year;
- (2) a significant increase in costs or prices for consumers, individual private-sector industries, state agencies, local governments, individuals, or private-sector enterprises within certain geographic regions inside the state of Minnesota;
- (3) significant adverse impacts on the competitiveness of private-sector Minnesota-based enterprises, or on private-sector employment, investment, productivity, or innovation within the state of Minnesota; or

(4) compliance costs, in the first year after the rule takes effect, of more than \$25,000 for any one business that has fewer than 50 full-time employees, or for any one statutory or home rule charter city that has fewer than ten full-time employees.

Sec. 6. Minnesota Statutes 2016, section 14.05, subdivision 1, is amended to read:

Subdivision 1. **Authority to adopt original rules restricted.** (a) Each agency shall adopt, amend, suspend, or repeal its rules:

(1) in accordance with the procedures specified in sections 14.001 to 14.69, and;

(2) only pursuant to authority delegated by law; and

(3) in full compliance with its duties and obligations.

(b) If a law authorizing rules is repealed, the rules adopted pursuant to that law are automatically repealed on the effective date of the law's repeal unless there is another law authorizing the rules.

(c) Except as provided in ~~section~~ sections 14.055, 14.06, 14.388, 14.389, and 14.3895, sections 14.001 to 14.69 shall not be authority for an agency to adopt, amend, suspend, or repeal rules.

Sec. 7. Minnesota Statutes 2016, section 14.05, is amended by adding a subdivision to read:

**Subd. 1a. Limitation regarding certain policies, guidelines, and other interpretive statements.** An agency shall not seek to implement or enforce against any person a policy, guideline, or other interpretive statement that meets the definition of a rule under this chapter if the policy, guideline, or other interpretive statement has not been adopted as a rule in accordance with this chapter including but not limited to solid waste policy plan revisions authorized by other law. In any proceeding under chapter 14 challenging an agency action prohibited by this subdivision, the reviewing authority must independently and without deference to the agency determine if the agency has violated this subdivision. The agency must overcome the presumption that its action may not be enforced as a rule.

Sec. 8. Minnesota Statutes 2016, section 14.05, subdivision 2, is amended to read:

Subd. 2. **Authority to modify proposed rule.** (a) An agency may modify a proposed rule in accordance with the procedures of the Administrative Procedure Act. However, an agency may not modify a proposed rule so that it is substantially different from the proposed rule in the notice of intent to adopt rules or notice of hearing.

(b) A modification does not make a proposed rule substantially different if:

(1) the differences are within the scope of the matter announced in the notice of intent to adopt or notice of hearing and are in character with the issues raised in that notice;

(2) the differences are a logical outgrowth of the contents of the notice of intent to adopt or notice of hearing and the comments submitted in response to the notice; and

(3) the notice of intent to adopt or notice of hearing provided fair warning that the outcome of that rulemaking proceeding could be the rule in question.

(c) In determining whether the notice of intent to adopt or notice of hearing provided fair warning that the outcome of that rulemaking proceeding could be the rule in question the following factors must be considered:

(1) the extent to which persons who will be affected by the rule should have understood that the rulemaking proceeding on which it is based could affect their interests;

(2) the extent to which the subject matter of the rule or issues determined by the rule are different from the subject matter or issues contained in the notice of intent to adopt or notice of hearing; and

(3) the extent to which the effects of the rule differ from the effects of the proposed rule contained in the notice of intent to adopt or notice of hearing.

(d) A modification makes a proposed rule substantially different if the modification causes a rule that did not previously have a substantial economic impact to have a substantial economic impact.

Sec. 9. Minnesota Statutes 2016, section 14.05, is amended by adding a subdivision to read:

Subd. 5a. **Review and repeal of rules.** By December 1 of each odd-numbered year, beginning December 1, 2017, an agency must submit to the governor, the Legislative Coordinating Commission, the policy and funding committees and divisions with jurisdiction over the agency, and the revisor of statutes, a list of any rules or portions of rules that are obsolete, unnecessary, or duplicative of other state or federal statutes or rules. The list must also include an explanation of why the rule or portion of the rule is obsolete, unnecessary, or duplicative of other state or federal statutes or rules. The agency must either report a timetable for repeal of the rule or portion of the rule, or must develop a bill for submission to the appropriate policy committee to repeal the obsolete, unnecessary, or duplicative rule. A report submitted under this subdivision must be signed by the person in the agency who is responsible for identifying and initiating repeal of obsolete rules. The report also must identify the status of any rules identified in the prior report as obsolete, unnecessary, or duplicative. If none of an agency's rules are obsolete, unnecessary, or duplicative, an agency's report must state that conclusion.

Sec. 10. Minnesota Statutes 2016, section 14.05, is amended by adding a subdivision to read:

Subd. 5b. **Review and repeal of environmental assessment worksheets and impact statements.** By December 1, 2017, and each odd-numbered year thereafter, the Environmental Quality Board, Pollution Control Agency, Department of Natural Resources, and Department of Transportation, after consultation with political subdivisions, shall submit to the governor, the Legislative Coordinating Commission, the chairs and ranking minority members of the house of representatives and senate committees having jurisdiction over environment and natural resources, and the revisor of statutes a list of mandatory environmental assessment worksheets or mandatory environmental impact statements for which the agency or a political subdivision is designated as the responsible government unit, and for each worksheet or statement, a document including:

(1) intended outcomes of the specific worksheet or statement;

(2) the cost to state and local government and the private sector;

(3) the relationship of the worksheet or statement to other local, state, and federal permits; and

(4) a justification for why the mandatory worksheet or statement should not be eliminated and its intended outcomes achieved through an existing permit or other federal, state, or local law.

Sec. 11. Minnesota Statutes 2016, section 14.05, subdivision 6, is amended to read:

**Subd. 6. Veto of adopted rules.** The governor may veto all or a severable portion of a rule of an agency as defined in section 14.02, subdivisions 2 and 4, by submitting notice of the veto to the State Register within 14 days of receiving a copy of the rule from the secretary of state under section 14.16, subdivision 3, 14.26, subdivision 3 ~~5~~,

~~or~~ 14.386<sub>2</sub> or the agency under section 14.389, subdivision 3, or section 14.3895. The veto is effective when the veto notice is submitted to the State Register. This authority applies only to the extent that the agency itself would have authority, through rulemaking, to take such action. If the governor vetoes a rule or portion of a rule under this section, the governor shall notify the chairs of the legislative committees having jurisdiction over the agency whose rule was vetoed.

Sec. 12. Minnesota Statutes 2016, section 14.05, subdivision 7, is amended to read:

Subd. 7. **Electronic documents permitted.** (a) If sections 14.05 to 14.3895 require an agency to provide notice or documents to the public, the legislature, or other state agency, the agency may send the notice or document, or a link to the notice or document, using any reliable method of electronic transmission.

(b) The agency must also send a paper copy of the notice or document if requested to do so by a member of the public, legislature, or other state agency.

(c) An agency may file rule-related documents with the Office of Administrative Hearings by electronic transmission in the manner approved by that office and the Office of the Revisor of Statutes by electronic transmission in the manner approved by that office.

Sec. 13. Minnesota Statutes 2016, section 14.101, subdivision 1, is amended to read:

Subdivision 1. **Required notice.** In addition to seeking information by other methods designed to reach persons or ~~classes~~ categories of persons who might be affected by the proposal, an agency, at least 60 days before publication of a notice of intent to adopt or a notice of hearing, shall solicit comments from the public on the subject matter of a possible rulemaking proposal under active consideration within the agency by causing notice to be published in the State Register. The notice must include a description of the subject matter of the proposal and the types of groups and individuals likely to be affected, and must indicate where, when, and how persons may comment on the proposal and whether and how drafts of any proposal may be obtained from the agency.

This notice must be published within 60 days of the effective date of any new or amendatory law requiring rules to be adopted, amended, or repealed.

An agency intending to adopt an expedited rule under section 14.389 is exempt from the requirements of this section.

Sec. 14. **[14.105] RULE NOTIFICATION.**

Subdivision 1. **Rule notification list.** (a) Each agency shall maintain a list of all persons who have registered with the agency for the purpose of receiving notice of rule proceedings. A person may register to receive notice of rule proceedings by submitting to the agency:

(1) the person's electronic mail address; or

(2) the person's name and United States mail address, along with a request to receive copies of the notices by mail.

(b) The agency shall post information on its Web site describing the registration process.

(c) The agency may inquire as to whether those persons on the list in paragraph (a) wish to remain on it and may remove persons for whom there is a negative reply or no reply within 60 days.

Subd. 2. **Additional notice.** (a) Each agency shall make reasonable efforts to notify persons or categories of persons who may be significantly affected by the rule being proposed by giving notice of its rule proceedings in newsletters, newspapers, or other publications, or through other means of communication.

(b) For each rulemaking, the agency shall develop an additional notice plan describing its efforts to provide additional notification to persons or categories of persons who may be affected by the proposed rule or must explain why these efforts were not made. The additional notice plan must be submitted to the administrative law judge with the other submissions required by section 14.14, subdivision 2a, or 14.26. The agency also may seek prior approval of the additional notice plan under the rules of the Office of Administrative Hearings.

Sec. 15. Minnesota Statutes 2016, section 14.116, is amended to read:

#### **14.116 NOTICE TO LEGISLATURE.**

(a) By January 15 each year, each agency must submit its ~~current~~ rulemaking docket maintained under section 14.366, and the official rulemaking record required under section 14.365 for any rule adopted during the preceding calendar year, to the chairs and ranking minority members of the legislative policy and budget committees with jurisdiction over the subject matter of the proposed rule and to the Legislative Coordinating Commission. Each agency must post a link to its rulemaking docket on the agency Web site home page.

(b) When an agency ~~mails~~ sends a notice of ~~intent to adopt rules~~ hearing under section 14.14 or a notice of intent to adopt rules or dual notice under section 14.22, the agency must send a copy of the same notice and a copy of the statement of need and reasonableness to the chairs and ranking minority party members of the legislative policy and budget committees with jurisdiction over the subject matter of the proposed rules and to the Legislative Coordinating Commission.

(c) In addition, if the mailing of the notice is within two years of the effective date of the law granting the agency authority to adopt the proposed rules, the agency shall make reasonable efforts to send a copy of the notice and the statement to all sitting legislators who were chief house of representatives and senate authors of the bill granting the rulemaking authority. If the bill was amended to include this rulemaking authority, the agency shall make reasonable efforts to send the notice and the statement to the chief house of representatives and senate authors of the amendment granting rulemaking authority, rather than to the chief authors of the bill.

Sec. 16. Minnesota Statutes 2016, section 14.125, is amended to read:

#### **14.125 TIME LIMIT ON AUTHORITY TO ADOPT, AMEND, OR REPEAL RULES.**

An agency shall publish a ~~notice of intent to adopt rules or a~~ notice of hearing under section 14.14, or a notice of intent to adopt rules or dual notice under section 14.22, within 18 months of the effective date of the law authorizing or requiring rules to be adopted, amended, or repealed. If the notice is not published within the time limit imposed by this section, the authority for the rules expires. The agency shall not use other law in existence at the time of the expiration of rulemaking authority under this section as authority to adopt, amend, or repeal these rules agency shall report to the Legislative Coordinating Commission, other appropriate committees of the legislature, and the governor its failure to publish a notice and the reasons for that failure.

An agency that publishes a notice of intent to adopt rules or a notice of hearing within the time limit specified in this section may subsequently amend or repeal the rules without additional legislative authorization.

Sec. 17. Minnesota Statutes 2016, section 14.127, is amended to read:

#### **14.127 LEGISLATIVE APPROVAL REQUIRED.**

Subdivision 1. ~~Cost thresholds~~ **Substantial economic impact.** An agency must determine if ~~the cost of complying with a proposed rule in the first year after the rule takes effect will exceed \$25,000 for: (1) any one business that has less than 50 full-time employees; or (2) any one statutory or home rule charter city that has less than ten full-time employees. For purposes of this section, "business" means a business entity organized for profit or as a nonprofit, and includes an individual, partnership, corporation, joint venture, association, or cooperative~~ has a substantial economic impact, as defined in section 14.02, subdivision 5.

Subd. 2. **Agency determination.** An agency must make the determination required by subdivision 1 before the ~~close of the hearing record, or before the agency submits the record to the administrative law judge if there is no hearing. The administrative law judge must review and approve or disapprove the agency determination under this section~~ agency gives notice under section 14.14, 14.22, 14.225, or 14.389.

Subd. 3. **Legislative approval required.** (a) If the agency determines that a proposed rule has a substantial economic impact, the agency must request the legislative auditor to convene a five-person peer review advisory panel to conduct an impact analysis of the proposed rule. Within 30 days of receipt of the agency's request, the legislative auditor shall convene a peer review advisory panel. The advisory panel must be made up of individuals who have not directly or indirectly been involved in the work conducted or contracted by the agency and who are not employed by the agency. The agency must pay each panel member for the costs of the person's service on the panel, as determined by the legislative auditor. The agency shall transfer an amount from the agency's operating budget to the legislative auditor to pay for costs for convening the peer review advisory panel process. The panel may receive written and oral comments from the public during its review. The panel must submit its report within 60 days of being convened. The agency must receive a final report from the panel before the agency conducts a public hearing on a proposed rule or, if no hearing is held, before the rule is submitted to the administrative law judge. The panel's report must include its conclusions on the extent to which the proposed rule:

(1) is based on sound, reasonably available scientific, technical, economic, or other information or rationale; and

(2) is more restrictive than a standard, limitation, or requirement imposed by federal law or rule pertaining to the same subject matter, and a justification based on sound, reasonably available scientific, technical, economic, or other information and rationale that the more stringent standard is necessary to protect the public's health, safety, or welfare.

(b) If the agency determines that a rule does not have a substantial economic impact, the administrative law judge must review this determination. If the administrative law judge determines that a rule may have a substantial economic impact, the agency must have the legislative auditor arrange for the analysis required by paragraph (a), and the agency must give new notice of intent to adopt the proposed rule after receiving this analysis. The administrative law judge may make this determination as part of the administrative law judge's report on the proposed rule, or at any earlier time after the administrative law judge is assigned to the rule proceeding.

(c) If the agency determines that the ~~cost exceeds the threshold in subdivision 1~~ proposed rule has a substantial economic impact, or if the administrative law judge disapproves the agency's determination that the ~~cost~~ rule does not exceed the threshold in subdivision 1, any business that has less than 50 full-time employees or any statutory or home rule charter city that has less than ten full-time employees may file a written statement with the agency claiming a temporary exemption from the rules. Upon filing of such a statement with the agency, the rules do not apply to that business or that city until the rules are ~~have~~ a substantial economic impact, the agency or the administrative law judge shall deliver the determination and peer review advisory panel report to the Legislative



Coordinating Commission and to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over the subject matter of the rule, and the proposed rule does not take effect until the rule is approved by a law enacted after the agency determination or administrative law judge disapproval.

Subd. 4. **Exceptions.** ~~(a) Subdivision 3 does not apply if the administrative law judge approves an agency's determination that the legislature has appropriated money to sufficiently fund the expected cost of the rule upon the business or city proposed to be regulated by the rule.~~

~~(b)~~ (a) Subdivision 3 does not apply if the administrative law judge approves an agency's determination that the rule has been proposed pursuant to a specific federal statutory or regulatory mandate.

~~(c)~~ (b) This section does not apply if the rule is adopted under section 14.388 or under another law specifying that the rulemaking procedures of this chapter do not apply.

~~(d)~~ (c) This section does not apply to a rule adopted by the Public Utilities Commission.

~~(e) Subdivision 3 does not apply if the governor waives application of subdivision 3. The governor may issue a waiver at any time, either before or after the rule would take effect, but for the requirement of legislative approval. As soon as possible after issuing a waiver under this paragraph, the governor must send notice of the waiver to the speaker of the house and the president of the senate and must publish notice of this determination in the State Register.~~

Subd. 5. **Severability.** If an administrative law judge determines that part of a proposed rule ~~exceeds the threshold specified in subdivision 1~~ has a substantial economic impact, but that a severable portion of a proposed rule does not ~~exceed the threshold in subdivision 1~~ have a substantial economic impact, the administrative law judge may provide that the severable portion of the rule that does not ~~exceed the threshold~~ have a substantial economic impact may take effect without legislative approval.

Sec. 18. **[14.129] IMPACT ANALYSIS OF PROPOSED RULE.**

(a) Within 30 days of receipt of the notice required under section 14.116, paragraph (b), a standing committee with jurisdiction over the subject matter of a proposed rule may request the legislative auditor to conduct an impact analysis of the proposed rule. The request must be sent in writing to the legislative auditor and the agency. Upon receipt of the request, the agency may not proceed to adopt the proposed rule until it has received a positive declaration from the requesting standing committee. Within 60 days of receipt of a request, the legislative auditor shall convene a five-person peer review panel to review the proposed rule. The advisory panel must be made up of individuals who have not directly or indirectly been involved in work conducted or contracted by the agency and who are not employed by the agency. The panel may receive written and oral comments from the public during its review of the proposed rule. The panel must prepare a report that includes a conclusion on whether the proposed rule:

(1) is based on sound, reasonably available scientific, technical, economic, and other information and rationale; and

(2) if the proposed rule is more restrictive than a standard, limitation, or requirement imposed by federal law or rule pertaining to the same subject matter, a justification based on sound, reasonably available scientific, technical, economic, or other information and rationale that the more stringent standard is necessary to protect the public's health, safety, or welfare.

(b) Within 150 days of being convened, the panel must submit its report to the chairs and ranking minority members of the requesting committee and the legislative auditor. Within five days of receipt of the panel's report, the requesting standing committee shall send the report to the agency along with either:

(1) a positive declaration that the agency may proceed with the proposed rule; or

(2) a negative declaration that the agency may not proceed with the proposed rule in its current form.

(c) If the requesting standing committee issues a negative declaration to an agency under paragraph (b), clause (2), the agency may not adopt the rule until the legislature adjourns the annual legislative session that began after the issuance of the negative declaration.

Sec. 19. Minnesota Statutes 2016, section 14.131, is amended to read:

#### **14.131 STATEMENT OF NEED AND REASONABLENESS.**

By the date of the section 14.14, subdivision 1a, notice, the agency must prepare, review, and make available for public review a statement of the need for and reasonableness of the rule. The statement of need and reasonableness must be prepared under rules adopted by the chief administrative law judge and must include a citation to the most specific statutory authority for the rule and the following to the extent the agency, through reasonable effort, can ascertain this information:

~~(1) a description of the classes of persons who probably will be affected by the proposed rule, including classes that will bear the costs of the proposed rule and classes that will benefit from the proposed rule;~~

~~(2) the probable costs to the agency and to any other agency of the implementation and enforcement of the proposed rule and any anticipated effect on state revenues;~~

~~(3) a determination of whether there are less costly methods or less intrusive methods for achieving the purpose of the proposed rule;~~

~~(4) a description of any alternative methods for achieving the purpose of the proposed rule that were seriously considered by the agency and the reasons why they were rejected in favor of the proposed rule;~~

~~(5) the probable costs of complying with the proposed rule, including the portion of the total costs that will be borne by identifiable categories of affected parties, such as separate classes of governmental units, businesses, or individuals;~~

~~(6) the probable costs or consequences of not adopting the proposed rule, including those costs or consequences borne by identifiable categories of affected parties, such as separate classes of government units, businesses, or individuals;~~

(1) a description of the persons or classifications of persons who will probably be affected by the proposed rule;

(2) the probable costs of the rule to affected persons and the agency, including those costs or consequences borne by identifiable categories of affected parties, such as separate classes of government units, businesses, or individuals, and the probable benefits of adopting the rule;

~~(3)~~ (3) an assessment of any differences between the proposed rule and existing or proposed federal regulations standards and similar standards in relevant states bordering Minnesota or within Environmental Protection Agency Region 5 and a specific analysis of the need for and reasonableness of each difference; and

~~(8) (4) an assessment of the cumulative effect of the rule with other federal and state regulations related to the specific purpose of the rule; all rules adopted by the agency or any other agency, and all federal regulations and local ordinances or regulations, related to the specific purpose for which the rule is being adopted; and~~

~~(5) the agency's findings and conclusions that support its determination that the proposed rule is based on sound, reasonably available scientific, technical, economic, or other information and rationale; and if the proposed rule is more restrictive than a standard, limitation, or requirement imposed by federal law or rule pertaining to the same subject matter, a justification based on sound, reasonably available scientific, technical, economic, or other information and rationale that the more stringent standard is necessary to protect the public's health, safety, or welfare.~~

The statement must describe how the agency, in developing the rules, considered and implemented the legislative policy supporting performance-based regulatory systems set forth in section 14.002 in a cost-effective and timely manner.

For purposes of clause ~~(8) (4)~~, "cumulative effect" means the impact that results from incremental impact of the proposed rule in addition to other rules, regardless of what state or federal agency has adopted the other rules. Cumulative effects can result from individually minor but collectively significant rules adopted over a period of time.

~~The statement must also describe the agency's efforts to provide additional notification under section 14.14, subdivision 1a, to persons or classes of persons who may be affected by the proposed rule or must explain why these efforts were not made.~~

The statement must describe, with reasonable particularity, the scientific, technical, and economic information that supports the proposed rule.

The agency must consult with the commissioner of management and budget to help evaluate the fiscal impact and fiscal benefits of the proposed rule on units of local government. The agency must send a copy of the statement of need and reasonableness to the Legislative Reference Library no later than when the notice of hearing is ~~mailed~~ under section 14.14, subdivision 1a sent.

Sec. 20. Minnesota Statutes 2016, section 14.14, subdivision 1a, is amended to read:

Subd. 1a. **Notice of rule hearing.** (a) ~~Each agency shall maintain a list of all persons who have registered with the agency for the purpose of receiving notice of rule proceedings. Persons may register to receive notice of rule proceedings by submitting to the agency:~~

~~(1) their electronic mail address; or~~

~~(2) their name and United States mail address.~~

~~The agency may inquire as to whether those persons on the list wish to remain on it and may remove persons for whom there is a negative reply or no reply within 60 days. The agency shall, at least 30 days before the date set for the hearing, give notice of its intention to adopt hold a hearing on the proposed rules by United States mail or electronic mail to all persons on its list who have registered with the agency under section 14.105, and by publication in the State Register.~~

~~The mailed notice must include either a copy of the proposed rule or an easily readable and understandable description of its nature and effect and an announcement that a free copy of the proposed rule is available on request from the agency. In addition, each agency shall make reasonable efforts to notify persons or classes of persons who may be significantly affected by the rule being proposed by giving notice of its intention in newsletters, newspapers,~~

~~or other publications, or through other means of communication.~~ The notice in the State Register must include the proposed rule or an amended rule in the form required by the revisor under section 14.07, together with an easily readable and understandable summary of the overall nature and effect of the proposed rule, a citation to the most specific statutory authority for the proposed rule, a statement of the place, date, and time of the public hearing, a statement that a free copy of the proposed rule and the statement of need and reasonableness may be requested from the agency, a statement that persons may register with the agency for the purpose of receiving notice of rule proceedings ~~and notice that the agency intends to adopt a rule,~~ and other information required by law or rule. When an entire rule is proposed to be repealed, the agency need only publish that fact, along with an easily readable and understandable summary of the overall nature of the rules proposed for repeal, and a citation to the rule to be repealed.

The mailed notice of hearing must be the same as the notice published in the State Register, except that the mailed notice may omit the text of the proposed rule if it includes an announcement of where a copy of the proposed rule may be obtained.

(b) The chief administrative law judge may authorize an agency to omit from the notice of rule hearing the text of any proposed rule, the publication of which would be unduly cumbersome, expensive, or otherwise inexpedient if:

- (1) knowledge of the rule is likely to be important to only a small class of persons;
- (2) the notice of rule hearing states that a free copy of the entire rule is available upon request to the agency; and
- (3) the notice of rule hearing states in detail the specific subject matter of the omitted rule, cites the statutory authority for the proposed rule, and details the proposed rule's purpose and motivation.

Sec. 21. Minnesota Statutes 2016, section 14.14, subdivision 2a, is amended to read:

Subd. 2a. **Hearing procedure.** When a hearing is held on a proposed rule, it shall be conducted by an administrative law judge assigned by the chief administrative law judge. The administrative law judge shall ensure that all persons involved in the rule hearing are treated fairly and impartially. The agency shall submit into the record the jurisdictional documents, including the statement of need and reasonableness, comments and hearing requests received, and any written exhibits in support of the proposed rule. The agency may also present additional oral evidence. Interested persons may present written and oral evidence. The administrative law judge shall allow questioning of agency representatives or witnesses, or of interested persons making oral statements, in order to explain the purpose or intended operation of a proposed rule, or a suggested modification, or for other purposes if material to the evaluation or formulation of the proposed rule. The administrative law judge may limit repetitive or immaterial oral statements and questioning.

Sec. 22. Minnesota Statutes 2016, section 14.19, is amended to read:

#### **14.19 DEADLINE TO COMPLETE RULEMAKING.**

Within 180 days after issuance of the administrative law judge's report or that of the chief administrative law judge, the agency shall submit its notice of adoption, amendment, or repeal to the State Register for publication. If the agency has not submitted its notice to the State Register within 180 days, the rule is automatically withdrawn. The agency may not adopt the withdrawn rules without again following the procedures of sections 14.05 to 14.28, with the exception of section 14.101, if the noncompliance is approved by the chief administrative law judge. The agency shall report to the Legislative Coordinating Commission, other appropriate committees of the legislature, and the governor its failure to adopt rules and the reasons for that failure. The 180-day time limit of this section does not include:

(1) any days used for review by the chief administrative law judge or the commission if the review is required by law; or

(2) days during which the rule cannot be adopted, because of votes by legislative committees under section 14.126; ~~or,~~

~~(3) days during which the rule cannot be adopted because approval of the legislature is required under section 14.127.~~

Sec. 23. Minnesota Statutes 2016, section 14.22, subdivision 1, is amended to read:

Subdivision 1. **Contents.** (a) ~~Unless an agency proceeds directly to a public hearing on a proposed rule and gives the notice prescribed in section 14.14, subdivision 1a, the agency shall give notice of its intention to adopt a rule without public hearing. The agency shall give the notice required by this section, unless the agency gives notice of a hearing under section 14.14 or a notice under section 14.389, subdivision 2. The agency shall give notice must be given of its intention to adopt a rule by publication in the State Register and by United States mail or electronic mail to persons who have registered their names with the agency under section 14.14, subdivision 1a 14.105. The mailed notice must include either a copy of the proposed rule or an easily readable and understandable description of its nature and effect and an announcement that a free copy of the proposed rule is available on request from the agency. In addition, each agency shall make reasonable efforts to notify persons or classes of persons who may be significantly affected by the rule by giving notice of its intention in newsletters, newspapers, or other publications, or through other means of communication. The notice in the State Register must include the proposed rule or the amended rule in the form required by the revisor under section 14.07; an easily readable and understandable summary of the overall nature and effect of the proposed rule; a citation to the most specific statutory authority for the proposed rule; a statement that a free copy of the statement of need and reasonableness may be requested from the agency; a statement that persons may register with the agency for the purpose of receiving to receive notice of rule proceedings and notice that a rule has been submitted to the chief administrative law judge; and other information required by law or rule. When an entire rule is proposed to be repealed, the notice need only state that fact, along with an easily readable and understandable summary of the overall nature of the rules rule proposed for repeal, and a citation to the rule to be repealed. The notice must include a statement advising the public:~~

(1) that the public has at least 30 days in which to submit comment in support of or in opposition to the proposed rule and that comment is encouraged;

(2) that each comment should identify the ~~portion~~ part and subpart, if any, of the proposed rule addressed, the reason for the comment, and any change proposed;

(3) that the requester is encouraged to propose any change desired;

~~(3)~~ (4) that if 25 or more persons submit a written request for a public hearing within the ~~30-day~~ comment period, a public hearing will be held and the agency will use the process under section 14.14;

~~(4)~~ (5) of the manner in which persons must request a public hearing on the proposed rule, including the requirements contained in section 14.25 relating to a written request for a public hearing; and

~~(5) of the requirements contained in section 14.25 relating to a written request for a public hearing, and that the requester is encouraged to propose any change desired;~~

(6) that the agency may modify the proposed rule ~~may be modified~~ if the modifications are supported by the data and views submitted; ~~and.~~

~~(7) that if a hearing is not required, notice of the date of submission of the proposed rule to the chief administrative law judge for review will be mailed to any person requesting to receive the notice.~~

In connection with the statements required in clauses (1) and ~~(3)~~ (4), the notice must also include the date on which the ~~30-day~~ comment period ends. The mailed notice of intent to adopt a rule must be the same as the notice published in the State Register, except that the mailed notice may omit the text of the proposed rule if it includes an announcement of where a copy of the proposed rule may be obtained.

(b) The chief administrative law judge may authorize an agency to omit from the notice of intent to adopt the text of any proposed rule, the publication of which would be unduly cumbersome, expensive, or otherwise inexpedient if:

- (1) knowledge of the rule is likely to be important to only a small class of persons;
- (2) the notice of intent to adopt states that a free copy of the entire rule is available upon request to the agency; and
- (3) the notice of intent to adopt states in detail the specific subject matter of the omitted rule, cites the statutory authority for the proposed rule, and details the proposed rule's purpose and motivation.

Sec. 24. Minnesota Statutes 2016, section 14.23, is amended to read:

#### **14.23 STATEMENT OF NEED AND REASONABLENESS.**

By the date of the section 14.22 notice, the agency shall prepare a statement of need and reasonableness, which must be available to the public. The statement of need and reasonableness must include the analysis information required in section 14.131. ~~The statement must also describe the agency's efforts to provide additional notification under section 14.22 to persons or classes of persons who may be affected by the proposed rules or must explain why these efforts were not made. For at least 30 days following the notice, the agency shall afford the public an opportunity to request a public hearing and to submit data and views on the proposed rule in writing.~~

The agency shall send a copy of the statement of need and reasonableness to the Legislative Reference Library no later than when the notice of intent to adopt is ~~mailed~~ sent.

Sec. 25. Minnesota Statutes 2016, section 14.25, subdivision 1, is amended to read:

Subdivision 1. **Requests for hearing.** If, during the ~~30-day~~ period allowed for comment under section 14.22, 25 or more persons submit to the agency a written request for a public hearing of the proposed rule, the agency shall proceed under the provisions of sections 14.14 to 14.20. The written request must include:

- (1) the name and address of the person requesting the public hearing; ~~and~~
- (2) ~~the portion or portions~~ part or subpart, if any, of the rule to which the person objects ~~or a statement that the person opposes the entire rule. If not previously published under section 14.22, subdivision 2, a notice of the public hearing must be published in the State Register and mailed to those persons who submitted a written request for the public hearing. Unless the agency has modified the proposed rule, the notice need not include the text of the proposed rule but only a citation to the State Register pages where the text appears; and~~
- (3) the reasons for the objection to each portion of the rule identified.

A written request for a public hearing that does not comply with the requirements of this section is invalid and may not be counted by the agency for purposes of determining whether a public hearing must be held. A written request for a public hearing is not invalid due to failure of the request to correctly identify the portion of the rule to which the person objects if the agency reasonably can determine which portion of the rule is the basis for the objection.

Sec. 26. Minnesota Statutes 2016, section 14.26, is amended to read:

**14.26 ADOPTION OF PROPOSED RULE; SUBMISSION TO ADMINISTRATIVE LAW JUDGE.**

Subdivision 1. **Submission.** If no hearing is required, the agency shall submit to an administrative law judge assigned by the chief administrative law judge the proposed rule and notice as published, the rule as adopted, any written comments received by the agency, and a statement of need and reasonableness for the rule. The agency shall give notice to all persons who requested to be informed that these materials have been submitted to the administrative law judge. This notice must be given on the same day that the record is submitted. If the proposed rule has been modified, the notice must state that fact, and must also state that a free copy of the proposed rule, as modified, is available upon request from the agency. The rule and these materials must be submitted to the administrative law judge within 180 days of the day that the comment period for the rule is over or the rule is automatically withdrawn. The agency may not adopt the withdrawn rules without again following the procedures of sections 14.05 to 14.28, with the exception of section 14.101, if the noncompliance is approved by the chief administrative law judge. The agency shall report its failure to adopt the rules and the reasons for that failure to the Legislative Coordinating Commission, other appropriate legislative committees, and the governor.

~~Subd. 2. **Resubmission.** Even if the 180-day period expires while the administrative law judge reviews the rule, if the administrative law judge rejects the rule, the agency may resubmit it after taking corrective action. The resubmission must occur within 30 days of when the agency receives written notice of the disapproval. If the rule is again disapproved, the rule is withdrawn. An agency may resubmit at any time before the expiration of the 180-day period. If the agency withholds some of the proposed rule, it may not adopt the withheld portion without again following the procedures of sections 14.14 to 14.28.~~

Subd. 3. **Review.** ~~(a)~~ Within 14 days of receiving a submission under subdivision 1, the administrative law judge shall approve or disapprove the rule as to its legality and its form to the extent that the form relates to legality, including the issues of whether the rule if modified is substantially different, as determined under section 14.05, subdivision 2, from the rule as originally proposed, whether the agency has the authority to adopt the rule, and whether the record demonstrates a rational basis for the need for and reasonableness of the proposed rule. ~~If the rule is approved, the administrative law judge shall promptly file four paper copies or an electronic copy of the adopted rule in the Office of the Secretary of State. The secretary of state shall forward one copy of each rule to the revisor of statutes, to the agency, and to the governor.~~ If the rule is disapproved, the administrative law judge shall state in writing the reasons for the disapproval and make recommendations to overcome the defects.

Subd. 3b. **Harmless error.** The administrative law judge shall disregard any error or defect in the proceeding due to the agency's failure to satisfy any procedural requirements imposed by law or rule if the administrative law judge finds:

(1) that the failure did not deprive any person or entity of an opportunity to participate meaningfully in the rulemaking process; or

(2) that the agency has taken corrective action to cure the error or defect so that the failure did not deprive any person or entity of an opportunity to participate meaningfully in the rulemaking process.

Subd. 3c. **Correction of defects.** ~~(b)~~ (a) The written disapproval must be submitted to the chief administrative law judge for approval. If the chief administrative law judge approves of the findings of the administrative law judge, the chief administrative law judge shall send the statement of the reasons for disapproval of the rule to the agency, the Legislative Coordinating Commission, the house of representatives and senate policy committees with primary jurisdiction over state governmental operations, and the revisor of statutes and advise the agency and the revisor of statutes of actions that will correct the defects. The rule may not be filed in the Office of the Secretary of State, nor be published, until the chief administrative law judge determines that the defects have been corrected or, if applicable, that the agency has satisfied the rule requirements for the adoption of a substantially different rule.

(b) The agency may resubmit the disapproved rule under paragraph (a) to the chief administrative law judge after correcting the defects. If the 180-day period expires while the chief administrative law judge is reviewing the rule, the agency may resubmit the rule within 30 days of the date the agency received written notice of disapproval. In all other cases, the agency may resubmit the rule at any time before the expiration of the 180-day period in subdivision 1. If the resubmitted rule is disapproved by the chief administrative law judge, the rule is withdrawn. If the agency does not resubmit a portion of the rule, it may not adopt that portion of the rule without again following the procedures of sections 14.14 to 14.28.

Subd. 3d. **Need or reasonableness not established.** (e) If the chief administrative law judge determines that the need for or reasonableness of the rule has not been established, and if the agency does not elect to follow the suggested actions of the chief administrative law judge to correct that defect, then the agency shall submit the proposed rule to the Legislative Coordinating Commission and to the house of representatives and senate policy committees with primary jurisdiction over state governmental operations for advice and comment. The agency may not adopt the rule until it has received and considered the advice of the commission and committees. However, the agency need not wait for advice for more than 60 days after the commission and committees have received the agency's submission.

(d) The administrative law judge shall disregard any error or defect in the proceeding due to the agency's failure to satisfy any procedural requirements imposed by law or rule if the administrative law judge finds:

(1) that the failure did not deprive any person or entity of an opportunity to participate meaningfully in the rulemaking process; or

(2) that the agency has taken corrective action to cure the error or defect so that the failure did not deprive any person or entity of an opportunity to participate meaningfully in the rulemaking process.

Subd. 3a. **Filing.** If the rule is approved, the administrative law judge shall promptly file four paper copies or an electronic copy of the adopted rule in the Office of the Secretary of State. The secretary of state shall forward one copy of each rule to the revisor of statutes, to the agency, and to the governor.

Subd. 4. **Costs.** The Office of Administrative Hearings shall assess an agency for the actual cost of processing rules under this section. Each agency shall include in its budget money to pay the assessment. Receipts from the assessment must be deposited in the administrative hearings account created in section 14.54.

Subd. 5. **Filing.** If the rule is approved, the chief administrative law judge shall promptly file four paper copies or an electronic copy of it in the Office of the Secretary of State. The secretary of state shall forward one copy of the rule to the revisor of statutes, one copy to the agency, and one copy to the governor.

Subd. 6. **Costs.** The Office of Administrative Hearings shall assess an agency for the actual cost of processing rules under this section. Each agency shall include in its budget money to pay the assessment. Receipts from the assessment must be deposited in the administrative hearings account created in section 14.54.

Sec. 27. Minnesota Statutes 2016, section 14.365, is amended to read:

#### **14.365 OFFICIAL RULEMAKING RECORD.**

The agency shall maintain the official rulemaking record for every rule adopted under sections 14.05 to ~~14.389~~ 14.3895. The record must be available for public inspection. The record required by this section constitutes the official and exclusive agency rulemaking record with respect to agency action on or judicial review of the rule. The record must contain:



- (1) copies of all publications in the State Register pertaining to the rule;
- (2) all written petitions, and all requests, submissions, or comments received by the agency or the administrative law judge after publication of the notice of intent to adopt or the notice of hearing in the State Register pertaining to the rule;
- (3) the statement of need and reasonableness for the rule;
- (4) any report prepared by the peer review panel pursuant to section 14.129;
- ~~(4)~~ (5) the official transcript of the hearing if one was held, or the tape recording of the hearing if a transcript was not prepared;
- ~~(5)~~ (6) the report of the administrative law judge, if any;
- ~~(6)~~ (7) the rule in the form last submitted to the administrative law judge under sections 14.14 to 14.20 or first submitted to the administrative law judge under sections 14.22 to 14.28;
- ~~(7)~~ (8) the administrative law judge's written statement of required modifications and of approval or disapproval by the chief administrative law judge, if any;
- ~~(8)~~ (9) any documents required by applicable rules of the Office of Administrative Hearings;
- ~~(9)~~ (10) the agency's order adopting the rule;
- ~~(10)~~ (11) the revisor's certificate approving the form of the rule; and
- ~~(11)~~ (12) a copy of the adopted rule as filed with the secretary of state.

Sec. 28. Minnesota Statutes 2016, section 14.381, subdivision 3, is amended to read:

Subd. 3. **Costs.** The agency is liable for all Office of Administrative Hearings costs associated with review of the petition. If the administrative law judge rules in favor of the agency, the agency may recover all or a portion of the costs from the petitioner unless the petitioner is entitled to proceed in forma pauperis under section 563.01 or the administrative law judge determines that the petition was brought in good faith and that an assessment of the costs would constitute an undue hardship for the petitioner. ~~If an agency has reason to believe it will prevail in the consideration of a petition, and that an effort to recover costs from the petitioner will be unsuccessful, it may request the chief administrative law judge to require the petitioner to provide bond or a deposit to the agency in an amount the chief administrative law judge estimates will be the cost to the Office of Administrative Hearings to review the petition.~~

Sec. 29. Minnesota Statutes 2016, section 14.388, subdivision 1, is amended to read:

Subdivision 1. **Requirements.** If an agency for good cause finds that the rulemaking provisions of this chapter are unnecessary, impracticable, or contrary to the public interest when adopting, amending, or repealing a rule to:

- (1) address a serious and immediate threat to the public health, safety, or welfare;
- (2) comply with a court order or a requirement in federal law in a manner that does not allow for compliance with sections 14.14 to 14.28;

(3) incorporate specific changes set forth in applicable statutes when no interpretation of law is required; or

(4) make changes that do not alter the sense, meaning, or effect of a rule,

the agency may adopt, amend, or repeal the rule after satisfying the requirements of subdivision 2 and section 14.386, paragraph (a), clauses (1) to (4). The agency shall incorporate its findings and a brief statement of its supporting reasons in its order adopting, amending, or repealing the rule.

After considering the agency's statement and any comments received, the Office of Administrative Hearings shall determine whether the agency has provided adequate justification for its use of this section.

Rules adopted, amended, or repealed under ~~clauses clause~~ (1) ~~and (2)~~ are effective for a period of two years from the date of publication of the rule in the State Register.

Rules adopted, amended, or repealed under clause (2), (3), or (4) are effective upon publication in the State Register.

Sec. 30. Minnesota Statutes 2016, section 14.388, subdivision 2, is amended to read:

Subd. 2. **Notice.** An agency proposing to adopt, amend, or repeal a rule under this section must give notice to the chairs and ranking minority members of the legislative policy and budget committees with jurisdiction over the subject matter of the proposed rules and to the Legislative Coordinating Commission, must give electronic notice of its intent in accordance with section 16E.07, subdivision 3, and must give notice by United States mail or electronic mail to persons who have registered their names with the agency under section 14.14, subdivision 1a. The notice must be given no later than the date the agency submits the proposed rule to the Office of Administrative Hearings for review of its legality and must include:

(1) the proposed rule, amendment, or repeal;

(2) an explanation of why the rule meets the requirements of the good cause exemption under subdivision 1; and

(3) a statement that interested parties have five business days after the date of the notice to submit comments to the Office of Administrative Hearings.

Sec. 31. Minnesota Statutes 2016, section 14.44, is amended to read:

#### **14.44 DETERMINATION OF VALIDITY OF RULE.**

(a) The validity of any rule, or the validity of any agency policy, guideline, bulletin, criterion, manual standard, or similar pronouncement that the petitioner believes is a rule as defined in section 14.02, subdivision 4, may be determined upon the petition for a declaratory judgment thereon, addressed to the Court of Appeals, when it appears that the rule or pronouncement, or its threatened application, interferes with or impairs, or threatens to interfere with or impair the legal rights or privileges of the petitioner. The agency shall be made a party to the proceeding. The declaratory judgment may be rendered whether or not the petitioner has first requested the agency to pass upon the validity of the rule in question, whether or not the petitioner has petitioned the Office of Administrative Hearings under section 14.381, and whether or not the agency has commenced an action against the petitioner to enforce the rule.

(b) If the subject of the petition is an agency policy, guideline, bulletin, criterion, manual standard, or similar pronouncement, the agency must cease enforcement of the pronouncement upon filing of the petition until the Court of Appeals rules on the matter. The agency is liable for all costs associated with review of the petition. If the Court

of Appeals rules in favor of the agency, the agency may recover all or a portion of the cost from the petitioner unless the petitioner is entitled to proceed in a forma pauperis under section 563.01, or the court determines that the petition was brought in good faith or the assessment of the costs would constitute an undue hardship for the petitioner.

Sec. 32. Minnesota Statutes 2016, section 14.45, is amended to read:

**14.45 RULE DECLARED INVALID.**

In proceedings under section 14.44, the court shall declare the rule or agency policy, guideline, bulletin, criterion, manual standard, or similar pronouncement invalid if it finds that it violates constitutional provisions or exceeds the statutory authority of the agency or if the rule was adopted or the policy, guideline, bulletin, criterion, manual standard, or similar pronouncement was improperly implemented without compliance with statutory rulemaking procedures. Any party to proceedings under section 14.44, including the agency, may appeal an adverse decision of the Court of Appeals to the Supreme Court as in other civil cases.

Sec. 33. Minnesota Statutes 2016, section 14.51, is amended to read:

**14.51 PROCEDURAL RULES.**

The chief administrative law judge shall adopt rules to govern: (1) the procedural conduct of all hearings, relating to both rule adoption, amendment, suspension or repeal hearings, contested case hearings, and workers' compensation hearings, and to govern the conduct of voluntary mediation sessions for rulemaking and contested cases other than those within the jurisdiction of the Bureau of Mediation Services; and (2) the review of rules adopted without a public hearing. The chief administrative law judge may adopt rules to govern the procedural conduct of other hearings conducted by the Office of Administrative Hearings. The procedural rules shall be binding upon all agencies and shall supersede any other agency procedural rules with which they may be in conflict. The procedural rules shall include in addition to normal procedural matters provisions relating to the procedure to be followed when the proposed final rule of an agency is substantially different, as determined under section 14.05, subdivision 2, from that which was proposed. The procedural rules shall establish a procedure whereby the proposed final rule of an agency shall be reviewed by the chief administrative law judge on the issue of whether the proposed final rule of the agency is substantially different than that which was proposed or failure of the agency to meet the requirements of chapter 14. The rules must also provide: (1) an expedited procedure, consistent with section 14.001, clauses (1) to (5), for the adoption of substantially different rules by agencies; and (2) a procedure to allow an agency to receive prior binding approval of its plan regarding the additional notice contemplated under sections 14.101, 14.131, 14.14, 14.22, ~~and~~ 14.23, and 14.389. Upon the chief administrative law judge's own initiative or upon written request of an interested party, the chief administrative law judge may issue a subpoena for the attendance of a witness or the production of books, papers, records or other documents as are material to any matter being heard by the Office of Administrative Hearings. The subpoenas shall be enforceable through the district court in the district in which the subpoena is issued.

Sec. 34. **REPEALER.**

Minnesota Statutes 2016, section 14.05, subdivision 5, is repealed.

Sec. 35. **EFFECTIVE DATE; APPLICATION.**

Except where otherwise provided, this article is effective August 1, 2017, and applies to rules for which a notice of hearing under Minnesota Statutes, section 14.14; a notice of intent to adopt under Minnesota Statutes, section 14.22; or a dual notice under Minnesota Statutes, section 14.225, is published in the State Register on or after that date.

ARTICLE 5  
MINNESOTA SPORTS FACILITIES AUTHORITY

Section 1. Minnesota Statutes 2016, section 13.55, subdivision 2, is amended to read:

Subd. 2. **Public data.** (a) The data made not public by the provisions of subdivision 1 shall become public upon the occurrence of any of the following:

~~(a)~~ (1) five years elapse from the date on which the lease or contract is entered into between the facility and the inquiring party or parties or the event which was the subject of inquiry occurs at the facility, whichever occurs earlier;

~~(b)~~ (2) the event which was the subject of inquiry does not occur; or

~~(c)~~ (3) the event which was the subject of inquiry occurs elsewhere.

(b) Data regarding persons receiving free or discounted admission, tickets, or other gifts from publicly owned and operated convention facilities, civic center authorities, or the Minnesota Sports Facilities Authority is public data unless the data is subject to the provisions of subdivision 1 or 4, paragraph (b).

Sec. 2. Minnesota Statutes 2016, section 16A.965, is amended by adding a subdivision to read:

Subd. 11. **Prepayment of bonds.** Each fiscal year in which there is a reduction in the amount of the payment for stadium operating expenses as a result of the provisions of section 473J.09, subdivision 15, the commissioner shall set aside the amount of the savings in a separate account in the general fund for that purpose. When a sufficient amount of savings have been accumulated in that account to make it practicable, the commissioner must use amounts in the account to prepay or defease bonds issued under this subdivision in a manner that preserves the tax exempt status of the bonds.

Sec. 3. Minnesota Statutes 2016, section 297A.994, subdivision 4, is amended to read:

Subd. 4. **General fund allocations.** The commissioner must retain and deposit to the general fund the following amounts, as required by subdivision 3, clause (3):

(1) for state bond debt service support beginning in calendar year 2021, and for each calendar year thereafter through calendar year 2046, periodic amounts so that not later than December 31, 2046, an aggregate amount equal to a present value of \$150,000,000 has been deposited in the general fund. To determine aggregate present value, the commissioner must consult with the commissioner of management and budget regarding the present value dates, discount rate or rates, and schedules of annual amounts. The present value date or dates must be based on the date or dates bonds are sold under section 16A.965, or the date or dates other state funds, if any, are deposited into the construction fund. The discount rate or rates must be based on the true interest cost of the bonds issued under section 16A.965, or an equivalent 30-year bond index, as determined by the commissioner of management and budget. The schedule of annual amounts must be certified to the commissioner by the commissioner of management and budget and the finance officer of the city;

(2) for the capital improvement reserve appropriation to the Minnesota Sports Facilities Authority beginning in calendar year 2021, and for each calendar year thereafter through calendar year 2046, an aggregate annual amount equal to the amount paid by the state for this purpose in that calendar year under section 473J.13, subdivision 4;

(3) for the operating expense appropriation to the Minnesota Sports Facilities Authority beginning in calendar year 2021, and for each calendar year thereafter through calendar year 2046, an aggregate annual amount equal to the amount paid by the state for this purpose in that calendar year under section 473J.13, subdivision 2, determined without regard to the reduction in that amount for any amounts reported under section 473J.09, subdivision 15, paragraph (c);

(4) for recapture of state advances for capital improvements and operating expenses for calendar years 2016 through 2020 beginning in calendar year 2021, and for each calendar year thereafter until all amounts under this clause have been paid, proportionate amounts periodically until an aggregate amount equal to the present value of all amounts paid by the state have been deposited in the general fund. To determine the present value of the amounts paid by the state to the authority and the present value of amounts deposited to the general fund under this clause, the commissioner shall consult with the commissioner of management and budget regarding the present value dates, discount rate or rates, and schedule of annual amounts. The present value dates must be based on the dates state funds are paid to the authority, or the dates the commissioner of revenue deposits taxes for purposes of this clause to the general fund. The discount rates must be based on the reasonably equivalent cost of state funds as determined by the commissioner of management and budget. The schedule of annual amounts must be revised to reflect amounts paid under section 473J.13, subdivision 2, paragraph (b), for 2016 to 2020, and subdivision 4, paragraph (c), for 2016 to 2020, and taxes deposited to the general fund from time to time under this clause, and the schedule and revised schedules must be certified to the commissioner by the commissioner of management and budget and the finance officer of the city, and are transferred as accrued from the general fund for repayment of advances made by the state to the authority. Determination of the present value amounts must be made without regard to any reduction in the state advances resulting from amounts reported under section 473J.09, subdivision 15, paragraph (c); and

(5) to capture increases in taxes imposed under the special law, for the benefit of the Minnesota Sports Facilities Authority, beginning in calendar year 2013 and for each calendar year thereafter through 2046, there shall be deposited to the general fund in proportionate periodic payments in the following year, an amount equal to the following:

(i) 50 percent of the difference, if any, by which the amount of the net annual taxes for the previous year exceeds the sum of the net actual taxes in calendar year 2011 plus \$1,000,000, inflated at two percent per year since 2011, minus

(ii) 25 percent of the difference, if any, by which the amount of the net annual taxes for the preceding year exceeds the sum of the net actual taxes in calendar year 2011 plus \$3,000,000, inflated at two percent per year since 2011.

Sec. 4. Minnesota Statutes 2016, section 473J.07, subdivision 2, is amended to read:

Subd. 2. **Membership.** (a) The authority shall consist of ~~five~~ seven members.

(b) ~~The chair and two members~~ One member shall be appointed by the governor. ~~One This member appointed by the governor shall serve until December 31 of the third year following appointment and one member shall serve until December 31 of the fourth year following appointment.~~ Thereafter, members appointed by the governor shall serve four-year terms, beginning January 1. Each member serves until a successor is appointed and takes office. ~~The chair serves at the pleasure of the governor.~~

(c) The mayor of the city shall appoint ~~two members~~ one member to the authority. ~~One This member appointed by the mayor of the city shall serve until December 31 of the third second year following appointment and one member shall serve until December 31 of the fourth year following appointment.~~ Thereafter, members appointed under this paragraph shall serve four-year terms beginning January 1. Each member serves until a successor is appointed and takes office. Members appointed under this paragraph may reside within the city and may be appointed officials of a political subdivision.

(d) ~~The initial members of the authority must be appointed not later than June 13, 2012. The legislature shall appoint the remaining members of the authority, who may not be members of the legislature, as follows:~~

(1) the speaker of the house shall appoint one member;

(2) the majority leader of the senate shall appoint one member;

(3) the minority leader of the house of representatives shall appoint one member; and

(4) the minority leader of the senate shall appoint one member.

(e) The chair of the Legislative Coordinating Commission shall appoint a voting member of the board, who must be a certified public accountant. Members appointed by the legislature shall serve for three-year terms.

Sec. 5. Minnesota Statutes 2016, section 473J.07, subdivision 3, is amended to read:

Subd. 3. **Compensation.** The authority may compensate its members, ~~other than the chair,~~ as provided in section 15.0575. The chair shall receive, ~~unless otherwise provided by other law, a salary in an amount fixed by the authority,~~ the same compensation as other board members and shall be reimbursed for reasonable expenses to the same extent as a member.

Sec. 6. Minnesota Statutes 2016, section 473J.07, subdivision 4, is amended to read:

Subd. 4. **Chair.** The chair presides at all meetings of the authority, if present, and performs all other assigned duties and functions. The members of the board shall biennially elect a chair from among its members. The authority may appoint from among its members a vice-chair to act for the chair during the temporary absence or disability of the chair, and any other officers the authority determines are necessary or convenient.

Sec. 7. Minnesota Statutes 2016, section 473J.07, subdivision 8, is amended to read:

Subd. 8. **Executive director; employees.** The authority may appoint an executive director to serve as the chief executive officer of the authority. The executive director serves at the pleasure of the authority and receives compensation as determined by the authority, but in no instance may the compensation of the executive director exceed that of the governor. The executive director may be responsible for the operation, management, and promotion of activities of the authority, as prescribed by the authority. The executive director has the powers necessarily incident to the performance of duties required and powers granted by the authority, but does not have authority to incur liability or make expenditures on behalf of the authority without general or specific directions by the authority, as shown by the bylaws or minutes of a meeting of the authority. The executive director is responsible for hiring, supervision, and dismissal of all other employees of the authority. The authority must conduct an annual employee evaluation of the executive director, which must be reviewed and approved by the entire board.

Sec. 8. Minnesota Statutes 2016, section 473J.07, is amended by adding a subdivision to read:

Subd. 8a. **Budget; report.** After adoption, the authority shall submit its annual budget to the commissioner of management and budget and to the chairs and ranking minority members of the senate finance and house of representatives ways and means committees. All elements of the authority budget, meeting minutes, policies, and procedures must be available on the authority Web site.

Sec. 9. Minnesota Statutes 2016, section 473J.09, subdivision 6, is amended to read:

Subd. 6. **Employees; contracts for services.** The authority may employ persons and contract for services necessary to carry out its functions, including the utilization of employees and consultants retained by other governmental entities. As a condition of employment, employees selected by the authority may not engage in partisan political activities. The authority shall enter into an agreement with the city regarding traffic control for the stadium.

Sec. 10. Minnesota Statutes 2016, section 473J.09, subdivision 13, is amended to read:

Subd. 13. **Legislative report.** The authority must report to the chairs and ranking minority members of the legislative committees with jurisdiction over state government finance by January 15 of each year on the following:

- (1) any recommended increases in the rate or dollar amount of tax;
- (2) any recommended increases in the debt of the authority;
- (3) the overall work and role of the authority;
- (4) the authority's proposed and past operating and capital budgets; and
- (5) the authority's implementation of the operating and capital budgets.

Sec. 11. Minnesota Statutes 2016, section 473J.09, is amended by adding a subdivision to read:

Subd. 15. **Use of stadium suites.** (a) The authority's marketing vendor may enter into agreements for the use of game and event tickets, and stadium suites, for the purpose of marketing the stadium to potential users. Use of stadium suites is subject to the following requirements:

(1) stadium suites may not be used by board members, except when participating in a marketing effort arranged by the authority's marketing vendor, or conducting oversight of authority responsibilities. The executive director shall ensure that use of the suite does not violate open meeting laws. A board member may not use a suite more than twice per year for oversight duties, and must pay the fair market value for use of the suite;

(2) stadium suite use must be limited to only those persons and activities with a legitimate business purpose. Family members and friends of board members and authority staff are presumed not to have a legitimate business purpose for attendance in a suite unless the attendance has been approved by public vote of the authority, and the stated business purpose made a part of the public record;

(3) if the authority has contracted or contracts for stadium marketing services and access to a suite is included in the existing or future contract, the contract terms must require that the contractor determine when suites are needed for marketing purposes and transmits to the authority all data regarding its suite use, including but not limited to:

- (i) the costs of use;
- (ii) the identity of each attendee and their legitimate business purpose for attendance;
- (iii) the date, time, and a general description of the stadium event at which the suite was used, if applicable; and
- (iv) the value and a description of any food, parking, or other benefits provided to attendees.

The data required by this clause must be transmitted to the authority within 30 days after each event at which a suite was used;

(4) authority staff may not use a suite except with the express written assignment of duties by the executive director, may not be provided free food, and may not be provided free parking unless necessary to complete the assigned duties; and

(5) provision of tickets to events and use of suites for a purpose other than marketing or oversight must be reported to the legislative auditor.

(b) The authority must negotiate a return of all stadium suites to the primary tenant, or other interested parties, in return for fair market value. A provision may be negotiated allowing limited access to suites for marketing purposes. Any revenues received pursuant to this paragraph must be deposited in the authority's operating reserves, established under section 473J.13, subdivision 2, paragraph (c).

(c) No later than 60 days after the close of each fiscal year, the authority must report to the commissioner of management and budget the amount deposited in the authority's reserves under the provisions of paragraph (b).

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

Sec. 12. Minnesota Statutes 2016, section 473J.09, is amended by adding a subdivision to read:

Subd. 16. **Code of conduct.** The authority shall adopt and comply with the latest version of the state code of conduct promulgated by Minnesota Management and Budget.

Sec. 13. Minnesota Statutes 2016, section 473J.13, subdivision 2, is amended to read:

Subd. 2. **Operating expenses.** (a) The authority must pay or cause to be paid all operating expenses of the stadium. The authority must require in the lease or use agreement with the NFL team that the NFL team pay the authority, beginning January 1, 2016, or other date as mutually agreed upon by the parties, toward operating costs of the stadium, \$8,500,000 each year, increased by a three percent annual inflation rate.

(b) Beginning January 1, 2016, or other date as mutually agreed upon by the parties, and continuing through 2020, the state shall pay the authority operating expenses, \$6,000,000 each year, increased by an annual adjustment factor. The payment of \$6,000,000 per year beginning in 2016 is a payment by the state, which shall be repaid to the state, using funds as provided under section 297A.994, subdivision 4, clause (4). After 2020, the state shall assume this payment, using funds generated in accordance with the city of Minneapolis as specified under section 297A.994, subdivision 4, clause (3). The amount of the payment obligation under this paragraph for any fiscal year is reduced by the dollar amount for the prior fiscal year reported to the commissioner of management and budget under section 473J.09, subdivision 15, paragraph (c).

(c) The authority may establish an operating reserve to cover operating expense shortfalls and may accept funds from any source for deposit in the operating reserve. The establishment or funding of an authority operating reserve must not decrease the amounts required to be paid to the authority toward operating costs under this subdivision unless agreed to by the authority.

(d) The authority will be responsible for operating cost overruns.

(e) After the joint selection of the third-party manager or program manager, the authority may agree with a program manager or other third-party manager of the stadium on a fixed cost operating, management, or employment agreement with operating cost protections under which the program manager or third-party manager



assumes responsibility for stadium operating costs and shortfalls. The agreement with the manager must require the manager to prepare an initial and ongoing operating plan and operating budgets for approval by the authority in consultation with the NFL team. The manager must agree to operate the stadium in accordance with the approved operating plan and operating budget.

Sec. 14. **RECOVERY.**

The Minnesota Sports Facilities Authority must recover the fair market value of any food, parking, tickets, and access to stadium suites provided to a person prior to January 1, 2017, if the provision of those benefits to the person was not in the public interest. The authority shall report on recovery efforts to the commissioner of management and budget and to the chairs and ranking minority members of the senate finance and house of representatives ways and means committees on the second Monday of each month until a full recovery is completed.

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

Sec. 15. **LEGISLATIVE AUDITOR REVIEW.**

(a) No later than January 15, 2018, the legislative auditor is requested to review the operations and management structure of major sports event facilities in Minnesota that are both publicly owned and publicly operated. Upon completion, the review must be submitted to the chairs and ranking minority members of the legislative committees with jurisdiction over state government finance, and to the Legislative Commission on Minnesota Sports Facilities.

(b) At a minimum, the review must consider:

(1) the structure and oversight responsibilities of each facility's public governing body;

(2) whether the public governing bodies have access to tickets, suites, or other premium amenities for events conducted in the facilities they oversee, including the terms under which the access is provided; and

(3) whether the public governing bodies have adopted policies or procedures to ensure their oversight activities, including those of individual members acting on behalf of the governing body, are transparent and in furtherance of the public interest.

(c) The review must compare and contrast the practices of each public governing body and may recommend best practices for improving the governance, operations, and public accountability of each body. As necessary, the review may also propose any changes in law necessary to implement these best practices.

Sec. 16. **REPEALER.**

Minnesota Statutes 2016, section 473J.09, subdivision 14, is repealed.

Sec. 17. **EFFECTIVE DATE.**

Except where otherwise provided, this article is effective July 1, 2017, and, notwithstanding any law to the contrary, the appointment of the current executive director of the Minnesota Sports Facilities Authority and the terms of all current members of the authority terminate on that date. New appointments as required by Minnesota Statutes, section 473J.07, subdivision 2, must be made no later than July 15, 2017."

Delete the title and insert:

"A bill for an act relating to the operation of state government; appropriating money for the legislature, governor's office, state auditor, attorney general, secretary of state, certain agencies, boards, councils, retirement funds, military affairs, and veterans affairs; cancellation and reduction of certain appropriations; requiring a base budget report; establishing districting principles; establishing the Legislative Budget Office; requiring certain transit financial activity reporting; modifying state auditor provisions; modifying campaign finance provisions; requiring a report on interagency agreements and intra-agency transfers; providing for continuing appropriations under certain circumstances; amending the employee gainsharing system; requiring notice on capital improvement projects; specifying grant agreements; limiting number of full-time employees in state agencies; modifying compensation benefits for certain employees; establishing additional long-term equity investment authority; expanding the Minnesota GI Bill program; requiring a system for free electronic filing of state individual income tax returns and establishing a pilot program; changing certain retirement fund provisions; changing school districts group health insurance request for proposals; requiring review of rules for valuation of pipeline companies assessed by the state; limiting expenditures for advertising; setting certain salary limits; changing certain state budgeting provisions; making changes to the administrative rulemaking process; changing Minnesota Sports Facilities Authority provisions; requiring a code of conduct for the Minnesota Sports Facilities Authority; requiring recovery of fair market value of certain benefits from access to stadium suites; requiring the legislative auditor to review operations of major sports events facilities; requiring reports; amending Minnesota Statutes 2016, sections 3.305, subdivision 1; 3.842, subdivision 4a; 3.855, subdivision 2; 3.8843, subdivision 7; 3.971, subdivisions 2, 6; 3.972, by adding a subdivision; 3.98, subdivisions 1, 4; 3.987, subdivision 1; 6.481, subdivision 6; 6.56, subdivision 2; 6.581, subdivision 4; 10A.01, subdivision 26; 10A.02, subdivision 13; 10A.025, subdivision 1a; 10A.105, subdivision 1; 10A.15, subdivision 1; 10A.245, subdivision 2; 10A.25, subdivisions 1, 10; 10A.257, subdivision 1; 10A.27, subdivision 10, by adding a subdivision; 10A.322, subdivision 1; 10A.38; 13.55, subdivision 2; 14.002; 14.02, by adding a subdivision; 14.05, subdivisions 1, 2, 6, 7, by adding subdivisions; 14.101, subdivision 1; 14.116; 14.125; 14.127; 14.131; 14.14, subdivisions 1a, 2a; 14.19; 14.22, subdivision 1; 14.23; 14.25, subdivision 1; 14.26; 14.365; 14.381, subdivision 3; 14.388, subdivisions 1, 2; 14.44; 14.45; 14.51; 15.0596; 15.191, subdivisions 1, 3; 16A.065; 16A.13, subdivision 2a; 16A.134; 16A.15, subdivision 3; 16A.17, subdivision 5; 16A.272, subdivision 3; 16A.40; 16A.42, subdivisions 2, 4, by adding a subdivision; 16A.56; 16A.671, subdivision 1; 16A.90; 16A.965, by adding a subdivision; 16B.335, subdivision 1; 16B.37, subdivision 4; 16B.4805, subdivision 4; 16B.97, by adding a subdivision; 16D.03, subdivision 2; 16D.09, subdivision 1; 16E.016; 16E.0466; 21.116; 43A.17, subdivision 11; 43A.24, by adding a subdivision; 43A.30, subdivision 2; 43A.49; 49.24, subdivisions 13, 16; 69.031, subdivision 1; 80A.65, subdivision 9; 84A.23, subdivision 4; 84A.33, subdivision 4; 84A.40; 84A.52; 88.12, subdivision 1; 94.522; 94.53; 116J.64, subdivision 7; 126C.55, subdivisions 2, 9; 126C.68, subdivision 3; 126C.69, subdivision 14; 127A.34, subdivision 1; 127A.40; 136F.46, subdivision 1; 136F.70, subdivision 3; 162.08, subdivisions 10, 11; 162.14, subdivisions 4, 5; 162.18, subdivision 4; 162.181, subdivision 4; 163.051, subdivision 3; 176.181, subdivision 2; 176.581; 176.591, subdivision 3; 190.19, subdivisions 2, 2a; 192.55; 196.05, subdivision 1; 196.052; 197.236, subdivision 9; 197.791, subdivisions 2, 3, 4, 5, 5a; 198.16; 237.30; 241.13, subdivision 1; 244.19, subdivision 7; 256B.20; 260B.331, subdivision 2; 260C.331, subdivision 2; 270C.13, subdivision 1; 273.121, subdivision 1; 287.08; 297A.994, subdivision 4; 297L.10, subdivision 1; 299C.21; 348.05; 352.04, subdivision 9; 352.05; 352.115, subdivision 12; 352.12, subdivision 13; 353.05; 353.27, subdivisions 3c, 7; 353.505; 354.42, subdivision 7; 354.52, subdivisions 4, 4b; 401.15, subdivision 1; 446A.086, subdivision 4; 446A.16, subdivision 1; 462A.18, subdivision 1; 471.6161, subdivision 8; 471.617, subdivision 2; 473J.07, subdivisions 2, 3, 4, 8, by adding a subdivision; 473J.09, subdivisions 6, 13, by adding subdivisions; 473J.13, subdivision 2; 475A.04, subdivision 1; 508.12, subdivision 1; 518A.79, by adding a subdivision; 525.841; proposing coding for new law in Minnesota Statutes, chapters 2; 3; 14; 15; 16A; 16B; 43A; 118A; 197; 270C; repealing Minnesota Statutes 2016, sections 3.886; 6.581, subdivision 1; 10A.30; 10A.31, subdivisions 1, 3, 3a, 4, 5, 5a, 6, 6a, 7, 7a, 10, 10a, 10b, 11; 10A.315; 10A.321; 10A.322, subdivisions 2, 4; 10A.323; 10A.324, subdivisions 1, 3; 14.05, subdivision 5; 161.1419; 473J.09, subdivision 14; Minnesota Rules, parts 4503.1400, subparts 2, 3, 4, 5, 6, 7, 8, 9; 4503.1450."

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

The report was adopted.

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

H. F. No. 861, A bill for an act relating to transportation finance; establishing the budget for transportation activities; modifying various provisions governing transportation finance and policy; establishing a fund; making appropriations; authorizing the sale and issuance of state bonds; amending Minnesota Statutes 2016, sections 16A.88, subdivision 2; 53C.01, subdivision 2; 115A.908, subdivision 2; 117.036, subdivision 2; 117.189; 160.18, by adding a subdivision; 161.081, subdivision 3; 161.088, subdivisions 4, 5, 7; 161.115, subdivision 190; 161.14, by adding subdivisions; 161.321, subdivision 6; 161.38, by adding a subdivision; 161.44, subdivisions 5, 6a, by adding a subdivision; 162.145, subdivision 2; 168.021, subdivisions 1, 2, 2a; 168.27, by adding a subdivision; 168.33, subdivision 2; 168A.09, subdivision 1; 169.011, subdivision 34; 169.18, subdivision 5; 169.345, subdivisions 1, 3; 169.444, subdivision 2; 169.449, subdivision 1; 169.865, subdivision 3; 171.02, subdivision 2b; 171.06, subdivision 2a; 171.061, subdivision 3; 171.12, subdivision 6; 173.02, subdivisions 18, 23, by adding subdivisions; 173.06, subdivision 1; 173.07, subdivision 1; 173.08, by adding subdivisions; 173.13, subdivision 11; 173.16, by adding subdivisions; 174.03, subdivisions 1a, 1c, by adding a subdivision; 174.50, subdivisions 5, 6b, 6c, 7; 174.56, subdivisions 1, 2, by adding a subdivision; 174.93; 219.166; 219.20, subdivision 1; 221.031, by adding a subdivision; 222.49; 222.50, subdivision 6, by adding a subdivision; 299D.03, subdivision 6; 473.13, subdivision 1; 473.146, subdivision 3; 473.388, subdivision 4; 473.39, by adding a subdivision; 473.3994, by adding subdivisions; 473.4051, subdivision 3; Laws 2015, chapter 75, article 1, section 3, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 168; 169; 173; 174; 219; 398A; 471; 473; repealing Minnesota Statutes 2016, sections 161.115, subdivision 32; 473.4051, subdivision 2; Minnesota Rules, parts 8810.0800, subpart 3; 8810.1300, subpart 4.

Reported the same back with the following amendments:

Page 35, delete section 4

Renumber the sections in sequence and correct internal references

Correct the title numbers accordingly

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

The report was adopted.

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

H. F. No. 890, A bill for an act relating to education finance; providing funding in early childhood, kindergarten through grade 12, and adult education, including general education, education excellence, teachers, special education, facilities and technology, nutrition, libraries, early childhood and family support, community education and prevention, self-sufficiency and lifelong learning, and state agencies; making forecast adjustments; requiring a report; appropriating money; amending Minnesota Statutes 2016, sections 13.321, by adding a subdivision; 13.461, by adding a subdivision; 43A.08, subdivisions 1, 1a; 120A.22, subdivision 9; 120A.41; 120B.021, subdivisions 1, 3; 120B.022, subdivision 1b; 120B.12, subdivision 2; 120B.22, subdivision 2; 120B.23, subdivision 3; 120B.232, subdivision 1; 120B.30, subdivision 1; 120B.31, subdivision 4, by adding a subdivision; 120B.35, subdivision 3; 120B.36, subdivision 1; 121A.22, subdivision 2; 121A.221; 122A.09, subdivision 4a; 122A.14, subdivision 9; 122A.18, subdivisions 7c, 8; 122A.21, subdivisions 1, 2, by adding a subdivision; 122A.245, subdivisions 1, 2, 3, 10; 122A.40, subdivision 10; 122A.41, by adding a subdivision; 122A.415, subdivision 4; 122A.416; 123A.30, subdivision 6; 123B.41, subdivisions 2, 5a; 123B.42, subdivision 3; 123B.52, subdivision 1, by adding a subdivision; 123B.595, subdivisions 1, 4; 123B.92, subdivisions 1, 9; 124D.03, subdivision 5a; 124D.05, subdivision 3; 124D.09, subdivisions 3, 5, 9, 12, 13, by adding subdivisions; 124D.095, subdivision 3; 124D.1158,

subdivisions 3, 4; 124D.135, subdivision 1; 124D.15, subdivision 1; 124D.16, subdivision 2; 124D.165, subdivisions 1, 2, 3, 4; 124D.531, subdivision 1; 124D.549; 124D.55; 124D.59, subdivision 2; 124D.68, subdivision 2; 124E.03, subdivision 2; 124E.11; 125A.08; 125A.0941; 125A.11, subdivision 1; 125A.21, subdivision 2; 125A.515; 125A.56, subdivision 1; 125A.74, subdivision 1; 126C.05, subdivisions 1, 8; 126C.10, subdivisions 2, 2a, 3, 13a; 127A.41, subdivision 3; 127A.45, subdivision 10; 134.31, subdivision 2; 136A.1791, subdivisions 1, 2, 9; 256B.0625, subdivision 26; 256J.08, subdivisions 38, 39; 297A.70, subdivision 2; Laws 2015, First Special Session chapter 3, article 1, section 27, subdivisions 2, as amended, 3, 4, as amended, 6, as amended, 7, as amended, 9, as amended; article 2, section 70, subdivisions 2, as amended, 3, as amended, 4, as amended, 5, as amended, 7, as amended, 11, as amended; article 4, section 9, subdivision 2, as amended; article 5, section 30, subdivisions 2, as amended, 3, as amended, 5, as amended, 6; article 6, section 13, subdivisions 2, as amended, 3, as amended; article 7, section 7, subdivisions 2, as amended, 3, as amended, 4, as amended; article 9, section 8, subdivisions 5, as amended, 6, as amended; article 10, section 3, subdivision 2, as amended; article 11, section 3, subdivision 2, as amended; Laws 2016, chapter 189, article 25, sections 58; 62, subdivisions 7, 17; proposing coding for new law in Minnesota Statutes, chapters 120A; 120B; 121A; 122A; 124D; 125A; 126C; 127A; 136A; proposing coding for new law as Minnesota Statutes, chapter 119C; repealing Minnesota Statutes 2016, sections 122A.40, subdivision 11; 122A.41, subdivision 14; 124D.151; 124D.73, subdivision 2; 129C.10; 129C.105; 129C.15; 129C.20; 129C.25; 129C.26; 129C.30; Minnesota Rules, parts 3500.3100, subpart 4; 3600.0010, subparts 1, 2, 2a, 2b, 3, 6; 3600.0020; 3600.0030, subparts 1, 2, 4, 6; 3600.0045; 3600.0055; 3600.0065; 3600.0075; 3600.0085.

Reported the same back with the following amendments:

Page 4, delete section 5

Page 8, delete section 7

Page 14, after line 28, insert:

"Sec. 16. **PUPIL TRANSPORTATION ADJUSTMENT.**

(a) For fiscal years 2018 and 2019 only, an independent, common, or special school district's transportation sparsity revenue under Minnesota Statutes, section 126C.10, subdivision 18, is increased by the greater of zero or 52 percent of the difference between:

(1) the lesser of the district's total cost for regular and excess pupil transportation under section 123B.92, subdivision 1, paragraph (b), including depreciation, for the previous fiscal year or 105 percent of the district's total cost for the second previous fiscal year; and

(2) the sum of:

(i) 4.66 percent of the district's basic revenue for the previous fiscal year;

(ii) transportation sparsity revenue under Minnesota Statutes, section 126C.10, subdivision 18, for the previous fiscal year; and

(iii) the district's charter school transportation adjustment for the previous fiscal year.

(b) For fiscal years 2018 and 2019 only, a charter school's pupil transportation adjustment equals the school district per pupil adjustment under paragraph (a).

**EFFECTIVE DATE.** This section is effective for revenue for fiscal years 2018 and 2019 only."

Page 15, line 7, delete "6,968,559,000" and insert "6,971,360,000"

Page 15, line 8, delete "7,105,273,000" and insert "7,108,742,000"

Page 15, line 9, delete "\$6,281,731,000" and insert "\$6,284,532,000"

Page 15, line 10, delete "\$697,970,000" and insert "\$698,281,000" and delete "\$6,407,303,000" and insert "\$6,410,461,000"

Page 15, line 29, delete "18,138,000" and insert "18,342,000"

Page 15, line 30, delete "18,987,000" and insert "19,437,000"

Page 15, line 31, delete "\$16,451,000" and insert "\$16,655,000"

Page 16, line 1, delete "\$1,827,000" and insert "\$1,850,000" and delete "\$17,160,000" and insert "\$17,587,000"

Page 16, line 4, delete "18,049,000" and insert "18,252,000"

Page 16, line 5, delete "17,857,000" and insert "18,281,000"

Page 16, line 6, delete "\$16,214,000" and insert "\$16,417,000"

Page 16, line 7, delete "\$1,801,000" and insert "\$1,824,000" and delete "\$16,056,000" and insert "\$16,457,000"

Page 16, after line 17, insert:

"Subd. 10. **Onetime pupil aid.** (a) For onetime pupil aid:

<u>\$6,821,000</u>	<u>.....</u>	<u>2019</u>
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(b) Each district's onetime pupil aid for fiscal year 2019 equals \$7.18 times its adjusted pupil units for that year."

Page 58, line 11, delete "appropriation"

Page 72, after line 16, insert:

"Sec. 16. Laws 2016, chapter 189, article 25, section 62, subdivision 11, is amended to read:

Subd. 11. **Student teachers in shortage areas.** For transfer to the commissioner of the Office of Higher Education for the purpose of providing grants to student teachers in shortage areas under Minnesota Statutes, section 136A.1275:

<u>\$2,800,000</u>	<u>.....</u>	<u>2017</u>
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Of this amount, up to two percent is for administration of the student teacher grant program in expectation that the Office of Higher Education will begin to disburse grants no later than September 1, 2017. This is a onetime appropriation. This appropriation is available until June 30, 2019.

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

Page 74, line 30, delete "4,000,000" and insert "800,000"

Page 74, line 31, delete "0" and insert "3,200,000"

Page 75, after line 1, insert:

"(d) The base for fiscal year 2020 is \$0."

Page 98, line 31, delete "The Crosswinds facilities must be conveyed for no less than"

Page 98, delete line 32

Page 99, after line 1, insert:

"Sec. 11. **CROSSWINDS CONTINGENCY FUNDS.**

(a) If the Crosswinds facility has not been sold by June 30, 2018, the appropriations for fiscal year 2019 under article 1, section 18, subdivision 10, and article 3, section 17, subdivision 7, are canceled.

(b) If prior to July 1, 2018, the Crosswinds facility has been sold and less than \$10,000,000 has been deposited in the state general fund in connection with the sale, the appropriations listed in paragraph (a) must be reduced. The first \$3,200,000 reduced under this paragraph must apply to the appropriation under article 3, section 17, subdivision 7."

Page 100, line 29, delete "appropriation"

Page 108, line 5, after "(d)" insert "If the Office of Early Education and Development has three or more employees whose job responsibilities require accessing private data in accordance with section 119C.03, subdivision 6,"

Page 108, line 6, after "authorized" insert "and must implement a data audit trail under this paragraph"

Page 108, line 9, delete "a" and insert "the"

Page 122, line 11, before "For" insert "(a)"

Page 122, after line 14, insert:

"(b) Notwithstanding any law to the contrary, the appropriation in paragraph (a) is increased by the amount by which the sale of the Crosswinds school under article 5, section 10, exceeds \$10 million. This amount is appropriated for early learning scholarships."

Page 122, line 15, before "Up" insert "(c)"

Page 122, line 16, before "Any" insert "(d)"

Page 123, line 9, delete "appropriation"

Page 133, line 17, delete "2,568,000" and insert "2,932,000"

Page 133, line 18, delete "2,595,000" and insert "2,959,000"

Page 133, line 25, delete "\$2,590,000" and insert "\$2,954,000"

Renumber the sections in sequence and correct internal references

Correct the title numbers accordingly

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

The report was adopted.

Cornish from the Committee on Public Safety and Security Policy and Finance to which was referred:

H. F. No. 896, A bill for an act relating to public safety; modifying certain provisions relating to courts, public safety, firefighters, corrections, crime, disaster assistance, and controlled substances; requesting reports; providing for penalties; appropriating money for public safety, courts, corrections, Guardian Ad Litem Board, Uniform Laws Commission, Board on Judicial Standards, Board of Public Defense, Sentencing Guidelines, Peace Officer Standards and Training (POST) Board, Private Detective Board, and Human Rights; amending Minnesota Statutes 2016, sections 13.02, subdivision 17; 271.06, subdivision 6; 271.21, subdivision 2; 299A.55, subdivisions 2, 4; 364.01; 504B.173, subdivisions 1, 3; proposing coding for new law in Minnesota Statutes, chapters 271; 364.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

**"ARTICLE 1  
APPROPRIATIONS**

**Section 1. APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2018" and "2019" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2018, or June 30, 2019, respectively. "The first year" is fiscal year 2018. "The second year" is fiscal year 2019. "The biennium" is fiscal years 2018 and 2019. Appropriations for the fiscal year ending June 30, 2017, are effective the day following final enactment.

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

	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>
<b>Sec. 2. <u>SUPREME COURT</u></b>			
Subdivision 1. <b><u>Total Appropriation</u></b>	<b><u>\$50,539,000</u></b>		<b><u>\$51,350,000</u></b>

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

Subd. 2. <b><u>Supreme Court Operations</u></b>	<u>37,263,000</u>	<u>38,074,000</u>
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Subd. 3. <b><u>Civil Legal Services</u></b>	<u>13,276,000</u>	<u>13,276,000</u>
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**Legal Services to Low-Income Clients in Family Law Matters**

\$948,000 each year is to improve the access of low-income clients to legal representation in family law matters. This appropriation must be distributed under Minnesota Statutes, section 480.242, to the qualified legal services program described in Minnesota Statutes, section 480.242, subdivision 2, paragraph (a). Any unencumbered balance remaining in the first year does not cancel and is available in the second year.

Sec. 3. <b><u>COURT OF APPEALS</u></b>	<b><u>\$12,178,000</u></b>	<b><u>\$12,357,000</u></b>
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Sec. 4. <b><u>DISTRICT COURTS</u></b>	<b><u>\$285,147,000</u></b>	<b><u>\$289,933,000</u></b>
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**Subdivision 1. Treatment Courts Stability**

\$100,000 each year is for treatment courts stability.

**Subd. 2. New Trial Judges**

\$884,000 the first year and \$818,000 the second year are for two new trial court judge units.

Sec. 5. <b><u>GUARDIAN AD LITEM BOARD</u></b>	<b><u>\$15,652,000</u></b>	<b><u>\$15,890,000</u></b>
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Sec. 6. <b><u>TAX COURT</u></b>	<b><u>\$1,402,000</u></b>	<b><u>\$1,406,000</u></b>
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Sec. 7. <b><u>UNIFORM LAWS COMMISSION</u></b>	<b><u>\$93,000</u></b>	<b><u>\$93,000</u></b>
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Sec. 8. <b><u>BOARD ON JUDICIAL STANDARDS</u></b>	<b><u>\$486,000</u></b>	<b><u>\$496,000</u></b>
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**Major Disciplinary Actions**

\$125,000 each year is for special investigative and hearing costs for major disciplinary actions undertaken by the board. This appropriation does not cancel. Any unencumbered and unspent balances remain available for these expenditures until June 30, 2021.

Sec. 9. <b><u>BOARD OF PUBLIC DEFENSE</u></b>	<b><u>\$85,087,000</u></b>	<b><u>\$87,831,000</u></b>
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Sec. 10. <b><u>SENTENCING GUIDELINES</u></b>	<b><u>\$658,000</u></b>	<b><u>\$675,000</u></b>
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Sec. 11. <b><u>PUBLIC SAFETY</u></b>		
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Subdivision 1. <b><u>Total Appropriation</u></b>	<b><u>\$195,469,000</u></b>	<b><u>\$194,221,000</u></b>
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Appropriations by Fund

	<u>2018</u>	<u>2019</u>
<u>General</u>	<u>102,077,000</u>	<u>100,744,000</u>
<u>Special Revenue</u>	<u>13,656,000</u>	<u>13,662,000</u>
<u>State Government Special</u>		
<u>Revenue</u>	<u>103,000</u>	<u>103,000</u>
<u>Environmental</u>	<u>72,000</u>	<u>72,000</u>
<u>Trunk Highway</u>	<u>2,374,000</u>	<u>2,419,000</u>
<u>911 Fund</u>	<u>77,187,000</u>	<u>77,221,000</u>

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

Subd. 2. **Emergency Management**6,260,0004,317,000Appropriations by Fund

<u>General</u>	<u>4,602,000</u>	<u>2,659,000</u>
<u>Environmental</u>	<u>72,000</u>	<u>72,000</u>
<u>Special Revenue Fund</u>	<u>1,586,000</u>	<u>1,586,000</u>

(a) **Hazmat and Chemical Assessment Teams**

\$850,000 the first year and \$850,000 the second year are from the fire safety account in the special revenue fund. These amounts must be used to fund the hazardous materials and chemical assessment teams. Of this amount, \$100,000 the first year is for cases for which there is no identified responsible party.

(b) **Emergency Response Teams**

\$736,000 in fiscal year 2018 and \$736,000 in fiscal year 2019 are from the fire safety account in the special revenue fund to the commissioner of public safety to maintain three emergency response teams: one under the jurisdiction of the St. Cloud Fire Department or a similarly located fire department if necessary; one under the jurisdiction of the Duluth Fire Department; one under the jurisdiction of the St. Paul Fire Department; and one under the jurisdiction of the Moorhead Fire Department. The commissioner must allocate the appropriation as follows: (1) \$184,000 in each fiscal year to the St. Cloud Fire Department; (2) \$184,000 in each fiscal year to the Duluth Fire Department; (3) \$184,000 in each fiscal year to the St. Paul Fire Department; and (4) \$184,000 in each fiscal year to the Moorhead Fire Department. These appropriations are onetime and are not added to the agency's base.

**(c) Disaster Assistance Account**

\$2,000,000 the first year is for transfer to the disaster assistance contingency account in Minnesota Statutes, section 12.221.

**(d) Supplemental Nonprofit Security Grant Program**

\$75,000 in fiscal year 2018 and \$75,000 in fiscal year 2019 are for a supplemental nonprofit security grant program administered by the Division of Homeland Security and Emergency Management.

**Subd. 3. Criminal Apprehension**57,891,00058,559,000**Appropriations by Fund**

<u>General</u>	<u>55,510,000</u>	<u>56,133,000</u>
<u>State Government Special</u>		
<u>Revenue</u>	<u>7,000</u>	<u>7,000</u>
<u>Trunk Highway</u>	<u>2,374,000</u>	<u>2,419,000</u>

**(a) DWI Lab Analysis; Trunk Highway Fund**

Notwithstanding Minnesota Statutes, section 161.20, subdivision 3, \$2,374,000 the first year and \$2,419,000 the second year are from the trunk highway fund for laboratory analysis related to driving-while-impaired cases.

**(b) Predatory Registration System**

\$2,100,000 the first year and \$2,000,000 the second year are to be used to build the predatory registration system. These appropriations are available until June 30, 2020. The base for fiscal year 2020 and fiscal year 2021 is \$400,000 per year to maintain the system.

**(c) BCA Investment Initiative**

\$275,000 each year is:

(1) for an additional firearms examiner; and

(2) for additional staff in the drug chemistry lab.

**(d) Livescan Replacement**

\$325,000 each year is to replace electronic fingerprint capture equipment in criminal justice agencies around the state. The equipment is to be used to automatically submit the fingerprints to the bureau for identification of the person and processing.

**(e) Base Adjustment**

The base from the general fund for criminal apprehension is \$54,520,000 in fiscal year 2020 and \$54,520,000 in fiscal year 2021.

Subd. 4. <b><u>Fire Marshal</u></b>	<u>6,297,000</u>	<u>6,297,000</u>
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These appropriations are from the fire safety account in the special revenue fund and are for activities under Minnesota Statutes, section 299F.012.

Subd. 5. <b><u>Board of Firefighter Training</u></b>	<u>5,015,000</u>	<u>5,015,000</u>
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These appropriations are from the fire safety account in the special revenue fund.

**(a) Task Force 1**

\$500,000 the first year and \$500,000 the second year are for an increase to Minnesota Task Force 1.

**(b) Air Rescue**

\$250,000 each year is to fund the Minnesota Air Rescue Team.

**(c) Unappropriated Revenue**

Any additional unappropriated money collected in fiscal year 2017 is appropriated to the commissioner of public safety for the purposes of Minnesota Statutes, section 299F.012. The commissioner may transfer appropriations and base amounts between activities in this subdivision.

Subd. 6. <b><u>Alcohol and Gambling Enforcement</u></b>	<u>2,585,000</u>	<u>2,641,000</u>
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Appropriations by Fund

General	<u>1,827,000</u>	<u>1,877,000</u>
Special Revenue	<u>758,000</u>	<u>764,000</u>

\$688,000 the first year and \$694,000 the second year are from the alcohol enforcement account in the special revenue fund. Of this appropriation, \$500,000 each year shall be transferred to the general fund.

\$70,000 each year is from the lawful gambling regulation account in the special revenue fund.

**Field Agent or Alcohol Educator**

\$90,000 each year is for a field agent or an alcohol educator.

**Subd. 7. Office of Justice Programs**40,234,00040,171,000**Appropriations by Fund**

<u>General</u>	<u>40,138,000</u>	<u>40,075,000</u>
<u>State Government Special</u>		
<u>Revenue</u>	<u>96,000</u>	<u>96,000</u>

**(a) OJP Administration Costs**

Up to 2.5 percent of the grant funds appropriated in this subdivision may be used by the commissioner to administer the grant program.

**(b) Violent Crime Enforcement**

\$35,000 each year is for additional grants for Statewide Violent Crime Enforcement Teams.

**(c) Combating Terrorism Recruitment**

\$250,000 in fiscal year 2018 and \$250,000 in fiscal year 2019 are for grants to local law enforcement agencies to develop strategies and make efforts to combat the recruitment of Minnesota residents by terrorist organizations such as ISIS and al-Shabaab. This is a onetime appropriation.

**(d) Sex Trafficking Prevention Grants**

\$299,000 in fiscal year 2018 and \$180,000 in fiscal year 2019 are for grants to state and local units of government for the following purposes:

(1) to support new or existing multijurisdictional entities to investigate sex trafficking crimes; and

(2) to provide technical assistance, including training and case consultation, to law enforcement agencies statewide.

**(e) Pathway to Policing Reimbursement Grants**

\$500,000 in fiscal year 2018 and \$500,000 in fiscal year 2019 are for reimbursement grants to local units of government that operate pathway to policing programs intended to bring persons with nontraditional backgrounds into law enforcement. Applicants for reimbursement grants may receive up to 50 percent of the cost of compensating and training pathway to policing participants. Reimbursement grants shall be proportionally allocated based on the number of grant applications approved by the commissioner.

**Subd. 8. Emergency Communication Networks**77,187,00077,221,000

This appropriation is from the state government special revenue fund for 911 emergency telecommunications services.

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 Public Safety under the rates and mechanism specified in that agreement.

**(a) Public Safety Answering Points**

\$13,664,000 each year is to be distributed as provided in Minnesota Statutes, section 403.113, subdivision 2.

**(b) Medical Resource Communication Centers**

\$683,000 each year is for grants to the Minnesota Emergency Medical Services Regulatory Board for the Metro East and Metro West Medical Resource Communication Centers that were in operation before January 1, 2000.

**(c) ARMER Debt Service**

\$23,261,000 each year is to the commissioner of management and budget to pay debt service on revenue bonds issued under Minnesota Statutes, section 403.275.

Any portion of this appropriation not needed to pay debt service in a fiscal year may be used by the commissioner of public safety to pay cash for any of the capital improvements for which bond proceeds were appropriated by Laws 2005, chapter 136, article 1, section 9, subdivision 8; or Laws 2007, chapter 54, article 1, section 10, subdivision 8.

**(d) ARMER State Backbone Operating Costs**

\$9,650,000 each year is to the commissioner of transportation for costs of maintaining and operating the statewide radio system backbone.

**(e) ARMER Improvements**

\$1,000,000 each year is to the Statewide Radio Board for improvements to those elements of the statewide public safety radio and communication system that support mutual aid communications and emergency medical services or provide interim enhancement of public safety communication

interoperability in those areas of the state where the statewide public safety radio and communication system is not yet implemented, and grants to local units of government to further the strategic goals set forth by the statewide Communications Board strategic plan.

**Sec. 12. PEACE OFFICER STANDARDS AND TRAINING (POST) BOARD**

**Subdivision 1. Total Appropriation**

**\$11,369,000**

**\$11,381,000**

Appropriations by Fund

	<u>2018</u>	<u>2019</u>
General	<u>7,000,000</u>	<u>7,000,000</u>
Special Revenue	<u>4,369,000</u>	<u>4,381,000</u>

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

**Subd. 2. Excess Amounts Transferred**

The special revenue fund appropriation is from the peace officer training account. Any new receipts credited to that account in the first year in excess of \$4,269,000 must be transferred and credited to the general fund. Any new receipts credited to that account in the second year in excess of \$4,281,000 must be transferred and credited to the general fund.

**Subd. 3. Peace Officer Training Reimbursements**

\$2,859,000 each year from the peace officer training account in the special revenue fund is for reimbursements to local governments for peace officer training costs.

**Subd. 4. Peace Officer Training Assistance**

\$7,000,000 each year is to support and strengthen law enforcement training and implement best practices.

**Subd. 5. De-escalation Training**

\$100,000 each year from the peace officer training account in the special revenue fund is for training state and local community safety personnel in the use of crisis de-escalation techniques.

**Subd. 6. Outreach Officer**

\$100,000 each year from the peace officer training account in the special revenue fund is for an outreach officer.

Sec. 13. <b><u>PRIVATE DETECTIVE BOARD</u></b>	<b><u>\$191,000</u></b>	<b><u>\$192,000</u></b>
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Sec. 14. <b><u>CORRECTIONS</u></b>		
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Subdivision 1. <b><u>Total Appropriation</u></b>	<b><u>\$9,200,000</u></b>	<b><u>\$572,847,000</u></b>	<b><u>\$568,338,000</u></b>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. <b><u>Correctional Institutions</u></b>	<u>9,200,000</u>	<u>416,890,000</u>	<u>410,501,000</u>
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**(a) Offender Health Care**

\$9,200,000 in fiscal year 2017 is to fund a deficiency in the base budget for the offender health care contract.

\$11,400,000 in fiscal year 2018 is for the offender health care contract.

Prior to entering into a new health care contract, the commissioner must identify and directly solicit bids from at least five health care organizations that provide, or are willing to provide, health care to prison inmates. In the department's next report required under Minnesota Statutes, section 241.016, after entering a new health care contract, the commissioner shall:

(1) provide the names and a summary of each bid proposal from the health care organizations that submitted a proposal to provide health care to state inmates; and

(2) explain, in detail, why the commissioner selected the chosen provider.

**(b) Federal Prison Rape Elimination Act**

\$943,000 the first year and \$1,068,000 the second year are to comply with requirements of the federal Prison Rape Elimination Act.

**(c) Mentally Ill Offenders**

\$637,000 the first year and \$937,000 the second year are to expand services for mentally ill offenders including behavioral health and security personnel.

Subd. 3. <b><u>Community Services</u></b>	<u>129,883,000</u>	<u>131,794,000</u>
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**(a) Supervised Release Agents**

\$728,000 each year is to increase the number of supervision agents for offenders under Department of Corrections supervision.

**(b) Out-Patient Sex Offender Treatment**

\$372,000 each year is to increase out-patient sex offender treatment for offenders on community supervision.

**(c) Subsidy**

\$2,205,000 each year is added to the Community Corrections Act subsidy, as described in Minnesota Statutes, section 401.14.

**(d) County Probation Officers**

\$242,000 each year is for county probation officers reimbursement, as described in Minnesota Statutes, section 244.19, subdivision 6.

**(e) Alternatives to Incarceration Pilot Program Fund**

\$85,000 in fiscal year 2018 and \$85,000 in fiscal year 2019 are to fund grants to facilitate access to community treatment options under article 3, section 10.

**(f) Targeted Domestic Violence Prevention Programming**

\$100,000 in fiscal year 2018 and \$100,000 in fiscal year 2019 are to develop and establish processes for identification of offenders sentenced for domestic violence related offenses, threat assessment, and targeted domestic violence prevention programming. This is a onetime appropriation and is not added to the base.

**(g) Department of Corrections Intensive Supervision**

\$319,000 in fiscal year 2018 and \$829,000 in fiscal year 2019 are to fund the Department of Corrections intensive supervised release agents needed to supervise offenders placed on intensive probation pursuant to Minnesota Statutes, section 609.3455, subdivision 8a.

**(h) Community Corrections Act Intensive Probation**

\$619,000 in fiscal year 2018 and \$1,609,000 in fiscal year 2019 is for county probation officer reimbursement, as described in Minnesota Statutes, section 244.19, subdivision 6, to provide supervision to offenders placed on intensive probation pursuant to Minnesota Statutes, section 609.3455, subdivision 8a.

The general fund base for this program shall be \$133,154,000 in fiscal year 2020 and \$134,694,000 in fiscal year 2021.



**Subd. 4. Operations Support**26,074,00026,043,000

\$208,000 in fiscal year 2018 is for a transfer to the commissioner of administration for a title search, environmental assessment, conditional assessment, and appraisal of a private correctional facility in Appleton, Minnesota.

**Sec. 15. TRANSFERS****MINNCOR**

Notwithstanding Minnesota Statutes, section 241.27, the commissioner of management and budget shall transfer \$1,000,000 each year from the Minnesota correctional industries revolving fund to the general fund. This is a onetime transfer.

Sec. 16. Laws 2016, chapter 160, section 19, is amended to read:

**Sec. 19. TRANSFER; COMMUNITY JUSTICE REINVESTMENT ACCOUNT.**

In fiscal year 2017, the commissioner of management and budget shall transfer \$488,000 from the general fund to the community justice reinvestment account in the special revenue fund. The base for this transfer is \$461,000 beginning in each of fiscal years 2018 and 2019, year 2020 and thereafter.

## ARTICLE 2 COURTS

Section 1. Minnesota Statutes 2016, section 243.49, is amended to read:

**243.49 COMMITMENT PAPERS; DUTY OF COURT ADMINISTRATOR.**

Upon a plea of guilty or finding of guilty after trial, the court administrator of every court which sentences a defendant for a felony or gross misdemeanor to the custody of the commissioner of corrections or to the superintendent of the workhouse or work farm, shall provide the officer or person having custody of the defendant a certified record for commitment, including ~~(1) a copy of the indictment and plea, (2) a transcript of the sentencing proceedings, with the date thereof, together with the defendant's statement under oath, if obtained, as to the defendant's true name, residence, if any, the date and place of birth, the names and addresses of parents and other relatives and of employers and others who know the defendant well, social and other affiliations, past occupations and employments, former places of residence and the period of time and the dates the defendant has resided in each, citizenship, the number, dates, places and causes of any prior convictions, and (3) if the person pleaded guilty, a transcript of the sentencing proceedings.~~ The record shall also include the trial judge's impressions of the defendant's mental and physical condition, general character, capacity, disposition, habits and special needs. ~~The court reporter shall provide the required transcripts.~~ The certified record for commitment may be used as evidence in any postconviction proceeding brought by the defendant. The court administrator shall also deliver to the sheriff or other officer or person conveying the defendant to the correctional facility, workhouse, or work farm designated by the commissioner of corrections or the judge a warrant of commitment together with a certified copy of the warrant directing the conveyor to deliver the person and the certified record for commitment to the principal officer in charge of the correctional facility, workhouse, or work farm. Upon the delivery of any person, the principal officer in charge of the correctional facility, workhouse, or work farm shall keep the certified copy of the warrant of commitment and endorse the principal officer's receipt upon the original, which shall be filed with the sentencing court. The court administrator shall retain ~~one copy of the required transcripts, and a tape recording and the court reporter's notes of all other proceedings.~~

Sec. 2. Minnesota Statutes 2016, section 260C.163, subdivision 3, is amended to read:

Subd. 3. **Appointment of counsel.** (a) The child, parent, guardian or custodian has the right to effective assistance of counsel in connection with a proceeding in juvenile court as provided in this subdivision.

(b) Except in proceedings where the sole basis for the petition is habitual truancy, if the child, ~~parent, guardian, or custodian~~ desires counsel but is unable to employ it, the court shall appoint counsel to represent the child who is ten years of age or older under section 611.14, clause (4), or other counsel at public expense.

(c) Except in proceedings where the sole basis for the petition is habitual truancy, if the parent, guardian, or custodian desires counsel but is unable to employ it, the court shall appoint counsel to represent the parent, guardian, or custodian in any case in which it feels that such an appointment is appropriate if the person would be financially unable to obtain counsel under the guidelines set forth in section 611.17. Court-appointed counsel shall be at county expense as outlined in paragraph (h).

(d) In any proceeding where the subject of a petition for a child in need of protection or services is ten years of age or older, the responsible social services agency shall, within 14 days after filing the petition or at the emergency removal hearing under section 260C.178, subdivision 1, if the child is present, fully and effectively inform the child of the child's right to be represented by appointed counsel upon request and shall notify the court as to whether the child desired counsel. Information provided to the child shall include, at a minimum, the fact that counsel will be provided without charge to the child, that the child's communications with counsel are confidential, and that the child has the right to participate in all proceedings on a petition, including the opportunity to personally attend all hearings. The responsible social services agency shall also, within 14 days of the child's tenth birthday, fully and effectively inform the child of the child's right to be represented by counsel if the child reaches the age of ten years while the child is the subject of a petition for a child in need of protection or services or is a child under the guardianship of the commissioner.

(e) In any proceeding where the sole basis for the petition is habitual truancy, the child, parent, guardian, and custodian do not have the right to appointment of a public defender or other counsel at public expense. However, before any out-of-home placement, including foster care or inpatient treatment, can be ordered, the court must appoint a public defender or other counsel at public expense in accordance with this subdivision.

~~(d)~~ (f) Counsel for the child shall not also act as the child's guardian ad litem.

~~(e)~~ (g) In any proceeding where the subject of a petition for a child in need of protection or services is not represented by an attorney, the court shall determine the child's preferences regarding the proceedings, including informing the child of the right to appointed counsel and asking whether the child desires counsel, if the child is of suitable age to express a preference.

~~(f)~~ (h) Court-appointed counsel for the parent, guardian, or custodian under this subdivision is at county expense. If the county has contracted with counsel meeting qualifications under paragraph ~~(g)~~ (i), the court shall appoint the counsel retained by the county, unless a conflict of interest exists. If a conflict exists, after consulting with the chief judge of the judicial district or the judge's designee, the county shall contract with competent counsel to provide the necessary representation. The court may appoint only one counsel at public expense for the first court hearing to represent the interests of the parents, guardians, and custodians, unless, at any time during the proceedings upon petition of a party, the court determines and makes written findings on the record that extraordinary circumstances exist that require counsel to be appointed to represent a separate interest of other parents, guardians, or custodians subject to the jurisdiction of the juvenile court.

~~(g)~~ (i) Counsel retained by the county under paragraph ~~(f)~~ (h) must meet the qualifications established by the Judicial Council in at least one of the following: (1) has a minimum of two years' experience handling child protection cases; (2) has training in handling child protection cases from a course or courses approved by the Judicial Council; or (3) is supervised by an attorney who meets the minimum qualifications under clause (1) or (2).

Sec. 3. Minnesota Statutes 2016, section 260C.163, subdivision 10, is amended to read:

Subd. 10. **Waiver.** (a) Waiver of any right which a child has under this chapter must be an express waiver made voluntarily and, intelligently made, and in writing by the child after the child has been fully and effectively informed of the right ~~being waived to counsel~~.

(b) Waiver of a child's right to be represented by counsel provided under the juvenile court rules must be an express waiver made voluntarily ~~and, intelligently made, and in writing~~ by the child after the child has been fully and effectively informed of the right being waived by the responsible social services agency. In determining whether a child has voluntarily and intelligently waived the right to counsel, the court shall look to the totality of the circumstances which includes but is not limited to the child's age, maturity, intelligence, education, experience, and ability to comprehend, and the presence and competence of the child's parents, guardian, or guardian ad litem. The court shall not permit the child's parent, other person legally responsible for the child's care, or the child's guardian ad litem to waive the child's right to be represented by counsel. If the court accepts the child's waiver, it shall state on the record the findings and conclusions that form the basis for its decision to accept the waiver.

Sec. 4. Minnesota Statutes 2016, section 260C.607, subdivision 2, is amended to read:

Subd. 2. **Notice.** Notice of review hearings shall be given by the court to:

(1) the responsible social services agency;

(2) the child, if the child is age ten and older;

(3) the child's guardian ad litem;

(4) counsel appointed for the child pursuant to section 260C.163, subdivision 3;

(5) relatives of the child who have kept the court informed of their whereabouts as required in section 260C.221 and who have responded to the agency's notice under section 260C.221, indicating a willingness to provide an adoptive home for the child unless the relative has been previously ruled out by the court as a suitable foster parent or permanency resource for the child;

~~(5)~~ (6) the current foster or adopting parent of the child;

~~(6)~~ (7) any foster or adopting parents of siblings of the child; and

~~(7)~~ (8) the Indian child's tribe.

Sec. 5. Minnesota Statutes 2016, section 271.21, subdivision 2, is amended to read:

Subd. 2. **Jurisdiction.** At the election of the taxpayer, the Small Claims Division shall have jurisdiction only in the following matters:

(a) cases involving valuation, assessment, or taxation of real or personal property, if:

(i) the issue is a denial of a current year application for the homestead classification for the taxpayer's property;

(ii) only one parcel is included in the petition, the entire parcel is classified as homestead class 1a or 1b under section 273.13, and the parcel contains no more than one dwelling unit;

(iii) the entire property is classified as agricultural homestead class 2a or 1b under section 273.13; or

(iv) the assessor's estimated market value of the property included in the petition is less than \$300,000; or

(b) any case not involving valuation, assessment, or taxation of real and personal property in which the amount in controversy does not exceed ~~\$5,000~~ \$15,000, including penalty and interest.

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

Sec. 6. Minnesota Statutes 2016, section 299A.707, subdivision 2, is amended to read:

Subd. 2. **Account purpose, grants.** Money in this account shall be allocated by a grant program administered by the commissioner of public safety through the Office of Justice Programs. Local units of government and nonprofit organizations are eligible for grants to establish or operate chemical dependency and mental health treatment programs, programs that improve supervision, including pretrial and precharge supervision, and programs to reduce recidivism of controlled substances offenders on probation or supervised release or participating in ~~drug~~ treatment courts or to fund local participation in ~~drug treatment~~ court initiatives approved by the Judicial Council.

Sec. 7. Minnesota Statutes 2016, section 357.42, is amended to read:

**357.42 DRUG TREATMENT COURT FEES.**

(a) When a court establishes a ~~drug treatment~~ court process, the court may establish one or more fees for services provided to defendants participating in the process.

(b) In each fiscal year, the court shall deposit the ~~drug treatment~~ court participation fees in the special revenue fund and credit the fees to a separate account for the trial courts. The balance in this account is appropriated to the trial courts and does not cancel but is available until expended. Expenditures from this account must be made for ~~drug treatment~~ court purposes.

Sec. 8. Minnesota Statutes 2016, section 358.116, is amended to read:

**358.116 COURT DOCUMENTS.**

Unless specifically required by court rule, a pleading, motion, affidavit, or other document filed with a court of the Minnesota judicial branch, or presented to a judge or judicial officer in support of a request for a court order, warrant, or other relief, is not required to be notarized. Signing a document filed with the court or presented to a judge or judicial officer constitutes "verification upon oath or affirmation" as defined in section 358.41, clause (3), without administration of an oath under section 358.07, provided that the signature, as defined by court rules, is affixed immediately below a declaration using substantially the following language: "I declare under penalty of perjury that everything I have stated in this document is true and correct." In addition to the signature, the date of signing and the county and state where the document was signed shall be noted on the document. A person who signs knowing that the document is false in any material respect is guilty of perjury under section 609.48, even if the date, county, and state of signing are omitted from the document.

Sec. 9. Minnesota Statutes 2016, section 480.242, subdivision 2, is amended to read:

Subd. 2. **Review of applications; selection of recipients.** At times and in accordance with any procedures as the Supreme Court adopts in the form of court rules, applications for the expenditure of civil legal services funds shall be accepted from qualified legal services programs or from local government agencies and nonprofit organizations seeking to establish qualified alternative dispute resolution programs. The applications shall be

reviewed by the advisory committee, and the advisory committee, subject to review by the Supreme Court, shall distribute the funds available for this expenditure to qualified legal services programs or to qualified alternative dispute resolution programs submitting applications. The funds shall be distributed in accordance with the following formula:

(a) Eighty-five percent of the funds distributed shall be distributed to qualified legal services programs that have demonstrated an ability as of July 1, 1982, to provide legal services to persons unable to afford private counsel with funds provided by the federal Legal Services Corporation. The allocation of funds among the programs selected shall be based upon the number of persons with incomes below the poverty level established by the United States Census Bureau who reside in the geographical area served by each program, as determined by the Supreme Court on the basis of the most recent national census. All funds distributed pursuant to this clause shall be used for the provision of legal services in civil and farm legal assistance matters as prioritized by program boards of directors to eligible clients.

(b) Fifteen percent of the funds distributed may be distributed (1) to other qualified legal services programs for the provision of legal services in civil matters to eligible clients, including programs which organize members of the private bar to perform services and programs for qualified alternative dispute resolution, (2) to programs for training mediators operated by nonprofit alternative dispute resolution corporations, or (3) to qualified legal services programs to provide family farm legal assistance for financially distressed state farmers. The family farm legal assistance must be directed at farm financial problems including, but not limited to, liquidation of farm property including bankruptcy, farm foreclosure, repossession of farm assets, restructuring or discharge of farm debt, farm credit and general debtor-creditor relations, and tax considerations. If all the funds to be distributed pursuant to this clause cannot be distributed because of insufficient acceptable applications, the remaining funds shall be distributed pursuant to clause (a).

A person is eligible for legal assistance under this section if the person is an eligible client as defined in section 480.24, subdivision 2, or:

- (1) is a state resident;
- (2) is or has been a farmer or a family shareholder of a family farm corporation within the preceding 24 months;
- (3) has a debt-to-asset ratio greater than 50 percent; and
- ~~(4) has a reportable federal adjusted gross income of \$15,000 or less in the previous year; and~~
- ~~(5) is financially unable to retain legal representation~~ (4) satisfies the income eligibility guidelines established under section 480.243, subdivision 1.

Qualifying farmers and small business operators whose bank loans are held by the Federal Deposit Insurance Corporation are eligible for legal assistance under this section.

Sec. 10. Minnesota Statutes 2016, section 484.70, subdivision 7, is amended to read:

Subd. 7. **Referee duties.** The duties and powers of referees shall be as follows:

- (a) Hear and report all matters assigned by the chief judge.
- (b) Recommend findings of fact, conclusions of law, temporary and interim orders, and final orders for judgment.

All recommended orders and findings of a referee shall be subject to confirmation by a judge.

(c) Upon the conclusion of the hearing in each case, the referee shall transmit to a judge the court file together with recommended findings and orders in writing. The recommended findings and orders of a referee become the findings and orders of the court when confirmed by a judge. The order of the court shall be proof of such confirmation, and also of the fact that the matter was duly referred to the referees.

(d) Review of any recommended order or finding of a referee by a judge may be by notice served and filed within ten days of effective notice of the recommended order or finding. The notice of review shall specify the grounds for review and the specific provisions of the recommended findings or orders disputed, and the court, upon receipt of a notice of review, shall set a time and place for a review hearing.

(e) All orders and findings recommended by a referee become an effective order when countersigned by a judge and remain effective during the pendency of a review, including a remand to the referee, unless a judge:

- (1) expressly stays the effect of the order;
- (2) changes the order during the pendency of the review; or
- (3) changes or vacates the order upon completion of the review.

(f) Notwithstanding paragraphs (d) and (e), referee orders and decrees in probate or civil commitment court proceedings, if appealed, must be appealed directly to the Court of Appeals, in the same manner as judicial orders and decrees.

Sec. 11. Minnesota Statutes 2016, section 484.702, is amended by adding a subdivision to read:

Subd. 6. **Expedited child support process.** Hearings and proceedings conducted in the expedited child support process under this section may be reported by use of electronic recording equipment provided that the equipment meets the minimum standards established by the state court administrator. Electronic recording equipment must be operated and monitored by a person who meets the minimum qualifications established by the state court administrator.

Sec. 12. Minnesota Statutes 2016, section 486.05, subdivision 1, is amended to read:

Subdivision 1. **Salaries.** The salary for each court reporter shall be set ~~annually by the district administrator as provided in judicial branch personnel policies and collective bargaining agreements~~ within the range established under section 480.181 as provided in the judicial branch personnel rules.

Sec. 13. Minnesota Statutes 2016, section 486.06, is amended to read:

#### **486.06 CHARGE FOR TRANSCRIPT.**

In addition to the salary set in section 486.05, the court reporter may charge for a transcript of a record ordered by any person other than the judge ~~50 cents per original folio thereof and ten cents per folio for each manifold or other copy thereof when so ordered that it can be made with the original transcript. The chief judge of the judicial district may by order establish new transcript fee ceilings annually a rate set by the chief justice.~~

A court reporter may impose a fee authorized under this section only if the transcript is delivered to the person who ordered it within a reasonable time after it was ordered.

Sec. 14. Minnesota Statutes 2016, section 518.179, subdivision 2, is amended to read:

Subd. 2. **Applicable crimes.** This section applies to the following crimes or similar crimes under the laws of the United States, or any other state:

- (1) murder in the first, second, or third degree under section 609.185, 609.19, or 609.195;
- (2) manslaughter in the first degree under section 609.20;
- (3) assault in the first, second, or third degree under section 609.221, 609.222, or 609.223;
- (4) kidnapping under section 609.25;
- (5) depriving another of custodial or parental rights under section 609.26;
- (6) soliciting, inducing, promoting, or receiving profit derived from prostitution involving a minor under section 609.322;
- (7) criminal sexual conduct in the first degree under section 609.342;
- (8) criminal sexual conduct in the second degree under section 609.343;
- (9) criminal sexual conduct in the third degree under section 609.344, subdivision 1, paragraph (c), (f), or (g);
- (10) solicitation of a child to engage in sexual conduct under section 609.352;
- (11) incest under section 609.365;
- (12) malicious punishment of a child under section 609.377;
- (13) neglect of a child under section 609.378;
- (14) terroristic threats under section 609.713; ~~or~~
- (15) felony stalking under section 609.749, subdivision 4; or
- (16) domestic assault by strangulation under section 609.2247.

Sec. 15. Minnesota Statutes 2016, section 549.09, subdivision 1, is amended to read:

Subdivision 1. **When owed; rate.** (a) When a judgment or award is for the recovery of money, including a judgment for the recovery of taxes, interest from the time of the verdict, award, or report until judgment is finally entered shall be computed by the court administrator or arbitrator as provided in paragraph (c), clause (1), regardless of the amount and added to the judgment or award.

(b) Except as otherwise provided by contract or allowed by law, preverdict, preaward, or prereport interest on pecuniary damages shall be computed as provided in paragraph (c), clause (1), regardless of the amount from the time of the commencement of the action or a demand for arbitration, or the time of a written notice of claim, whichever occurs first, except as provided herein. The action must be commenced within two years of a written notice of claim for interest to begin to accrue from the time of the notice of claim. If either party serves a written offer of settlement, the other party may serve a written acceptance or a written counteroffer within 30 days. After

that time, interest on the judgment or award shall be calculated by the judge or arbitrator in the following manner. The prevailing party shall receive interest on any judgment or award from the time of commencement of the action or a demand for arbitration, or the time of a written notice of claim, or as to special damages from the time when special damages were incurred, if later, until the time of verdict, award, or report only if the amount of its offer is closer to the judgment or award than the amount of the opposing party's offer. If the amount of the losing party's offer was closer to the judgment or award than the prevailing party's offer, the prevailing party shall receive interest only on the amount of the settlement offer or the judgment or award, whichever is less, and only from the time of commencement of the action or a demand for arbitration, or the time of a written notice of claim, or as to special damages from when the special damages were incurred, if later, until the time the settlement offer was made. Subsequent offers and counteroffers supersede the legal effect of earlier offers and counteroffers. For the purposes of clause (2), the amount of settlement offer must be allocated between past and future damages in the same proportion as determined by the trier of fact. Except as otherwise provided by contract or allowed by law, preverdict, preaward, or prereport interest shall not be awarded on the following:

- (1) judgments, awards, or benefits in workers' compensation cases, but not including third-party actions;
- (2) judgments or awards for future damages;
- (3) punitive damages, fines, or other damages that are noncompensatory in nature;
- (4) judgments or awards not in excess of the amount specified in section 491A.01; and
- (5) that portion of any verdict, award, or report which is founded upon interest, or costs, disbursements, attorney fees, or other similar items added by the court or arbitrator.

(c)(1)(i) For interest that accrues before a judgment is final, a judgment or award of \$50,000 or less, or a judgment or award for or against the state or a political subdivision of the state, regardless of the amount, or a judgment or award in a family court action, regardless of the amount, the interest shall be computed as simple interest per annum. The rate of interest shall be based on the secondary market yield of one year United States Treasury bills, calculated on a bank discount basis as provided in this section.

On or before the 20th day of December of each year the state court administrator shall determine the rate from the one-year constant maturity treasury yield for the most recent calendar month, reported on a monthly basis in the latest statistical release of the board of governors of the Federal Reserve System. This yield, rounded to the nearest one percent, or four percent, whichever is greater, shall be the annual interest rate during the succeeding calendar year. The state court administrator shall communicate the interest rates to the court administrators and sheriffs for use in computing the interest on verdicts and shall make the interest rates available to arbitrators.

This item applies to any section that references section 549.09 by citation for the purposes of computing an interest rate on any amount owed to or by the state or a political subdivision of the state, regardless of the amount.

(ii) The court, in a family court action, may order a lower interest rate or no interest rate if the parties agree or if the court makes findings explaining why application of a lower interest rate or no interest rate is necessary to avoid causing an unfair hardship to the debtor. This item does not apply to child support or spousal maintenance judgments subject to section 548.091.

(2) For a judgment or award over \$50,000, other than a judgment or award for or against the state or a political subdivision of the state or a judgment or award in a family court action, the interest rate shall be ten percent per year until paid.



(3) When a judgment creditor, or the judgment creditor's attorney or agent, has received a payment after entry of judgment, whether the payment is made voluntarily by or on behalf of the judgment debtor, or is collected by legal process other than execution levy where a proper return has been filed with the court administrator, the judgment creditor, or the judgment creditor's attorney, before applying to the court administrator for an execution shall file with the court administrator an affidavit of partial satisfaction. The affidavit must state the dates and amounts of payments made upon the judgment after the most recent affidavit of partial satisfaction filed, if any; the part of each payment that is applied to taxable disbursements and to accrued interest and to the unpaid principal balance of the judgment; and the accrued, but the unpaid interest owing, if any, after application of each payment.

(d) This section does not apply to arbitrations between employers and employees under chapter 179 or 179A. An arbitrator is neither required to nor prohibited from awarding interest under chapter 179 or under section 179A.16 for essential employees.

(e) For purposes of this subdivision:

(1) "state" includes a department, board, agency, commission, court, or other entity in the executive, legislative, or judicial branch of the state; and

(2) "political subdivision" includes a town, statutory or home rule charter city, county, school district, or any other political subdivision of the state.

(f) This section does not apply to a judgment or award upon which interest is entitled to be recovered under section 60A.0811.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to judgments and awards entered on or after that date.

Sec. 16. Minnesota Statutes 2016, section 609.48, is amended by adding a subdivision to read:

Subd. 5. **Venue.** A violation of subdivision 1, clause (4), may be prosecuted in the county where the statement, under penalty of perjury, was signed, or the county of the district court in which the statement was filed.

Sec. 17. Minnesota Statutes 2016, section 609.748, subdivision 4, is amended to read:

Subd. 4. **Temporary restraining order; relief by court.** (a) The court may issue a temporary restraining order that provides any or all of the following:

(1) orders the respondent to cease or avoid the harassment of another person; or

(2) orders the respondent to have no contact with another person.

(b) The court may issue an order under paragraph (a) if the petitioner files a petition in compliance with subdivision 3 and if the court finds reasonable grounds to believe that the respondent has engaged in harassment. When a petition alleges harassment as defined by subdivision 1, paragraph (a), clause (1), the petition must further allege an immediate and present danger of harassment before the court may issue a temporary restraining order under this section. When signed by a referee, the temporary order becomes effective upon the referee's signature.

(c) Notice need not be given to the respondent before the court issues a temporary restraining order under this subdivision. A copy of the restraining order must be served on the respondent along with the order for hearing and petition, as provided in subdivision 3. If the respondent is a juvenile, whenever possible, a copy of the restraining order, along with notice of the pendency of the case and the time and place of the hearing, shall also be served by mail at the last known address upon any parent or guardian of the juvenile respondent who is not the petitioner. A temporary restraining order may be entered only against the respondent named in the petition.

(d) The temporary restraining order is in effect until a hearing is held on the issuance of a restraining order under subdivision 5. The court shall hold the hearing on the issuance of a restraining order if the petitioner requests a hearing. The hearing may be continued by the court upon a showing that the respondent has not been served with a copy of the temporary restraining order despite the exercise of due diligence or if service is made by published notice under subdivision 3 and the petitioner files the affidavit required under that subdivision.

(e) If the temporary restraining order has been issued and the respondent requests a hearing, the hearing shall be scheduled by the court upon receipt of the respondent's request. Service of the notice of hearing must be made upon the petitioner not less than five days prior to the hearing. The court shall serve the notice of the hearing upon the petitioner by mail in the manner provided in the Rules of Civil Procedure for pleadings subsequent to a complaint and motions and shall also mail notice of the date and time of the hearing to the respondent. In the event that service cannot be completed in time to give the respondent or petitioner the minimum notice required under this subdivision, the court may set a new hearing date.

(f) A request for a hearing under this subdivision must be made within ~~45~~ 20 days ~~after the temporary restraining order is issued~~ of the date of completed service of the petition.

Sec. 18. Minnesota Statutes 2016, section 631.52, subdivision 2, is amended to read:

Subd. 2. **Application.** Subdivision 1 applies to the following crimes or similar crimes under the laws of the United States or any other state:

- (1) murder in the first, second, or third degree under section 609.185, 609.19, or 609.195;
- (2) manslaughter in the first degree under section 609.20;
- (3) assault in the first, second, or third degree under section 609.221, 609.222, or 609.223;
- (4) kidnapping under section 609.25;
- (5) depriving another of custodial or parental rights under section 609.26;
- (6) soliciting, inducing, promoting, or receiving profit derived from prostitution involving a minor under section 609.322;
- (7) criminal sexual conduct in the first degree under section 609.342;
- (8) criminal sexual conduct in the second degree under section 609.343;
- (9) criminal sexual conduct in the third degree under section 609.344, subdivision 1, paragraph (c), (f), or (g);
- (10) solicitation of a child to engage in sexual conduct under section 609.352;
- (11) incest under section 609.365;
- (12) malicious punishment of a child under section 609.377;
- (13) neglect of a child under section 609.378;
- (14) terroristic threats under section 609.713; ~~or~~

(15) felony stalking under section 609.749; or

(16) domestic assault by strangulation under section 609.2247.

Sec. 19. Minnesota Statutes 2016, section 634.36, is amended to read:

**634.36 EVIDENCE OF VIDEOTAPES, AUDIOTAPES, OR OTHER RECORDINGS.**

In any hearing or trial of a criminal offense or petty misdemeanor or proceeding pursuant to section 169A.53, subdivision 3, evidence of a videotape, audiotape, or electronic or digital recording prepared by a peace officer, using recording equipment in a law enforcement vehicle or on the officer's person, while in the performance of official duties shall not be excluded on the ground that a written transcript of the recording was not prepared and available at or prior to trial. As used in this section, "peace officer" has the meaning given in section 169A.03, subdivision 18.

**EFFECTIVE DATE.** This section is effective July 1, 2017, and applies to trials and hearings beginning on or after that date.

Sec. 20. Laws 2014, chapter 263, section 2, the effective date, is amended to read:

**EFFECTIVE DATE; SUNSET.** (a) This section is effective retroactively from January 15, 2014.

(b) The amendments to this section expire on August 1, ~~2017~~ 2021.

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

Sec. 21. **REPEALER.**

Minnesota Statutes 2016, sections 169.685, subdivision 4; 486.05, subdivision 1a; and 525.112, are repealed.

ARTICLE 3  
CORRECTIONS

Section 1. Minnesota Statutes 2016, section 3.739, subdivision 1, is amended to read:

Subdivision 1. **Permissible claims.** Claims and demands arising out of the circumstances described in this subdivision shall be presented to, heard, and determined as provided in subdivision 2:

(1) an injury to or death of an inmate of a state, regional, or local correctional facility or county jail ~~who has been conditionally released and ordered to perform~~ while performing compensated or uncompensated work in the community for a state agency, a political subdivision or public corporation of this state, a nonprofit educational, medical, or social service agency, or a private business or individual, ~~as a condition of the release,~~ while performing the work;

(2) an injury to or death of a person sentenced by a court, granted a suspended sentence by a court, or subject to a court disposition order, and who, ~~under court order,~~ is performing work ~~(a) (i) in restitution, (b) (ii) in lieu of or to work off fines or court-ordered, court-ordered costs, or other statutorily authorized correctional fees, (c) (iii) in lieu of incarceration, or (d) (iv) as a term or condition of a sentence, suspended sentence, or disposition order,~~ (i) in restitution, (ii) in lieu of or to work off fines or court-ordered, court-ordered costs, or other statutorily authorized correctional fees, (iii) in lieu of incarceration, or (iv) as a term or condition of a sentence, suspended sentence, or disposition order, while performing the work;

(3) an injury to or death of a person, who has been diverted from the court system and who is performing work as described in ~~paragraph~~ clause (1) or (2) under a written agreement signed by the person, and if a juvenile, by a parent or guardian; and

(4) an injury to or death of any person caused by an individual who was performing work as described in ~~paragraph~~ clause (1), (2), or (3).

Sec. 2. Minnesota Statutes 2016, section 241.01, subdivision 3a, is amended to read:

Subd. 3a. **Commissioner, powers and duties.** The commissioner of corrections has the following powers and duties:

(a) To accept persons committed to the commissioner by the courts of this state for care, custody, and rehabilitation.

(b) To determine the place of confinement of committed persons in a correctional facility or other facility of the Department of Corrections, or a nonpublicly owned facility, and to prescribe reasonable conditions and rules for their employment, conduct, instruction, and discipline within or outside the facility. Inmates shall not exercise custodial functions or have authority over other inmates.

(c) To administer the money and property of the department.

(d) To administer, maintain, and inspect all state correctional facilities.

(e) To transfer authorized positions and personnel between state correctional facilities as necessary to properly staff facilities and programs.

(f) To utilize state correctional facilities in the manner deemed to be most efficient and beneficial to accomplish the purposes of this section, but not to close the Minnesota Correctional Facility-Stillwater or the Minnesota Correctional Facility-St. Cloud without legislative approval. The commissioner may place juveniles and adults at the same state minimum security correctional facilities, if there is total separation of and no regular contact between juveniles and adults, except contact incidental to admission, classification, and mental and physical health care.

(g) To organize the department and employ personnel the commissioner deems necessary to discharge the functions of the department, including a chief executive officer for each facility under the commissioner's control who shall serve in the unclassified civil service and may, under the provisions of section 43A.33, be removed only for cause.

(h) To define the duties of these employees and to delegate to them any of the commissioner's powers, duties and responsibilities, subject to the commissioner's control and the conditions the commissioner prescribes.

(i) To annually develop a comprehensive set of goals and objectives designed to clearly establish the priorities of the Department of Corrections. This report shall be submitted to the governor commencing January 1, 1976. The commissioner may establish ad hoc advisory committees.

(j) At such time that the commissioner determines that the department has an insufficient number of prison beds to house the current or projected prison population and needs to expand an existing facility or build a new facility, the commissioner shall enter into a contract either to purchase and operate or to lease-to-own and operate an existing prison facility located in Appleton, Minnesota. The commissioner shall attempt to conclude negotiations within 12 months of the date the commissioner determines the need for additional beds. The contract negotiated must be approved by the legislature before its final execution. All employees who supervise inmates at the facility must be state employees.

Sec. 3. Minnesota Statutes 2016, section 243.05, subdivision 1, is amended to read:

Subdivision 1. **Conditional release.** (a) The commissioner of corrections may parole any person sentenced to confinement in any state correctional facility for adults under the control of the commissioner of corrections, provided that:

(1) no inmate serving a life sentence for committing murder before May 1, 1980, other than murder committed in violation of clause (1) of section 609.185 who has not been previously convicted of a felony shall be paroled without having served 20 years, less the diminution that would have been allowed for good conduct had the sentence been for 20 years;

(2) no inmate serving a life sentence for committing murder before May 1, 1980, who has been previously convicted of a felony or though not previously convicted of a felony is serving a life sentence for murder in the first degree committed in violation of clause (1) of section 609.185 shall be paroled without having served 25 years, less the diminution which would have been allowed for good conduct had the sentence been for 25 years;

(3) any inmate sentenced prior to September 1, 1963, who would be eligible for parole had the inmate been sentenced after September 1, 1963, shall be eligible for parole; and

(4) any new rule or policy or change of rule or policy adopted by the commissioner of corrections which has the effect of postponing eligibility for parole has prospective effect only and applies only with respect to persons committing offenses after the effective date of the new rule or policy or change.

(b) Upon being paroled and released, an inmate is and remains in the legal custody and under the control of the commissioner, subject at any time to be returned to a facility of the Department of Corrections established by law for the confinement or treatment of convicted persons and the parole rescinded by the commissioner.

(c) The written order of the commissioner of corrections, is sufficient authority for any peace officer, state correctional investigator, or state parole and probation agent to retake and place in actual custody any person on parole or supervised release. In addition, when it appears necessary in order to prevent escape or enforce discipline, any state parole and probation agent or state correctional investigator may, without order of warrant, take and detain a parolee or person on supervised release or work release and bring the person to the commissioner for action.

(d) The written order of the commissioner of corrections is sufficient authority for any peace officer, state correctional investigator, or state parole and probation agent to retake and place in actual custody any person on probation under the supervision of the commissioner pursuant to section 609.135. Additionally, when it appears necessary in order to prevent escape or enforce discipline, any state parole and probation agent or state correctional investigator may, without an order, retake and detain a probationer and bring the probationer before the court for further proceedings under section 609.14.

(e) The written order of the commissioner of corrections is sufficient authority for any peace officer, state correctional investigator, or state parole and probation agent to detain any person on pretrial release who absconds from pretrial release or fails to abide by the conditions of pretrial release.

(f) Persons conditionally released, and those on probation under the supervision of the commissioner of corrections pursuant to section 609.135 may be placed within or outside the boundaries of the state at the discretion of the commissioner of corrections or the court, and the limits fixed for these persons may be enlarged or reduced according to their conduct.

(g) Except as otherwise provided in subdivision 1b, in considering applications for conditional release or discharge, the commissioner is not required to hear oral argument from any attorney or other person not connected with an adult correctional facility of the Department of Corrections in favor of or against the parole or release of any inmates. The commissioner may institute inquiries by correspondence, taking testimony, or otherwise, as to the previous history, physical or mental condition, and character of the inmate and, to that end, has the authority to require the attendance of the chief executive officer of any state adult correctional facility and the production of the records of these facilities, and to compel the attendance of witnesses. The commissioner is authorized to administer oaths to witnesses for these purposes.

(h) Unless the district court directs otherwise, state parole and probation agents may require a person who is under the supervision of the commissioner of corrections to perform community work service for violating a condition of probation imposed by the court. Community work service may be imposed for the purpose of protecting the public, to aid the offender's rehabilitation, or both. Agents may impose up to eight hours of community work service for each violation and up to a total of 24 hours per offender per 12-month period, beginning with the date on which community work service is first imposed. The commissioner may authorize an additional 40 hours of community work services, for a total of 64 hours per offender per 12-month period, beginning with the date on which community work service is first imposed. At the time community work service is imposed, parole and probation agents are required to provide written notice to the offender that states:

- (1) the condition of probation that has been violated;
- (2) the number of hours of community work service imposed for the violation; and
- (3) the total number of hours of community work service imposed to date in the 12-month period.

An offender may challenge the imposition of community work service by filing a petition in district court. An offender must file the petition within five days of receiving written notice that community work service is being imposed. If the offender challenges the imposition of community work service, the state bears the burden of showing, by a preponderance of the evidence, that the imposition of community work service is reasonable under the circumstances.

Community work service includes sentencing to service.

(i) Prior to revoking a nonviolent controlled substance offender's parole or probation based on a technical violation, when the offender does not present a risk to the public and the offender is amenable to continued supervision in the community, a parole or probation agent must identify community options to address and correct the violation including, but not limited to, inpatient chemical dependency treatment. If a probation or parole agent determines that community options are appropriate, the agent shall seek to restructure the offender's terms of release to incorporate those options. If an offender on probation stipulates in writing to restructure the terms of release, a probation agent must forward a report to the district court containing:

- (1) the specific nature of the technical violation of probation;
- (2) the recommended restructure to the terms of probation; and
- (3) a copy of the offender's signed stipulation indicating that the offender consents to the restructuring of probation.

The recommended restructuring of probation becomes effective when confirmed by a judge. The order of the court shall be proof of such confirmation and amend the terms of the sentence imposed by the court under section 609.135. If a nonviolent controlled substance offender's parole or probation is revoked, the offender's agent must

first attempt to place the offender in a local jail. For purposes of this paragraph, "nonviolent controlled substance offender" is a person who meets the criteria described under section 244.0513, subdivision 2, clauses (1), (2), and (5), and "technical violation" has the meaning given in section 244.196, subdivision 6.

Sec. 4. Minnesota Statutes 2016, section 243.17, subdivision 1, is amended to read:

Subdivision 1. **Allowed expenses.** ~~The necessary expenses of sheriffs and other peace officers commissioner of management and budget shall pay out of the state treasury to the commissioner of corrections each fiscal year the amount necessary to offset expenses incurred in conveying to convey convicted persons and children adjudicated delinquent and committed to the custody of the commissioner of corrections to the appropriate adult or juvenile correctional facility as designated by the commissioner of corrections, including per diem and expenses of correctional officers, shall be allowed by the commissioner of management and budget and paid out of the state treasury. The commissioner of management and budget may allow and pay for the necessary expenses incurred by the sheriff, deputy, or other peace officer in going to and returning from the correctional facility and \$10 per day for each correctional officer. Not more than one correctional officer shall be allowed for one prisoner, but one additional correctional officer shall be allowed for every two additional prisoners. All bills shall be in writing, fully itemized, verified, and accompanied by the receipt of the chief executive officer of the facility for the delivery of the convicted or adjudicated persons, in a form prescribed by the commissioner of management and budget. The total amount of payments shall not exceed \$500,000 each fiscal year. Payments shall be made one or two times each fiscal year based on a fee schedule agreed to by the Department of Corrections and the Minnesota Sheriffs' Association.~~

Sec. 5. **[243.521] ADMINISTRATIVE AND DISCIPLINARY SEGREGATION.**

Subdivision 1. **Authorization.** In any adult correctional facility under the control of the commissioner of corrections, the commissioner may require an inmate to be placed in disciplinary segregation for rule violations involving use of a weapon or infliction of bodily harm, escape, or a major rule violation, or in administrative segregation for the safety of the inmate or others, subject to the requirements of this section.

Subd. 2. **Conditions in segregated housing.** The segregation unit shall provide regular meals, furnished cells, appropriate reading materials, limited recreational facilities, at least five hours a week out of cell unless safety and security dictate otherwise, reduced lighting during the nighttime hours, rights of communication and visitation by those properly authorized, and other privileges as may be established by the commissioner.

Subd. 3. **Review of disciplinary segregation status.** An inmate who serves 15 days in disciplinary segregation shall have the inmate's segregation status reviewed at that time by the warden of the institution and every 15 days thereafter. An inmate who serves 60 days in disciplinary segregation shall have the inmate's segregation status reviewed at that time by the commissioner of corrections, or a deputy or assistant commissioner, and every 30 days thereafter.

Subd. 4. **Graduated disciplinary sanctions.** The commissioner shall design and implement a graduated scale of responses to infractions, including reprimands, loss of privileges, and restriction of motion within the institution, so that the use of disciplinary segregation is reserved for the most serious and persistent infractions.

Subd. 5. **Discharge from segregated housing.** (a) The commissioner shall not release an inmate to the community directly from segregated housing. A segregated inmate must serve at least 30 days in the general population prior to the inmate's release to the community, absent a documented, compelling safety reason, approved by the warden.

(b) An inmate who is being released from segregated housing to the general population after serving in that status for 30 days or more shall have the transfer reviewed and approved by a mental health professional prior to returning to the general population.

Subd. 6. **Reporting.** By January 15, 2018, and by January 15 each year thereafter, the commissioner of corrections shall report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over public safety and judiciary on the status of the implementation of the provisions in this section. This report shall include, but not be limited to, data regarding:

- (1) the number of inmates in each institution placed in segregation during the past year;
- (2) the ages of inmates placed in segregation during the past year;
- (3) the number of inmates transferred from segregation to the mental health treatment unit;
- (4) the nature of the infractions leading to the use of segregation;
- (5) the lengths of terms served in segregation, including terms served consecutively; and
- (6) any incidents of inmates not receiving at least five hours a week out of cell.

Sec. 6. Minnesota Statutes 2016, section 244.05, subdivision 3, is amended to read:

Subd. 3. **Sanctions for violation.** If an inmate violates the conditions of the inmate's supervised release imposed by the commissioner, the commissioner may:

- (1) continue the inmate's supervised release term, with or without modifying or enlarging the conditions imposed on the inmate; or
- (2) revoke the inmate's supervised release and reimprison the inmate for the appropriate period of time.

Prior to revoking a nonviolent controlled substance offender's supervised release based on a technical violation, when the offender does not present a risk to the public and the offender is amenable to continued supervision in the community, the commissioner must identify community options to address and correct the violation including, but not limited to, inpatient chemical dependency treatment. If the commissioner determines that community options are appropriate, the commissioner shall restructure the inmate's terms of release to incorporate those options. If a nonviolent controlled substance offender's supervised release is revoked, the offender's agent must first attempt to place the offender in a local jail. For purposes of this subdivision, "nonviolent controlled substance offender" is a person who meets the criteria described under section 244.0513, subdivision 2, clauses (1), (2), and (5), and "technical violation" has the meaning given in section 244.196, subdivision 6.

The period of time for which a supervised release may be revoked may not exceed the period of time remaining in the inmate's sentence, except that if a sex offender is sentenced and conditionally released under Minnesota Statutes 2004, section 609.108, subdivision 5, the period of time for which conditional release may be revoked may not exceed the balance of the conditional release term.

Sec. 7. Minnesota Statutes 2016, section 244.09, subdivision 11, is amended to read:

Subd. 11. **Modification.** The commission shall meet as necessary for the purpose of modifying and improving the guidelines. Any modification which amends the Sentencing Guidelines grid, including severity levels and criminal history scores, or which would result in the reduction of any sentence or in the early release of any inmate,



with the exception of a modification mandated or authorized by the legislature or relating to a crime created or amended by the legislature in the preceding session, shall be submitted to the legislature by January 15 of any year in which the commission wishes to make the change and ~~shall be, if approved by the legislature by law, becomes~~ effective on August 1 of that year, ~~unless the legislature by law provides otherwise~~. All other modifications shall take effect according to the procedural rules of the commission. On or before January 15 of each year, the commission shall submit a written report to the committees of the senate and the house of representatives with jurisdiction over criminal justice policy that identifies and explains all modifications made during the preceding 12 months and all proposed modifications that are being submitted to the legislature that year.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to any pending or future proposed modifications.

Sec. 8. Minnesota Statutes 2016, section 244.198, is amended by adding a subdivision to read:

Subd. 1a. **Alternatives to incarceration.** At a sanctions conference regarding a nonviolent controlled substance offender, when the offender does not present a risk to the public and the offender is amenable to continued supervision in the community, a probation agency must identify community options to address and correct the violation including, but not limited to, inpatient chemical dependency treatment. If the agency determines that community options are appropriate, the county probation officer shall recommend a sanction that incorporates those options. For purposes of this subdivision, "nonviolent controlled substance offender" is a person who meets the criteria described under section 244.0513, subdivision 2, clauses (1), (2), and (5).

Sec. 9. Minnesota Statutes 2016, section 609.14, is amended by adding a subdivision to read:

Subd. 2a. **Alternatives to incarceration.** (a) A probation agent must present the court with local options to address and correct the violation including, but not limited to, inpatient chemical dependency treatment when the defendant at a summary hearing provided by subdivision 2 is:

(1) a nonviolent controlled substance offender;

(2) subject to supervised probation;

(3) appearing based on a technical violation; and

(4) admitting or found to have violated any of the conditions of probation.

(b) For purposes of this subdivision, "nonviolent controlled substance offender" is a person who meets the criteria described under section 244.0513, subdivision 2, clauses (1), (2), and (5), and "technical violation" has the meaning given in section 244.196, subdivision 6.

Sec. 10. **ALTERNATIVES TO INCARCERATION PILOT PROGRAM FUND.**

(a) Agencies providing supervision to offenders on probation, parole, or supervised release are eligible for grants to facilitate access to community options including, but not limited to, inpatient chemical dependency treatment for nonviolent controlled substance offenders to address and correct behavior that is, or is likely to result in, a technical violation of the conditions of release. For purposes of this section, "nonviolent controlled substance offender" is a person who meets the criteria described under Minnesota Statutes, section 244.0513, subdivision 2, clauses (1), (2), and (5), and "technical violation" has the meaning given in Minnesota Statutes, section 244.196, subdivision 6.

(b) The Department of Corrections shall establish criteria for selecting grant recipients and the amount awarded to each grant recipient.

(c) By January 15, 2019, the commissioner of corrections shall submit a report to the chairs of the house of representatives and senate committees with jurisdiction over public safety policy and finance. At a minimum, the report must include:

(1) the total number of grants issued under this program;

(2) the average amount of each grant;

(3) the community services accessed as a result of the grants;

(4) a summary of the type of supervision offenders were under when a grant was used to help access a community option;

(5) the number of individuals who completed, and the number who failed to complete, programs accessed as a result of this grant; and

(6) the number of individuals who violated the terms of release following participation in a program accessed as a result of this grant, separating technical violations and new criminal offenses.

Sec. 11. **TARGETED DOMESTIC VIOLENCE PREVENTION PROGRAMMING.**

Subdivision 1. **Domestic violence offender identification.** The commissioner of corrections shall implement a process to identify offenders sentenced for domestic violence related offenses.

Subd. 2. **Threat assessment and screening.** The commissioner of corrections shall develop a process to identify offenders who pose the highest threat to commit domestic violence and abuse upon release from confinement.

Subd. 3. **Programming.** The commissioner shall identify accepted best practices, if any, for providing domestic violence prevention programming to offenders, including evaluating any currently piloted domestic violence programming. The commissioner shall provide programming consistent with accepted best practices to offenders identified as posing the highest threat of committing domestic violence and abuse upon release from confinement.

Subd. 4. **Report.** By January 15, 2019, the commissioner of corrections shall submit a report to the chairs of the house of representatives and senate committees with jurisdiction over public safety policy and finance. At a minimum, the report must include:

(1) a description of the offender identification screening process;

(2) a description of the process used to assess offenders who pose an increased threat of committing domestic violence and abuse upon release from confinement;

(3) the number of offenders identified as being likely to commit domestic violence or abuse upon release from confinement;

(4) the number of offenders who have participated in targeted domestic violence prevention programming;

(5) the number of offenders who participated in targeted domestic violence prevention programming who have been released from confinement;

(6) the recidivism rate of offenders who participated in targeted domestic violence prevention programming who have been released from confinement; and

(7) the number of offenders who participated in targeted domestic violence prevention programming who committed domestic violence offenses after release from confinement.

#### ARTICLE 4 PUBLIC SAFETY

Section 1. Minnesota Statutes 2016, section 12.221, subdivision 6, is amended to read:

Subd. 6. **Disaster assistance contingency account; appropriation.** (a) A disaster assistance contingency account is created in the special revenue fund in the state treasury. Money in the disaster assistance contingency account is appropriated to the commissioner of public safety to provide:

(1) cost-share for federal assistance under section 12A.15, subdivision 1;

(2) state public disaster assistance to eligible applicants under chapter 12B;

(3) cost-share for federal assistance from the Federal Highway Administration emergency relief program under United States Code, title 23, section 125; and

(4) cost-share for federal assistance from the United States Department of Agriculture, Natural Resources Conservation Service emergency watershed protection program under United States Code, title 16, sections 2203 to 2205.

(b) For appropriations under paragraph (a), clause (1), the amount appropriated is 100 percent of any nonfederal share for state agencies ~~and~~, local governments, and utility cooperatives. Money appropriated under paragraph (a), clause (1), may be used to pay all or a portion of the nonfederal share for publicly owned capital improvement projects.

(c) For appropriations under paragraph (a), clause (2), the amount appropriated is the amount required to pay eligible claims under chapter 12B, as certified by the commissioner of public safety.

(d) By January 15 of each year, the commissioner of management and budget shall submit a report to the chairs and ranking minority members of the house of representatives Ways and Means Committee and the senate Finance Committee detailing state disaster assistance appropriations and expenditures under this subdivision during the previous calendar year.

(e) The governor's budget proposal submitted to the legislature under section 16A.11 must include recommended appropriations to the disaster assistance contingency account. The governor's appropriation recommendations must be informed by the commissioner of public safety's estimate of the amount of money that will be necessary to:

(1) provide 100 percent of the nonfederal share for state agencies ~~and~~, local governments, and utility cooperatives that will receive federal financial assistance from FEMA during the next biennium; and

(2) fully pay all eligible claims under chapter 12B.

(f) Notwithstanding section 16A.28:

(1) funds appropriated or transferred to the disaster assistance contingency account do not lapse but remain in the account until appropriated; and

(2) funds appropriated from the disaster assistance contingency account do not lapse and are available until expended.

Sec. 2. Minnesota Statutes 2016, section 12B.15, subdivision 2, is amended to read:

Subd. 2. **Applicant.** "Applicant" means a local government ~~or~~ a state government agency, or utility cooperative that applies for state disaster assistance under this chapter.

Sec. 3. Minnesota Statutes 2016, section 152.105, is amended to read:

**152.105 DISPOSAL.**

Subdivision 1. **Disposal of controlled substances.** Controlled substances listed in section 152.02, subdivisions 3 to 6, may be collected and disposed of only pursuant to the provisions of Code of Federal Regulations, title 21, parts 1300, 1301, 1304, 1305, 1307, and 1317, that are applicable to the disposal of controlled substances. Disposal of controlled substances and legend and nonlegend drugs must also comply with the requirements of section 116.07 governing the disposal of hazardous waste, and the rules promulgated thereunder.

Subd. 2. **Sheriff to maintain collection receptacle.** The sheriff of each county shall maintain at least one collection receptacle for the disposal of noncontrolled substances, pharmaceutical controlled substances, and other legend drugs, as permitted by federal law. For purposes of this section, "legend drug" has the meaning given in section 151.01, subdivision 17. The collection receptacle must comply with federal law. In maintaining and operating the collection receptacle, the sheriff shall follow all applicable provisions of Code of Federal Regulations, title 21, parts 1300, 1301, 1304, 1305, 1307, and 1317.

Sec. 4. Minnesota Statutes 2016, section 169.791, is amended by adding a subdivision to read:

Subd. 6a. **Mandatory court appearance.** A mandatory court appearance is required if a person violates this section under circumstances involving a collision that caused bodily harm or damage to the property of another.

Sec. 5. Minnesota Statutes 2016, section 169.792, subdivision 7, is amended to read:

Subd. 7. **License revocation.** Upon receiving the notification under subdivision 6 or notification of a conviction for violation of section 169.791, the commissioner shall revoke the person's driver's license or permit to drive. The revocation shall be effective beginning 14 days after the date of notification by the district court administrator or officer to the Department of Public Safety. In order to be revoked, notice must have been mailed to the person by the commissioner at least ten days before the effective date of the revocation. If the person, before the effective date of the revocation, provides the commissioner or court with the proof of insurance or other verifiable insurance information as determined by the commissioner, establishing that the required insurance covered the vehicle at the time of the original demand, the revocation must not become effective. ~~Revocation based upon receipt of a notification under subdivision 6 must be carried out regardless of the status or disposition of any related criminal charge.~~ The person's driver's license or permit to drive shall be revoked for the longer of: (i) the period provided in section 169.797, subdivision 4, paragraph (e) ~~(f)~~, including any rules adopted under that paragraph, or (ii) until the driver or owner files ~~proof of insurance~~ with the Department of Public Safety or judicial officer proof of insurance satisfactory to the commissioner of public safety. If proof is filed with the court under item (ii), the judicial officer must report the proof filing to the commissioner of public safety. A license must not be revoked more than once based upon the same demand for proof of insurance.

Sec. 6. Minnesota Statutes 2016, section 169.797, is amended by adding a subdivision to read:

Subd. 4b. **Mandatory court appearance.** A mandatory court appearance is required if a person violates this section under circumstances involving a collision that caused bodily harm or damage to the property of another.

Sec. 7. Minnesota Statutes 2016, section 169.80, subdivision 1, is amended to read:

Subdivision 1. **Limitations; misdemeanor.** (a) It is a misdemeanor for a person to drive or move, or for the owner to cause or knowingly permit to be driven or moved, on a highway a vehicle or vehicles of a size or weight exceeding the limitations stated in sections 169.80 to 169.88, or otherwise in violation of sections 169.80 to 169.88, other than section 169.81, subdivision 5a, and the maximum size and weight of vehicles as prescribed in sections 169.80 to 169.88 shall be lawful throughout this state, and local authorities shall have no power or authority to alter these limitations except as express authority may be granted in sections 169.80 to 169.88.

(b) When all the axles of a vehicle or combination of vehicles are weighed separately the sum of the weights of the axles so weighed shall be evidence of the total gross weight of the vehicle or combination of vehicles so weighed.

(c) When each of the axles of any group that contains two or more consecutive axles of a vehicle or combination of vehicles have been weighed separately the sum of the weights of the axles so weighed shall be evidence of the total gross weight on the group of axles so weighed.

(d) When, in any group of three or more consecutive axles of a vehicle or combination of vehicles any axles have been weighed separately and two or more axles consecutive to each other in the group have been weighed together, the sum of the weights of the axles weighed separately and the axles weighed together shall be evidence of the total gross weight of the group of axles so weighed.

(e) The provisions of sections 169.80 to 169.88 governing size, weight, and load ~~shall do not apply to a fire apparatus, or~~ do not apply to a fire apparatus, or to a vehicle operated under the terms of a special permit issued as provided by law.

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

Sec. 8. Minnesota Statutes 2016, section 169.829, is amended by adding a subdivision to read:

Subd. 4. **Certain emergency vehicles.** The provisions of sections 169.80 to 169.88 governing size, weight, and load do not apply to a fire apparatus, a police special response vehicle, or a licensed land emergency ambulance service vehicle.

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

Sec. 9. Minnesota Statutes 2016, section 169.99, subdivision 1c, is amended to read:

Subd. 1c. **Notice of surcharge.** All parts of the uniform traffic ticket must ~~give~~ provide conspicuous notice ~~of the fact that;~~

(1) if convicted, the person to whom it was issued must pay a state-imposed surcharge under section 357.021, subdivision 6, and the current amount of the required surcharge; and

(2) programs, including diversion, may be available.

Sec. 10. Minnesota Statutes 2016, section 169.99, is amended by adding a subdivision to read:

Subd. 1d. **Collision.** In every charge of a violation of any provision of this chapter, the uniform traffic ticket shall contain a blank or space where the officer shall specify whether an offense involved a collision that caused bodily harm or damage to the property of another.

Sec. 11. Minnesota Statutes 2016, section 171.24, is amended by adding a subdivision to read:

Subd. 4a. **Mandatory court appearance.** A court appearance is required if a person violates subdivision 1, 2, or 3 under circumstances involving a collision that caused bodily harm or damage to the property of another.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to violations committed on or after that date.

Sec. 12. **[171.2405] LICENSE REINSTATEMENT DIVERSION PROGRAM.**

Subdivision 1. **Establishment.** A city or county may establish a license reinstatement diversion program for holders of class D drivers' licenses who have been charged with violating section 171.24, subdivision 1 or 2, but have not yet entered a plea in the proceedings. An individual charged with driving after revocation under section 171.24, subdivision 2, is eligible for diversion only if the revocation was due to a violation of section 169.791; 169.797; 169A.52; 169A.54; 171.17, subdivision 1, paragraph (a), clause (6); or 171.172. An individual who otherwise qualifies for the diversion program under this section and who is also canceled under section 171.24, subdivision 5, is eligible for the diversion program. An individual who otherwise qualifies for the diversion program under this section and who is also canceled under section 171.24, subdivision 5, is eligible for license reinstatement only if the individual complies with the requirements of section 171.306 and other applicable restrictions, including the ignition interlock device program. An individual who is a holder of a commercial driver's license or who has committed an offense in a commercial motor vehicle is not eligible to participate in the diversion program.

Subd. 2. **Contract.** Notwithstanding any law or ordinance to the contrary, a city or county may contract with a third party to create and administer the diversion program under this section.

Subd. 3. **Diversion of an individual.** A prosecutor for a participating city or county may, in consultation with the commissioner, determine whether to accept an individual for diversion. When making the determination, the prosecutor must consider:

(1) whether the individual has a record of driving without a valid license or other criminal record, or has previously participated in a diversion program;

(2) the strength of the evidence against the individual, along with any mitigating factors; and

(3) the apparent ability and willingness of the individual to participate in the diversion program and comply with program requirements.

Subd. 4. **Diversion driver's license.** (a) Notwithstanding any law to the contrary, the commissioner of public safety may issue a diversion driver's license to a person who is a participant in the diversion program, after receiving an application and payment of:

(1) the reinstatement fee under section 171.20, subdivision 4, by a participant whose driver's license has been suspended;

(2) the reinstatement fee under section 171.29, subdivision 2, paragraph (a), by a participant whose driver's license has been revoked under section 169.791; 169.797; or 171.17, subdivision 1, paragraph (a), clause (6); or

(3) the reinstatement fee under section 171.29, subdivision 2, paragraph (a), by a participant whose driver's license has been revoked under section 169A.52 or 169A.54. The reinstatement fee and surcharge under section 171.29, subdivision 2, paragraph (b), also must be paid during the course of and as a condition of the diversion program.

(b) The commissioner may impose restrictions on a diversion driver's license that are suitable to the licensee's driving ability or applicable to the licensee as the commissioner deems appropriate to ensure the safe operation of a motor vehicle by the licensee. Restrictions may include but are not limited to participation in the ignition interlock device program under section 171.306.

(c) Payments of the reinstatement fee and surcharge under section 171.29, subdivision 2, paragraph (b), made by participants in the diversion program must be applied first toward payment of the reinstatement fee and, after the reinstatement fee has been fully paid, toward payment of the surcharge. Each payment that is applied toward the reinstatement fee must be credited as provided in section 171.29, subdivision 2, paragraph (b), and each payment that is applied toward the surcharge must be credited as provided in section 171.29, subdivision 2, paragraphs (c) and (d). After the reinstatement fee and surcharge are satisfied, the participant must pay the program participation fee.

(d) Notwithstanding any law to the contrary, a diversion driver's license issued to a participant in the program must not be revoked or suspended for convictions entered due to payments made under subdivision 5.

**Subd. 5. Components of program.** (a) At a minimum, the diversion program must require individuals to:

(1) successfully attend and complete, at the individual's expense, educational classes that provide, among other things, information on driver's licensure;

(2) pay, under a schedule approved by the prosecutor, all required fees, fines, and charges that affect the individual's driver's license status, including applicable statutory license reinstatement fees and costs of participation in the program;

(3) comply with all traffic laws; and

(4) demonstrate compliance with motor vehicle insurance requirements.

(b) An individual accepted into the diversion program is eligible to apply for a diversion driver's license.

**Subd. 6. Termination of participation in diversion program.** (a) An individual's participation in the diversion program may terminate when:

(1) during participation in the program, the individual is guilty of a moving traffic violation or failure to provide vehicle insurance for an offense that occurred after the individual attended the education class under subdivision 5, paragraph (a), clause (1);

(2) the third-party administrator of the diversion program informs the court and the commissioner that the individual no longer satisfies the conditions of the diversion program; or

(3) the third-party administrator informs the court, the prosecutor, and the commissioner of public safety that the individual has met all conditions of the diversion program, including, at a minimum, satisfactory fulfillment of the components under subdivision 5.

(b) Upon termination of an individual's participation in the diversion program, the commissioner must cancel the individual's diversion driver's license.

(c) Upon receiving notice under paragraph (a), clause (3), the court must dismiss the charge or the prosecutor must decline to prosecute the individual.

(d) The original charge against the individual for violating section 171.24 may be reinstated against an individual if the individual's diversion program participation terminates under paragraph (a), clause (1) or (2).

(e) The commissioner must reinstate the driver's license of an individual whose diversion program participation terminates under paragraph (a), clause (3).

(f) If an individual terminates diversion program participation under paragraph (a), clause (1) or (2), or voluntarily leaves the diversion program, the third-party administrator must retain any fees paid under subdivision 4 for a period of five years from the termination date. If the individual returns to the diversion program within the five-year period, the retained fees may be applied to the subsequent diversion program participation. If the individual does not return to the program within the five-year period, the returned fees are forfeited to the third-party administrator.

Subd. 7. **Biennial report.** (a) By February 1 of each even-numbered year, each city and county that participates in the diversion program must report to the legislative committees with jurisdiction over transportation and the judiciary concerning the results of the program. The report must be made available electronically and, upon request, in print. The report must include, without limitation, the effect of the program on:

(1) recidivism rates for participants in the diversion program;

(2) payment of the fees and fines collected in the diversion program to cities, counties, and the state;

(3) educational support provided to participants in the diversion program; and

(4) the total number of participants in the diversion program, including the number of participants who have terminated from the program under clauses (1) to (3).

(b) The report must include recommendations regarding legislative changes, as appropriate.

**EFFECTIVE DATE.** This section is effective July 1, 2020, or the day following the date the Minnesota Licensing and Registration System is first used for driver's license transactions, whichever is earlier.

**Sec. 13. [299A.625] SUPPLEMENTAL NONPROFIT SECURITY GRANT PROGRAM.**

Subdivision 1. **Establishment.** A supplemental nonprofit security grant program is established. The Division of Homeland Security and Emergency Management shall administer the program.

Subd. 2. **Eligibility and application.** Nonprofit organizations whose applications for funding through the Federal Emergency Management Agency's nonprofit security grant program have been approved by the Division of Homeland Security and Emergency Management are eligible for grants under this section. No additional application shall be required for grants under this section, and an application for a grant from the federal program is also an application for funding from the state supplemental program.

Subd. 3. **Amount, preference, and timing of grants.** Organizations meeting the eligibility requirements of subdivision 2 may receive grants of up to \$75,000, except that the total received by any individual from both the federal nonprofit security grant program and the state supplemental nonprofit security grant program shall not exceed \$75,000. Grants shall be awarded in an order consistent with the ranking given to applicants for the federal nonprofit security grant program. No grants under the state supplemental nonprofit security grant program shall be awarded until the announcement of the recipients and the amount of the grants awarded under the federal nonprofit security grant program.



Subd. 4. **Administrative costs.** The commissioner may use up to one percent, on an annual basis, of the appropriation received under this section to pay costs incurred by the department in administering the supplemental nonprofit security grant program.

Sec. 14. Minnesota Statutes 2016, section 299C.46, subdivision 6, is amended to read:

Subd. 6. **Orders for protection and no contact orders.** (a) As used in this subdivision, "no contact orders" include orders issued as pretrial orders under section 629.72, subdivision 2, orders under section 629.75, and orders issued as probationary or sentencing orders at the time of disposition in a criminal domestic abuse case.

(b) The data communications network must include orders for protection issued under section 518B.01 ~~and, harassment restraining orders, and~~ no contact orders issued against adults and juveniles. A no contact order must be accompanied by a photograph of the offender for the purpose of enforcement of the order, if a photograph is available and verified by the court to be an image of the defendant.

(c) Data from orders for protection, harassment restraining orders, or no contact orders and data entered by law enforcement to assist in the enforcement of those orders are classified as private data on individuals as defined in section 13.02, subdivision 12. Data about the offender can be shared with the victim for purposes of enforcement of the order.

Sec. 15. Minnesota Statutes 2016, section 609.748, subdivision 3, is amended to read:

Subd. 3. **Contents of petition; hearing; notice.** (a) A petition for relief must allege facts sufficient to show the following:

- (1) the name of the alleged harassment victim;
- (2) the name of the respondent; and
- (3) that the respondent has engaged in harassment.

A petition for relief must state whether the petitioner has had a previous restraining order in effect against the respondent. The petition shall be accompanied by an affidavit made under oath stating the specific facts and circumstances from which relief is sought. The court shall provide simplified forms and clerical assistance to help with the writing and filing of a petition under this section and shall advise the petitioner of the right to sue in forma pauperis under section 563.01. The court shall advise the petitioner of the right to request a hearing. If the petitioner does not request a hearing, the court shall advise the petitioner that the respondent may request a hearing and that notice of the hearing date and time will be provided to the petitioner by mail at least five days before the hearing. Upon receipt of the petition and a request for a hearing by the petitioner, the court shall order a hearing. Personal service must be made upon the respondent not less than five days before the hearing. If personal service cannot be completed in time to give the respondent the minimum notice required under this paragraph, the court may set a new hearing date. Nothing in this section shall be construed as requiring a hearing on a matter that has no merit.

(b) Notwithstanding paragraph (a), the order for a hearing and a temporary order issued under subdivision 4 may be served on the respondent by means of a one-week published notice under section 645.11, if:

- (1) the petitioner files an affidavit with the court stating that an attempt at personal service made by a ~~sheriff~~ peace officer was unsuccessful because the respondent is avoiding service by concealment or otherwise; and

(2) a copy of the petition and order for hearing and any temporary restraining order has been mailed to the respondent at the respondent's residence or place of business, if the respondent is an organization, or the respondent's residence or place of business is not known to the petitioner.

(c) Regardless of the method of service, if the respondent is a juvenile, whenever possible, the court also shall have notice of the pendency of the case and of the time and place of the hearing served by mail at the last known address upon any parent or guardian of the juvenile respondent who is not the petitioner.

(d) A request for a hearing under this subdivision must be made within 20 days of service of the petition.

Sec. 16. Minnesota Statutes 2016, section 609.748, subdivision 3a, is amended to read:

Subd. 3a. **Filing fee; cost of service.** The filing fees for a restraining order under this section are waived for the petitioner if the petition alleges acts that would constitute a violation of section 609.749, subdivision 2, 3, 4, or 5, or sections 609.342 to 609.3451. The court administrator and ~~the sheriff of any county~~ any peace officer in this state shall perform their duties relating to service of process without charge to the petitioner. The court shall direct payment of the reasonable costs of service of process if served by a private process server when ~~the sheriff~~ a peace officer is unavailable or if service is made by publication. The court may direct a respondent to pay to the court administrator the petitioner's filing fees and reasonable costs of service of process if the court determines that the respondent has the ability to pay the petitioner's fees and costs.

Sec. 17. Minnesota Statutes 2016, section 609.748, subdivision 5, is amended to read:

Subd. 5. **Restraining order.** (a) The court may issue a restraining order that provides any or all of the following:

(1) orders the respondent to cease or avoid the harassment of another person; or

(2) orders the respondent to have no contact with another person.

(b) The court may issue an order under paragraph (a) if all of the following occur:

(1) the petitioner has filed a petition under subdivision 3;

(2) ~~the sheriff~~ a peace officer has served respondent with a copy of the temporary restraining order obtained under subdivision 4, and with notice of the right to request a hearing, or service has been made by publication under subdivision 3, paragraph (b); and

(3) the court finds at the hearing that there are reasonable grounds to believe that the respondent has engaged in harassment.

A restraining order may be issued only against the respondent named in the petition; except that if the respondent is an organization, the order may be issued against and apply to all of the members of the organization. If the court finds that the petitioner has had two or more previous restraining orders in effect against the same respondent or the respondent has violated a prior or existing restraining order on two or more occasions, relief granted by the restraining order may be for a period of up to 50 years. In all other cases, relief granted by the restraining order must be for a fixed period of not more than two years. When a referee presides at the hearing on the petition, the restraining order becomes effective upon the referee's signature.

(c) An order issued under this subdivision must be personally served upon the respondent.

(d) If the court orders relief for a period of up to 50 years under paragraph (a), the respondent named in the restraining order may request to have the restraining order vacated or modified if the order has been in effect for at least five years and the respondent has not violated the order. Application for relief under this paragraph must be made in the county in which the restraining order was issued. Upon receipt of the request, the court shall set a hearing date. Personal service must be made upon the petitioner named in the restraining order not less than 30 days before the date of the hearing. At the hearing, the respondent named in the restraining order has the burden of proving by a preponderance of the evidence that there has been a material change in circumstances and that the reasons upon which the court relied in granting the restraining order no longer apply and are unlikely to occur. If the court finds that the respondent named in the restraining order has met the burden of proof, the court may vacate or modify the order. If the court finds that the respondent named in the restraining order has not met the burden of proof, the court shall deny the request and no request may be made to vacate or modify the restraining order until five years have elapsed from the date of denial. An order vacated or modified under this paragraph must be personally served on the petitioner named in the restraining order.

Sec. 18. Minnesota Statutes 2016, section 609.748, is amended by adding a subdivision to read:

Subd. 5a. **Short-form notification.** (a) In lieu of personal service of a harassment restraining order, a peace officer may serve a person with a short-form notification. The short-form notification must include the following clauses: the respondent's name; the respondent's date of birth, if known; the petitioner's name; the names of other protected parties; the date and county in which the temporary restraining order or restraining order was filed; the court file number; the hearing date and time, if known; the conditions that apply to the respondent, either in checklist form or handwritten; and the name of the judge who signed the order.

The short-form notification must be in bold print in the following form:

"The restraining order is now enforceable. A copy of the restraining order is available at your nearest law enforcement office or district court. You are subject to arrest and may be charged with a misdemeanor, gross misdemeanor, or felony if you violate any of the terms of the restraining order or this short-form notification."

(b) Upon verification of the identity of the respondent and the existence of an unserved harassment restraining order against the respondent, a law enforcement officer may detain the respondent for a reasonable time necessary to complete and serve the short-form notification.

(c) When service is made by short-form notification, it may be proved by the affidavit of the law enforcement officer making the service.

(d) For service under this section only, service upon an individual may occur at any time, including Sundays and legal holidays.

(e) The superintendent of the Bureau of Criminal Apprehension shall provide the short form to law enforcement agencies.

**EFFECTIVE DATE.** This section is effective 30 days following publication of a notice on the Bureau of Criminal Apprehension's website that a computer system is available to send harassment restraining order data from the Minnesota judicial branch to law enforcement.

Sec. 19. Minnesota Statutes 2016, section 609.748, is amended by adding a subdivision to read:

Subd. 5b. **Service by others.** In addition to peace officers, corrections officers, including but not limited to probation officers, court services officers, parole officers, and employees of jails or correctional facilities, may serve a temporary restraining order or restraining order.

Sec. 20. Minnesota Statutes 2016, section 624.714, subdivision 17, is amended to read:

Subd. 17. **Posting; trespass.** (a) A person carrying a firearm on or about his or her person or clothes under a permit or otherwise who remains at a private establishment knowing that the operator of the establishment or its agent has made a reasonable request that firearms not be brought into the establishment may be ordered to leave the premises. A person who fails to leave when so requested is guilty of a petty misdemeanor. The fine for a first offense must not exceed \$25. Notwithstanding section 609.531, a firearm carried in violation of this subdivision is not subject to forfeiture.

(b) As used in this subdivision, the terms in this paragraph have the meanings given.

(1) "Reasonable request" means a request made under the following circumstances:

(i) the requester has prominently posted a conspicuous sign at every entrance to the establishment containing the following language: "(INDICATE IDENTITY OF OPERATOR) BANS GUNS IN THESE PREMISES."; or

(ii) the requester or the requester's agent personally informs the person that guns are prohibited in the premises and demands compliance.

(2) "Prominently" means readily visible and within four feet laterally of the entrance with the bottom of the sign at a height of four to six feet above the floor.

(3) "Conspicuous" means lettering in black arial typeface at least 1-1/2 inches in height against a bright contrasting background that is at least 187 square inches in area.

(4) "Private establishment" means a building, structure, or portion thereof that is owned, leased, controlled, or operated by a nongovernmental entity for a nongovernmental purpose.

(c) The owner or operator of a private establishment may not prohibit the lawful carry or possession of firearms in a parking facility or parking area.

(d) The owner or operator of a private establishment may not prohibit the lawful carry or possession of firearms by a peace officer, as defined in section 626.84, subdivision 1, paragraph (c), within the private establishment or deny the officer access thereto, except when specifically authorized by statute.

~~(d)~~ (e) This subdivision does not apply to private residences. The lawful possessor of a private residence may prohibit firearms, and provide notice thereof, in any lawful manner.

~~(e)~~ (f) A landlord may not restrict the lawful carry or possession of firearms by tenants or their guests.

~~(f)~~ (g) Notwithstanding any inconsistent provisions in section 609.605, this subdivision sets forth the exclusive criteria to notify a permit holder when otherwise lawful firearm possession is not allowed in a private establishment and sets forth the exclusive penalty for such activity.

~~(g) This subdivision does not apply to:~~

~~(1) an active licensed peace officer; or~~

~~(2) a security guard acting in the course and scope of employment.~~

**Sec. 21. [626.8469] TRAINING IN CRISIS RESPONSE, CONFLICT MANAGEMENT, AND CULTURAL DIVERSITY.**

Subdivision 1. **In-service training required.** Beginning July 1, 2018, the chief law enforcement officer of every state and local law enforcement agency shall provide in-service training in crisis intervention and mental illness crises; conflict management and mediation; and recognizing and valuing community diversity and cultural differences to include implicit bias training to every peace officer and part-time peace officer employed by the agency. The training shall comply with learning objectives developed and approved by the board and shall meet board requirements for board-approved continuing education credit. The training shall consist of at least 16 continuing education credits within an officer's three-year licensing cycle. Each peace officer with a license renewal date after June 30, 2018, is not required to complete this training until the officer's next full three-year licensing cycle.

Subd. 2. **Record keeping required.** The head of every local and state law enforcement agency shall maintain written records of the agency's compliance with the requirements of subdivision 1. The documentation is subject to periodic review by the board, and shall be made available to the board at its request.

Subd. 3. **Licensing sanctions; injunctive relief.** The board may impose licensing sanctions and seek injunctive relief under section 214.11 for failure to comply with the requirements of this section.

Sec. 22. Laws 2009, chapter 59, article 3, section 4, subdivision 9, as amended by Laws 2010, chapter 197, section 1, Laws 2011, chapter 87, section 1, subdivision 9, and Laws 2013, chapter 127, section 60, is amended to read:

Subd. 9. **Sunset; transition.** A city or county participating in this pilot program may accept an individual for diversion into the pilot program ~~until June 30, 2017.~~ ~~The and the~~ third party administering the diversion program may collect and disburse fees collected pursuant to subdivision 6, paragraph (a), clause (2), ~~through December 31, 2018~~ until the day following the date the permanent diversion program established under Minnesota Statutes, section 171.2405, is effective, at which time the pilot program under this section expires. An individual participating in but who has not completed the pilot program on the date the pilot program expires is automatically transferred and enrolled in the permanent diversion program under Minnesota Statutes, section 171.2405, and credited for any fees paid or activities completed under the pilot program.

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

ARTICLE 5  
GENERAL CRIMINAL PROVISIONS

Section 1. Minnesota Statutes 2016, section 169.444, subdivision 2, is amended to read:

Subd. 2. **Violations by drivers; penalties.** (a) A person who fails to stop a vehicle or to keep it stopped, as required in subdivision 1, or who violates subdivision 1a, is guilty of a misdemeanor punishable by a fine of not less than ~~\$300~~ \$500.

(b) A person is guilty of a gross misdemeanor if the person fails to stop a motor vehicle or to keep it stopped, as required in subdivision 1, or who violates subdivision 1a, and commits either or both of the following acts:

(1) passes or attempts to pass the school bus in a motor vehicle on the right-hand, passenger-door side of the bus; or

(2) passes or attempts to pass the school bus in a motor vehicle when a school child is outside of and on the street or highway used by the school bus or on the adjacent sidewalk.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to violations committed on and after that date.

Sec. 2. Minnesota Statutes 2016, section 169.64, is amended by adding a subdivision to read:

**Subd. 11. Gross misdemeanor.** A person who violates subdivision 2, 3, or 4 while impersonating a peace officer in violation of section 609.4751, subdivision 1, is guilty of a gross misdemeanor.

Sec. 3. Minnesota Statutes 2016, section 169.68, is amended to read:

**169.68 HORN, SIREN.**

**Subdivision 1. Requirement; limitations.** (a) Every motor vehicle when operated upon a highway must be equipped with a horn in good working order and capable of emitting sound audible under normal conditions from a distance of not less than 200 feet. However, the horn or other warning device must not emit an unreasonably loud or harsh sound or a whistle. The driver of a motor vehicle shall, when reasonably necessary to insure safe operation, give audible warning with the horn, but shall not otherwise use the horn when upon a highway.

(b) A vehicle must not be equipped with, and a person shall not use upon a vehicle, any siren, whistle, or bell, except as otherwise permitted in this section.

(c) It is permissible, but not required, for any commercial vehicle to be equipped with a theft alarm signal device, so arranged that it cannot be used by the driver as an ordinary warning signal.

(d) All authorized emergency vehicles must be equipped with a siren capable of emitting sound audible under normal conditions from a distance of not less than 500 feet and of a type conforming to the federal certification standards for sirens, as determined by the General Services Administration. However, the siren must not be used except when the vehicle is operated in response to an emergency call or in the immediate pursuit of an actual or suspected violator of the law, in which latter events the driver of the vehicle shall sound the siren when necessary to warn pedestrians and other drivers of the vehicle's approach.

(e) It is permissible, but not required, for a bicycle to be equipped with a horn or bell designed to alert motor vehicles, other bicycles, and pedestrians of the bicycle's presence.

**Subd. 2. Gross misdemeanor.** A person who violates subdivision 1 while impersonating a peace officer in violation of section 609.4751, subdivision 1, is guilty of a gross misdemeanor.

Sec. 4. Minnesota Statutes 2016, section 169.98, subdivision 3, is amended to read:

**Subd. 3. Security guard vehicle.** (a) All motor vehicles ~~which that~~ are used by security guards in the course of their employment ~~may have any color other than those specified in subdivision 1 for law enforcement vehicles shall be predominantly grey.~~ The identity of the security service shall be displayed on ~~the motor vehicle as required for law enforcement vehicles both front door panels and on the rear of the vehicle.~~ The identity must include the word "Security" with letters not less than 2-1/2 inches high, one inch wide, and of a three-eighth inch brush stroke. The identity shall be of a color contrasting with the background color so that the motor vehicle is easily identifiable as belonging to a specific security service. The identity may be in the form of an emblem. Each vehicle must be marked with its own identifying number on the rear of the vehicle. The number shall be printed in the same size and color required pursuant to this subdivision for identifying words which may be displayed on the vehicle.

(b) Notwithstanding subdivision 1, paragraph (a), clause (1), a security guard may continue to use a motor vehicle that is predominantly black in the course of the guard's employment if the vehicle was being used in this manner before August 1, 2002.

(c) Notwithstanding subdivision 1, paragraph (a), clause (3), a security guard may continue to use a motor vehicle that is predominantly gold in the course of the guard's employment if the vehicle was being used in this manner before August 1, 2012.

(d) Notwithstanding paragraph (a), a security guard may continue to use a motor vehicle that is not predominantly grey in the course of the guard's employment if the vehicle was being used in this manner before August 1, 2017.

Sec. 5. Minnesota Statutes 2016, section 169.98, is amended by adding a subdivision to read:

Subd. 6. **Offense.** A person may not own or operate a motor vehicle marked or identified:

(1) in any manner described in this section;

(2) with the word or words "police," "patrolman," "sheriff," "deputy," "trooper," "state patrol," "conservation officer," "agent," or "marshal"; or

(3) with any lettering, marking, or insignia, or colorable imitation thereof, including, but not limited to, stars, badges, or shields identifying the vehicle as a federal, state, county, or municipal law enforcement vehicle, and which a reasonable person would believe that the vehicle is authorized by any agency for use by the person operating the motor vehicle; and

(4) that a reasonable person would believe that the vehicle is authorized by any agency for use by the person operating the motor vehicle.

Sec. 6. Minnesota Statutes 2016, section 171.24, is amended to read:

#### **171.24 VIOLATIONS; DRIVING WITHOUT VALID LICENSE.**

Subdivision 1. **Driving after suspension; misdemeanor.** Except as otherwise provided in subdivision 5, a person is guilty of a misdemeanor if:

(1) the person's driver's license or driving privilege has been suspended;

(2) the person has been given notice of or reasonably should know of the suspension; and

(3) the person disobeys the order by operating in this state any motor vehicle, the operation of which requires a driver's license, while the person's license or privilege is suspended.

Subd. 2. **Driving after revocation; misdemeanor.** Except as otherwise provided in subdivision 5, a person is guilty of a misdemeanor if:

(1) the person's driver's license or driving privilege has been revoked;

(2) the person has been given notice of or reasonably should know of the revocation; and

(3) the person disobeys the order by operating in this state any motor vehicle, the operation of which requires a driver's license, while the person's license or privilege is revoked.

Subd. 3. **Driving after cancellation; misdemeanor.** Except as otherwise provided in subdivision 5, a person is guilty of a misdemeanor if:

- (1) the person's driver's license or driving privilege has been canceled;
- (2) the person has been given notice of or reasonably should know of the cancellation; and

(3) the person disobeys the order by operating in this state any motor vehicle, the operation of which requires a driver's license, while the person's license or privilege is canceled.

Subd. 4. **Driving after disqualification; misdemeanor.** Except as otherwise provided in subdivision 5, a person is guilty of a misdemeanor if the person:

(1) has been disqualified from holding a commercial driver's license or been denied the privilege to operate a commercial motor vehicle;

(2) has been given notice of or reasonably should know of the disqualification; and

(3) disobeys the order by operating in this state a commercial motor vehicle while the person is disqualified to hold the license or privilege.

Subd. 5. **Gross misdemeanor violations.** (a) A person is guilty of a gross misdemeanor if:

(1) the person's driver's license or driving privilege has been canceled or denied under section 171.04, subdivision 1, clause (10);

(2) the person has been given notice of or reasonably should know of the cancellation or denial; and

(3) the person disobeys the order by operating in this state any motor vehicle, the operation of which requires a driver's license, while the person's license or privilege is canceled or denied.

(b) A person is guilty of a gross misdemeanor if the person violates this section and causes a collision resulting in substantial bodily harm or death to another.

(c) A person is guilty of a gross misdemeanor and is subject to the minimum penalty under subdivision 5a, paragraph (b), if the person violates this section within ten years of the first of two prior convictions under this section.

Subd. 5a. **Minimum penalties.** (a) A person who is convicted under this section a second time must, at a minimum, be sentenced to pay a fine of at least \$750. This paragraph does not apply to penalties under subdivision 5, paragraph (c).

(b) A person who is convicted under this section a third or subsequent time must, at a minimum, be sentenced to pay a fine of at least \$1,500.

(c) The court may order a person to perform community work service in lieu of all or a portion of the minimum fine required under this subdivision if the court makes specific findings on the record that the convicted person is indigent or that payment of the fine would create undue hardship for the convicted person or that person's immediate family.



Subd. 6. **Responsibility for prosecution.** (a) The attorney in the jurisdiction in which the violation occurred who is responsible for prosecution of misdemeanor violations of this section is also responsible for prosecution of gross misdemeanor violations of this section.

(b) Nothing in this section or section 609.035 or 609.04 shall limit the power of the state to prosecute or punish a person for conduct that constitutes any other crime under any other law of this state.

Subd. 7. **Sufficiency of notice.** (a) Notice of revocation, suspension, cancellation, or disqualification is sufficient if personally served, or if mailed by first class mail to the person's last known address or to the address listed on the person's driver's license. Notice is also sufficient if the person was informed that revocation, suspension, cancellation, or disqualification would be imposed upon a condition occurring or failing to occur, and where the condition has in fact occurred or failed to occur.

(b) It is not a defense that a person failed to file a change of address with the post office, or failed to notify the Department of Public Safety of a change of name or address as required under section 171.11.

Subd. 8. **Definition.** For the purposes of this section, "substantial bodily harm" has the meaning given in section 609.02, subdivision 7a.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to offenses committed on or after that date.

Sec. 7. Minnesota Statutes 2016, section 243.166, subdivision 1b, is amended to read:

Subd. 1b. **Registration required.** (a) A person shall register under this section if:

(1) the person was charged with or petitioned for a felony violation of or attempt to violate, or aiding, abetting, or conspiracy to commit, any of the following, and convicted of or adjudicated delinquent for that offense or another offense arising out of the same set of circumstances:

(i) murder under section 609.185, paragraph (a), clause (2);

(ii) kidnapping under section 609.25;

(iii) criminal sexual conduct under section 609.342; 609.343; 609.344; 609.345; 609.3451, subdivision 3; or 609.3453; ~~or~~

(iv) indecent exposure under section 617.23, subdivision 3; or

(v) stalking a minor with sexual or aggressive intent under section 609.749, subdivision 3, paragraph (b);

(2) the person was charged with or petitioned for a violation of, or attempt to violate, or aiding, abetting, or conspiring to commit criminal abuse in violation of section 609.2325, subdivision 1, paragraph (b); false imprisonment in violation of section 609.255, subdivision 2; solicitation, inducement, or promotion of the prostitution of a minor or engaging in the sex trafficking of a minor in violation of section 609.322; a prostitution offense in violation of section 609.324, subdivision 1, paragraph (a); soliciting a minor to engage in sexual conduct in violation of section 609.352, subdivision 2 or 2a, clause (1); using a minor in a sexual performance in violation of section 617.246; or possessing pornographic work involving a minor in violation of section 617.247, and convicted of or adjudicated delinquent for that offense or another offense arising out of the same set of circumstances;

(3) the person was sentenced as a patterned sex offender under section 609.3455, subdivision 3a; or

(4) the person was charged with or petitioned for, including pursuant to a court martial, violating a law of the United States, including the Uniform Code of Military Justice, similar to the offenses described in clause (1), (2), or (3), and convicted of or adjudicated delinquent for that offense or another offense arising out of the same set of circumstances.

(b) A person also shall register under this section if:

(1) the person was charged with or petitioned for an offense in another state that would be a violation of a law described in paragraph (a) if committed in this state and convicted of or adjudicated delinquent for that offense or another offense arising out of the same set of circumstances;

(2) the person enters this state to reside, work, or attend school, or enters this state and remains for 14 days or longer; and

(3) ten years have not elapsed since the person was released from confinement or, if the person was not confined, since the person was convicted of or adjudicated delinquent for the offense that triggers registration, unless the person is subject to a longer registration period under the laws of another state in which the person has been convicted or adjudicated, or is subject to lifetime registration.

If a person described in this paragraph is subject to a longer registration period in another state or is subject to lifetime registration, the person shall register for that time period regardless of when the person was released from confinement, convicted, or adjudicated delinquent.

(c) A person also shall register under this section if the person was committed pursuant to a court commitment order under Minnesota Statutes 2012, section 253B.185, chapter 253D, Minnesota Statutes 1992, section 526.10, or a similar law of another state or the United States, regardless of whether the person was convicted of any offense.

(d) A person also shall register under this section if:

(1) the person was charged with or petitioned for a felony violation or attempt to violate any of the offenses listed in paragraph (a), clause (1), or a similar law of another state or the United States, or the person was charged with or petitioned for a violation of any of the offenses listed in paragraph (a), clause (2), or a similar law of another state or the United States;

(2) the person was found not guilty by reason of mental illness or mental deficiency after a trial for that offense, or found guilty but mentally ill after a trial for that offense, in states with a guilty but mentally ill verdict; and

(3) the person was committed pursuant to a court commitment order under section 253B.18 or a similar law of another state or the United States.

Sec. 8. Minnesota Statutes 2016, section 326.3384, subdivision 1, is amended to read:

Subdivision 1. **Prohibition.** No license holder or employee of a license holder shall, in a manner that implies that the person is an employee or agent of a governmental agency, display on a badge, identification card, emblem, vehicle, uniform, stationery, or in advertising for private detective or protective agent services:

(1) the words "public safety," "police," "highway patrol," "state patrol," "sheriff," "trooper," "marshal," "agent," or "law enforcement"; or

(2) the name of a municipality, county, state, or of the United States, or any governmental subdivision thereof.

Sec. 9. Minnesota Statutes 2016, section 609.2231, subdivision 2, is amended to read:

Subd. 2. **Firefighters and emergency medical personnel.** ~~(a) Whoever physically assaults any of the following persons and inflicts demonstrable bodily harm is guilty of a felony and may be sentenced to imprisonment for not more than two years or to payment of a fine of not more than \$4,000, or both gross misdemeanor:~~

(1) a member of a municipal or volunteer fire department or emergency medical services personnel unit in the performance of the member's duties; or

(2) a physician, nurse, or other person providing health care services in a hospital ~~emergency department~~.

(b) Whoever commits either of the following acts against a person identified in paragraph (a), clause (1) or (2), is guilty of a felony and may be sentenced to imprisonment for not more than three years or to payment of a fine of not more than \$6,000, or both:

(1) physically assaults the person and the assault inflicts demonstrable bodily harm; or

(2) intentionally throws or otherwise transfers bodily fluids or feces at or onto the person.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to crimes committed on or after that date.

Sec. 10. Minnesota Statutes 2016, section 609.475, is amended to read:

**609.475 IMPERSONATING OFFICER A MILITARY SERVICE MEMBER, VETERAN, OR PUBLIC OFFICIAL.**

~~Whoever falsely impersonates a police or military officer an active or reserve component military service member, veteran, or public official with intent to mislead another into believing that the impersonator is actually such officer or official wrongfully obtain money, property, or any other tangible benefit is guilty of a misdemeanor.~~

Sec. 11. **[609.4751] IMPERSONATING A PEACE OFFICER.**

Subdivision 1. **Misdemeanor.** Whoever falsely impersonates a peace officer with intent to mislead another into believing that the impersonator is actually an officer is guilty of a misdemeanor.

Subd. 2. **Gross misdemeanor.** Whoever violates subdivision 1 while committing any of the following acts is guilty of a gross misdemeanor:

(1) attempting to gain access to a public building or government facility that is not open to the public;

(2) possessing false or fraudulent credentials that identify the person as a peace officer; or

(3) directing or ordering another person to act.

Subd. 3. **Felony.** (a) Whoever violates subdivision 1 or 2 while committing any of the following acts is guilty of a felony and may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both:

(1) possessing a firearm; or

(2) violating section 169.98, subdivision 6.

(b) Whoever violates subdivision 1 or 2 within five years of a previous violation of this section is guilty of a felony and may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both.

Sec. 12. **[609.476] IMPERSONATING A SECURITY OFFICER.**

Whoever falsely impersonates a private security officer, protective officer, or bail enforcement officer with intent to mislead another into believing that the impersonator is actually an officer to gain entry to a government facility that the impersonator is not authorized to enter or for other criminal purposes is guilty of a gross misdemeanor.

Sec. 13. **[609.547] PUBLIC SAFETY MOTOR VEHICLE TAMPERING.**

Subdivision 1. Offenses. (a) Whoever intentionally damages or tampers with a public safety motor vehicle is guilty of a felony and may be sentenced as provided in subdivision 2.

(b) Whoever intentionally damages or tampers with a motor vehicle owned by a public safety officer because the motor vehicle belongs to a public safety officer is guilty of a crime and may be sentenced as provided in subdivision 2.

Subd. 2. Penalties. (a) Except as provided in paragraph (c), a person who violates subdivision 1, paragraph (a), may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both.

(b) Except as provided in paragraph (c), a person who violates subdivision 1, paragraph (b), may be sentenced:

(1) to a gross misdemeanor if the violation reduces the value of the property by not more than \$500; or

(2) to imprisonment for not more than two years or to payment of a fine of not more than \$5,000, or both, if the violation:

(i) reduces the value of the property by more than \$500 but not more than \$1,000 as measured by the cost of repair and replacement; or

(ii) creates a reasonably foreseeable risk of bodily harm but does not otherwise damage the vehicle.

(c) A person who violates subdivision 1, paragraph (a) or (b), and the violation causes a substantial interruption or impairment of a service rendered by the public safety agency that owns the motor vehicle or employs the officer who owns the motor vehicle may be sentenced to imprisonment for not more than ten years or to payment of a fine of not more than \$20,000, or both.

Subd. 3. Definitions. (a) As used in this section, the following terms have the meanings given.

(b) "Public safety motor vehicle" includes:

(1) police patrols, including specially marked vehicles permitted under section 169.98, subdivision 2a, owned or leased by the state or a political subdivision;

(2) fire apparatuses, including fire-suppression support vehicles, owned or leased by the state or a political subdivision;

(3) ambulances owned or leased by the state or a political subdivision;

(4) vehicles owned by ambulance services licensed under section 144E.10 that are equipped and specifically intended for emergency response or providing ambulance services; and

(5) marked vehicles used by conservation officers of the Division of Enforcement and Field Service of the Department of Natural Resources.

(c) "Public safety officer" includes:

(1) a peace officer as defined in section 626.84, subdivision 1, paragraph (c) or (d);

(2) an individual employed on a full-time basis by the state or by a fire department of a governmental subdivision of the state, who is engaged in any of the following duties:

(i) firefighting;

(ii) emergency motor vehicle operation;

(iii) the provision of emergency medical services; or

(iv) hazardous material response;

(3) a legally enrolled member of a volunteer fire department or member of an independent nonprofit firefighting corporation who is engaged in the hazards of firefighting; and

(4) a first responder who is certified by the Emergency Medical Services Regulatory Board to perform basic emergency skills before the arrival of a licensed ambulance service and who is a member of an organized service recognized by a local political subdivision to respond to medical emergencies to provide initial medical care before the arrival of an ambulance.

Sec. 14. Minnesota Statutes 2016, section 609.605, is amended by adding a subdivision to read:

Subd. 4a. **Trespass on a school bus.** (a) As used in this subdivision, "school bus" has the meaning given in section 169.011, subdivision 71.

(b) As used in this subdivision, "pupil" has the meaning given in section 123B.41, subdivision 6.

(c) A person who boards a school bus when the bus is on its route or otherwise in operation, or while it has pupils in it, and who refuses to leave the bus on demand of the bus operator, is guilty of a misdemeanor.

(d) This subdivision does not apply to a pupil, school employee, or volunteer authorized to be on the school bus.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to violations committed on or after that date.

Sec. 15. **[609.6057] GEOGRAPHIC RESTRICTION.**

Subdivision 1. **Definition.** As used in this section "geographic restriction" means a limitation prohibiting a defendant in a criminal proceeding or a juvenile offender in a delinquency proceeding from entering a designated property or geographic area.

Subd. 2. **Prohibited conduct; penalty.** A person who knows of a geographic restriction order issued against the person and intentionally enters or remains in the restricted area is guilty of a misdemeanor.

Subd. 3. **Notice.** (a) A geographic restriction may be issued as a pretrial order before final disposition of the underlying criminal case, as a postconviction probationary order, or both. A geographic restriction order is independent of any condition of pretrial release or probation imposed on the defendant. A geographic restriction order may be issued in addition to a similar restriction imposed as a condition of pretrial release or probation.

(b) A court may issue a geographic restriction upon a finding that its issuance will serve the interests of protecting public safety or property. In making that determination, a court shall consider the following factors:

(1) whether a defendant's presence in a restricted area creates a risk to public safety or property;

(2) a defendant's criminal history;

(3) the likelihood of future criminal activity within the restricted area; and

(4) any other factors deemed relevant by the court.

(c) A court may grant any exceptions to a geographic restriction that it deems necessary in order to avoid the imposition of a significant hardship upon a defendant. In determining whether to grant an exception, a court shall also consider the impact of the exception on the interests of protecting public safety or property.

(d) A geographic restriction order under this section shall be issued in a proceeding that is separate from but which may be held immediately following a proceeding in which any pretrial release or sentencing issues are decided.

(e) A court issuing a geographic restriction order under this section shall notify a defendant:

(1) of the area subject to a geographic restriction; and

(2) that violation of the geographic restriction order is a crime.

Subd. 4. **Cancellation.** (a) A court shall cancel a pretrial geographic restriction order at the final disposition of the underlying criminal case.

(b) A court shall cancel a postconviction geographic restriction order when an offender completes a period of probationary supervision or is committed to the commissioner of corrections.

(c) A court may cancel a postconviction geographic restriction order at any time during which an offender is under probationary supervision.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to crimes committed on or after that date.

Sec. 16. **[609.7141] SOLICITING OR PROVIDING SUPPORT FOR AN ACT OF TERRORISM.**

Subdivision 1. **Crime.** Whoever raises, solicits, collects, or provides material support or resources with intent that the material support or resources will be used, in whole or in part, to plan, prepare, carry out, or aid in either an act of terrorism or the concealment of, or an escape from, an act of terrorism is guilty of a felony.

Subd. 2. **Penalty.** Whoever violates subdivision 1 may be sentenced as follows:

(1) to imprisonment for not more than 15 years or to payment of a fine of not more than \$30,000, or both, if the total value of the material support or resources exceeds \$5,000; or

(2) to imprisonment for not more than seven years or to payment of a fine of not more than \$15,000, or both, if the total value of the material support or resources is \$5,000 or less.

Subd. 3. **Definitions.** (a) As used in this section, the following terms have the meanings given.

(b) "Act of terrorism" means an act that is violent or dangerous to human life, a violation of the criminal laws of the United States or any state, and intended to:

(1) intimidate or coerce a civilian population; or

(2) affect the conduct of a unit of government by murder, assassination, or kidnapping.

(c) "Coercion" means compulsion by physical force or threat of physical force.

(d) "Material support or resources" means currency or other financial securities, financial services, lodging, training, safehouses, false documentation or identification, communications equipment, facilities, weapons, lethal substances, explosives, personnel, transportation, and other physical assets, except medicine or religious materials.

Sec. 17. Minnesota Statutes 2016, section 609.74, is amended to read:

**609.74 PUBLIC NUISANCE.**

(a) Whoever by an act or failure to perform a legal duty intentionally does any of the following is guilty of maintaining a public nuisance, which is a misdemeanor:

(1) maintains or permits a condition which unreasonably annoys, injures or endangers the safety, health, morals, comfort, or repose of any considerable number of members of the public; or

(2) except as provided in paragraph (b), interferes with, obstructs, or renders dangerous for passage, any public highway or right-of-way, or waters used by the public; or

(3) is guilty of any other act or omission declared by law to be a public nuisance and for which no sentence is specifically provided.

(b) It is a gross misdemeanor for a person to interfere with or obstruct traffic that is entering, exiting, or on a freeway or entering, exiting, or on a public roadway within the boundaries of airport property with the intent to interfere with, obstruct, or otherwise disrupt traffic. This paragraph does not apply to the actions of law enforcement or other emergency responders, road or airport authorities, or utility officials, or their agents, employees, or contractors when carrying out duties imposed by law or contract. For purposes of this paragraph: (1) "airport" means an airport that has a control tower and airline service; and (2) "freeway" means a divided highway whose only access and egress for vehicular traffic is from entrance and exit ramps.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to crimes committed on or after that date.

Sec. 18. Minnesota Statutes 2016, section 609.746, subdivision 1, is amended to read:

Subdivision 1. **Surreptitious intrusion; observation device.** (a) A person is guilty of a gross misdemeanor who:

(1) enters upon another's property;

(2) surreptitiously gazes, stares, or peeps in the window or any other aperture of a house or place of dwelling of another; and

(3) does so with intent to intrude upon or interfere with the privacy of a member of the household.

(b) A person is guilty of a gross misdemeanor who:

(1) enters upon another's property;

(2) surreptitiously installs or uses any device for observing, photographing, recording, amplifying, or broadcasting sounds or events through the window or any other aperture of a house or place of dwelling of another; and

(3) does so with intent to intrude upon or interfere with the privacy of a member of the household.

(c) A person is guilty of a gross misdemeanor who:

(1) surreptitiously gazes, stares, or peeps in the window or other aperture of a sleeping room in a hotel, as defined in section 327.70, subdivision 3, a tanning booth, or other place where a reasonable person would have an expectation of privacy and has exposed or is likely to expose their intimate parts, as defined in section 609.341, subdivision 5, or the clothing covering the immediate area of the intimate parts; and

(2) does so with intent to intrude upon or interfere with the privacy of the occupant.

(d) A person is guilty of a gross misdemeanor who:

(1) surreptitiously installs or uses any device for observing, photographing, recording, amplifying, or broadcasting sounds or events through the window or other aperture of a sleeping room in a hotel, as defined in section 327.70, subdivision 3, a tanning booth, or other place where a reasonable person would have an expectation of privacy and has exposed or is likely to expose their intimate parts, as defined in section 609.341, subdivision 5, or the clothing covering the immediate area of the intimate parts; and

(2) does so with intent to intrude upon or interfere with the privacy of the occupant.

(e) A person is guilty of a felony and may be sentenced to imprisonment for not more than ~~two~~ five years or to payment of a fine of not more than \$5,000, or both, if the person:

(1) violates this subdivision after a previous conviction under this subdivision or section 609.749; or

(2) violates this subdivision against a minor under the age of 18, knowing or having reason to know that the minor is present.

(f) Paragraphs (b) and (d) do not apply to law enforcement officers or corrections investigators, or to those acting under their direction, while engaged in the performance of their lawful duties. Paragraphs (c) and (d) do not apply to conduct in: (1) a medical facility; or (2) a commercial establishment if the owner of the establishment has posted conspicuous signs warning that the premises are under surveillance by the owner or the owner's employees.



Sec. 19. Minnesota Statutes 2016, section 609.749, subdivision 3, is amended to read:

Subd. 3. **Aggravated violations.** (a) A person who commits any of the following acts is guilty of a felony and may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both:

(1) commits any offense described in subdivision 2 because of the victim's or another's actual or perceived race, color, religion, sex, sexual orientation, disability as defined in section 363A.03, age, or national origin;

(2) commits any offense described in subdivision 2 by falsely impersonating another;

(3) commits any offense described in subdivision 2 and possesses a dangerous weapon at the time of the offense;

(4) stalks another, as defined in subdivision 1, with intent to influence or otherwise tamper with a juror or a judicial proceeding or with intent to retaliate against a judicial officer, as defined in section 609.415, or a prosecutor, defense attorney, or officer of the court, because of that person's performance of official duties in connection with a judicial proceeding; or

(5) commits any offense described in subdivision 2 against a victim under the age of 18, if the actor is more than 36 months older than the victim.

(b) A person who commits any offense described in subdivision 2 against a victim under the age of 18, if the actor is more than 36 months older than the victim, and the act is committed with sexual or aggressive intent, is guilty of a felony and may be sentenced to imprisonment for not more than ~~ten~~ 15 years or to payment of a fine of not more than \$20,000, or both.

Sec. 20. Minnesota Statutes 2016, section 609.855, subdivision 2, is amended to read:

Subd. 2. **Unlawful interference with transit operator.** (a) Whoever intentionally commits an act that interferes with or obstructs, or tends to interfere with or obstruct, the operation of a transit vehicle is guilty of ~~unlawful interference with a transit operator~~ a crime and may be sentenced as provided in paragraph (c).

(b) An act ~~that is~~ committed on a transit vehicle that distracts the driver from the safe operation of the vehicle, ~~restricts passenger access to the transit vehicle,~~ or ~~that~~ endangers passengers is a violation of this subdivision if an authorized transit representative has clearly warned the person once to stop the act.

(c) A person who violates this subdivision may be sentenced as follows:

(1) to imprisonment for not more than three years or to payment of a fine of not more than \$5,000, or both, if the violation was accompanied by force or violence or a communication of a threat of force or violence; or

(2) to imprisonment for not more than ~~90 days~~ one year or to payment of a fine of not more than ~~\$1,000~~ \$3,000, or both, if the violation was not accompanied by force or violence or a communication of a threat of force or violence.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to crimes committed on or after that date.

Sec. 21. Minnesota Statutes 2016, section 609.87, subdivision 2a, is amended to read:

Subd. 2a. **Authorization.** (a) "Authorization" means:

(1) with the permission of the owner of the computer, computer system, computer network, computer software, or other property;

(2) access by employees of the Department of Commerce acting under the authority and powers granted to the director of the Weights and Measures Division in chapter 239 at any time the device is commercially available for use;

(3) access by registrants in the voluntary placing in service program and registered liquefied petroleum gas (LPG) meter inspectors acting under the authority and powers granted in Minnesota Rules, chapter 7601, but only at times specified by the device owner or operator or the device owner's or operator's designated representative; or

(4) access by other people who have the express permission of the device owner or operator or the device owner's or operator's designated representative but only at times as approved by the device owner or operator and only for purposes approved by the device owner or operator.

(b) Authorization may be limited by the owner by:

(1) giving the user actual notice orally or in writing;

(2) posting a written notice in a prominent location adjacent to the computer being used; or

(3) using a notice displayed on or announced by the computer being used.

Sec. 22. Minnesota Statutes 2016, section 609.87, is amended by adding a subdivision to read:

Subd. 15. **Electronic terminal.** "Electronic terminal" means an electronic device, other than a telephone operated by a consumer, through which an individual or company may initiate an electronic fund transfer. The term includes, but is not limited to, point-of-sale terminals, automated teller machines, cash dispensing machines, and gas pump dispensers.

Sec. 23. Minnesota Statutes 2016, section 609.87, is amended by adding a subdivision to read:

Subd. 16. **Access device.** "Access device" means a card that is used by an individual or company to initiate transactions and is:

(1) a means of access to an individual's or company's account;

(2) issued on a prepaid basis to the individual or company in a specific amount; or

(3) used by the individual or company to access government benefits.

Sec. 24. Minnesota Statutes 2016, section 609.891, subdivision 1, is amended to read:

Subdivision 1. **Crime.** A person is guilty of unauthorized computer access if the person intentionally and without authorization attempts to or does penetrate a computer security system or electronic terminal.

Sec. 25. Minnesota Statutes 2016, section 609.891, subdivision 2, is amended to read:

Subd. 2. **Felony.** (a) A person who violates subdivision 1 in a manner that creates a grave risk of causing the death of a person is guilty of a felony and may be sentenced to imprisonment for not more than ten years or to payment of a fine of not more than \$20,000, or both.

(b) A person who is convicted of a second or subsequent gross misdemeanor violation of subdivision 1 is guilty of a felony and may be sentenced under paragraph (a).

(c) A person who violates subdivision 1 by accessing or attempting to access an electronic terminal through opening any panel or access door without authorization and placing or attaching or attempting to place or attach an electronic device to capture, store, or communicate access device information is guilty of a felony.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to crimes committed on or after that date.

Sec. 26. Minnesota Statutes 2016, section 609.891, subdivision 3, is amended to read:

Subd. 3. **Gross misdemeanor.** (a) A person who violates subdivision 1 in a manner that creates a risk to public health and safety is guilty of a gross misdemeanor and may be sentenced to imprisonment for a term of not more than one year or to payment of a fine of not more than \$3,000, or both.

(b) A person who violates subdivision 1 in a manner that compromises the security of data that are protected under section 609.52, subdivision 2, clause (8), or are not public data as defined in section 13.02, subdivision 8a, is guilty of a gross misdemeanor and may be sentenced under paragraph (a).

(c) A person who violates subdivision 1 and gains access to personal data is guilty of a gross misdemeanor and may be sentenced under paragraph (a).

(d) A person who is convicted of a second or subsequent misdemeanor violation of subdivision 1 within five years is guilty of a gross misdemeanor and may be sentenced under paragraph (a).

(e) A person who violates subdivision 1 by accessing an electronic terminal through opening any panel or access door without authorization is guilty of a gross misdemeanor and may be sentenced under paragraph (a).

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to crimes committed on or after that date.

Sec. 27. Minnesota Statutes 2016, section 626.863, is amended to read:

**626.863 UNAUTHORIZED PRACTICE.**

(a) A person who is not a peace officer or part-time peace officer is guilty of a misdemeanor if the person: (1) makes a representation of being a peace officer or part-time peace officer, or (2) performs or attempts to perform an act, duty, or responsibility reserved by law for licensed peace officers and part-time peace officers.

(b) A peace officer who authorizes or knowingly allows a person to violate paragraph (a) is guilty of a misdemeanor.

(c) The board shall designate the appropriate law enforcement agency to investigate violations of this section. The attorney general shall prosecute violations of this section.

(d) A person who violates this section and who has previously been convicted of a violation of this section is guilty of a ~~gross misdemeanor~~ felony.

Sec. 28. Minnesota Statutes 2016, section 626.88, subdivision 2, is amended to read:

Subd. 2. **Uniforms.** (a) Uniforms for peace officers shall be of uniform colors throughout the state as provided herein. Uniforms for:

(1) municipal peace officers, including University of Minnesota peace officers and peace officers assigned to patrol duties in parks, shall be blue, brown, or green;

(2) peace officers who are members of the county sheriffs' office shall be blue, brown, or green;

(3) state troopers shall be maroon;

(4) conservation officers shall be green.

(b) The uniforms of security guards ~~may be any color other than those specified for peace officers and protective agents shall be predominantly white or grey. This paragraph shall apply to uniforms purchased after August 1, 2018.~~

(c) The uniforms of a bail bondsman or bail enforcement agent or any person who acts at the direction of a surety may be any color other than those specified for peace officers. A violation of this paragraph is a petty misdemeanor.

(d) This subdivision shall apply to uniforms purchased subsequent to January 1, 1981.

Sec. 29. **SENTENCING GUIDELINES MODIFICATIONS.**

The Sentencing Guidelines Commission shall modify the sentencing guidelines grid by ranking: (1) violations of Minnesota Statutes, section 609.746, subdivision 1, paragraph (e) (interfering with the privacy - subsequent violations and minor victim), in severity level 2; and (2) violations of Minnesota Statutes, section 609.749, subdivision 3, paragraph (b) (stalking a minor with sexual or aggressive intent), in severity level 5.

ARTICLE 6  
CRIMINAL SEXUAL CONDUCT

Section 1. Minnesota Statutes 2016, section 244.195, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) As used in this subdivision, the following terms have the meanings given them.

(b) "Commissioner" means the commissioner of corrections.

(c) "Conditional release" means parole, supervised release, conditional release as authorized by section 609.3455, subdivision 6, 7, or 8; Minnesota Statutes 2004, section 609.108, subdivision 6; or Minnesota Statutes 2004, section 609.109, subdivision 7, work release as authorized by sections 241.26, 244.065, and 631.425, probation, furlough, and any other authorized temporary release from a correctional facility.

(d) "Court services director" means the director or designee of a county probation agency that is not organized under chapter 401.

(e) "Detain" means to take into actual custody, including custody within a local correctional facility.

(f) "Local correctional facility" has the meaning given in section 241.021, subdivision 1.

(g) "Release" means to release from actual custody.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to offenses committed on or after that date.

Sec. 2. Minnesota Statutes 2016, section 253D.22, is amended to read:

**253D.22 TRANSFER TO CORRECTIONAL FACILITY.**

(a) If a person has been committed under this chapter and later is committed to the custody of the commissioner of corrections for any reason, including but not limited to, being sentenced for a crime or revocation of the person's supervised release or conditional release under section 244.05; 609.3455, subdivision 6, 7, or 8; Minnesota Statutes

2004, section 609.108, subdivision 6; or Minnesota Statutes 2004, section 609.109, subdivision 7, the person shall be transferred to a facility designated by the commissioner of corrections without regard to the procedures provided in section 253D.29, subdivision 1.

(b) If a person is committed under this chapter after a commitment to the commissioner of corrections, the person shall first serve the sentence in a facility designated by the commissioner of corrections. After the person has served the sentence, the person shall be transferred to a treatment program designated by the commissioner of human services.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to offenses committed on or after that date.

Sec. 3. Minnesota Statutes 2016, section 401.01, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) For the purposes of sections 401.01 to 401.16, the following terms have the meanings given them.

(b) "CCA county" means a county that participates in the Community Corrections Act.

(c) "Commissioner" means the commissioner of corrections or a designee.

(d) "Conditional release" means parole, supervised release, conditional release as authorized by section 609.3455, subdivision ~~6~~, 7, or 8; Minnesota Statutes 2004, section 609.108, subdivision 6; or Minnesota Statutes 2004, section 609.109, subdivision 7, work release as authorized by sections 241.26, 244.065, and 631.425, probation, furlough, and any other authorized temporary release from a correctional facility.

(e) "County probation officer" means a probation officer appointed under section 244.19.

(f) "Detain" means to take into actual custody, including custody within a local correctional facility.

(g) "Joint board" means the board provided in section 471.59.

(h) "Local correctional facility" has the meaning given in section 241.021, subdivision 1.

(i) "Local correctional service" means those services authorized by and employees, officers, and agents appointed under section 244.19, subdivision 1.

(j) "Release" means to release from actual custody.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to offenses committed on or after that date.

Sec. 4. Minnesota Statutes 2016, section 609.095, is amended to read:

#### **609.095 LIMITS OF SENTENCES.**

(a) The legislature has the exclusive authority to define crimes and offenses and the range of the sentences or punishments for their violation. No other or different sentence or punishment shall be imposed for the commission of a crime than is authorized by this chapter or other applicable law.

(b) Except as provided in section 152.18 or 609.375, or upon agreement of the parties in a case that does not include a charge for violating section 243.166, 609.342, 609.343, 609.344, 609.345, 609.3451, subdivision 3, or 609.3453, a court may not refuse to adjudicate the guilt of a defendant who tenders a guilty plea in accordance with Minnesota Rules of Criminal Procedure, rule 15, or who has been found guilty by a court or jury following a trial.

(c) Paragraph (b) does not supersede Minnesota Rules of Criminal Procedure, rule 26.04.

(d) The rules promulgated by the Supreme Court shall provide for remote access, searchable by defendant name, to the publicly accessible portions of the district court register of actions, orders, notices prepared by the court, and any other documents in a case:

(1) that includes a charge for violating section 243.166, 609.342, 609.343, 609.344, 609.345, 609.3451, subdivision 3, or 609.3453; and

(2) in which a court did not adjudicate the guilt of a defendant who, before August 1, 2017, tendered a guilty plea in accordance with Minnesota Rules of Criminal Procedure, rule 15, or who has been found guilty by a court or jury following a trial.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to offenses committed on or after that date.

Sec. 5. Minnesota Statutes 2016, section 609.135, subdivision 1, is amended to read:

Subdivision 1. **Terms and conditions.** (a) Except when a sentence of life imprisonment is required by law, or when a mandatory minimum sentence is required by section 609.11, or as provided in paragraph (e), any court may stay imposition or execution of sentence and:

(1) may order intermediate sanctions without placing the defendant on probation; or

(2) may place the defendant on probation with or without supervision and on the terms the court prescribes, including intermediate sanctions when practicable. The court may order the supervision to be under the probation officer of the court, or, if there is none and the conviction is for a felony or gross misdemeanor, by the commissioner of corrections, or in any case by some other suitable and consenting person. Unless the court directs otherwise, state parole and probation agents and probation officers may impose community work service or probation violation sanctions, consistent with section 243.05, subdivision 1; sections 244.196 to 244.199; or 401.02, subdivision 5.

No intermediate sanction may be ordered performed at a location that fails to observe applicable requirements or standards of chapter 181A or 182, or any rule promulgated under them.

(b) For purposes of this subdivision, subdivision 6, and section 609.14, the term "intermediate sanctions" includes but is not limited to incarceration in a local jail or workhouse, home detention, electronic monitoring, intensive probation, sentencing to service, reporting to a day reporting center, chemical dependency or mental health treatment or counseling, restitution, fines, day-fines, community work service, work service in a restorative justice program, work in lieu of or to work off fines and, with the victim's consent, work in lieu of or to work off restitution.

(c) A court may not stay the revocation of the driver's license of a person convicted of violating the provisions of section 169A.20.

(d) If the court orders a fine, day-fine, or restitution as an intermediate sanction, payment is due on the date imposed unless the court otherwise establishes a due date or a payment plan.

(e) A court may not stay imposition of a sentence for a felony violation of section 243.166, 609.342, 609.343, 609.344, 609.345, 609.3451, or 609.3453.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to offenses committed on or after that date.

Sec. 6. Minnesota Statutes 2016, section 609.2231, subdivision 3a, is amended to read:

Subd. 3a. **Secure treatment facility personnel.** (a) As used in this subdivision, "secure treatment facility" includes facilities listed in sections 253B.02, subdivision 18a, and 253D.02, subdivision 13.

(b) Whoever, while committed under chapter 253D, Minnesota Statutes 2012, section 253B.185, or Minnesota Statutes 1992, section 526.10, commits either of the following acts against an employee or other individual who provides care or treatment at a secure treatment facility while the person is engaged in the performance of a duty imposed by law, policy, or rule is guilty of a felony and may be sentenced to imprisonment for not more than two years or to payment of a fine of not more than \$4,000, or both:

(1) assaults the person and inflicts demonstrable bodily harm; or

(2) intentionally throws or otherwise transfers bodily fluids or feces at or onto the person.

(c) Whoever, while committed under section 253B.18, or admitted under the provision of section 253B.10, subdivision 1, commits either of the following acts against an employee or other individual who supervises and works directly with patients at a secure treatment facility while the person is engaged in the performance of a duty imposed by law, policy, or rule, is guilty of a felony and may be sentenced to imprisonment for not more than two years or to payment of a fine of not more than \$4,000, or both:

(1) assaults the person and inflicts demonstrable bodily harm; or

(2) intentionally throws or otherwise transfers urine, blood, semen, or feces onto the person.

(d) The court shall commit a person convicted of violating paragraph (b) to the custody of the commissioner of corrections for not less than one year and one day. The court may not, on its own motion or the prosecutor's motion, sentence a person without regard to this paragraph. A person convicted and sentenced as required by this paragraph is not eligible for probation, parole, discharge, work release, or supervised release, until that person has served the full term of imprisonment as provided by law, notwithstanding the provisions of sections 241.26, 242.19, 243.05, 244.04, 609.12, and 609.135.

(e) Notwithstanding the statutory maximum sentence provided in paragraph (b), when a court sentences a person to the custody of the commissioner of corrections for a violation of paragraph (b), the court shall provide that after the person has been released from prison, the commissioner shall place the person on conditional release for five years. The terms of conditional release are governed by sections 244.05 and 609.3455, subdivision 6, 7, or 8; and Minnesota Statutes 2004, section 609.109.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to offenses committed on or after that date.

Sec. 7. Minnesota Statutes 2016, section 609.342, subdivision 2, is amended to read:

Subd. 2. **Penalty.** (a) Except as otherwise provided in section 609.3455; or Minnesota Statutes 2004, section 609.109, a person convicted under subdivision 1 may be sentenced to imprisonment for not more than 30 years or to a payment of a fine of not more than \$40,000, or both.

(b) Unless a longer mandatory minimum sentence is otherwise required by law or the Sentencing Guidelines provide for a longer presumptive executed sentence, the court shall presume that an executed sentence of 144 months must be imposed on an offender convicted of violating this section. Sentencing a person in a manner other than that described in this paragraph is a departure from the Sentencing Guidelines.

(c) A person convicted under this section is also subject to lifetime conditional release, lifetime probation, and intensive probation under section 609.3455.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to offenses committed on or after that date.

Sec. 8. Minnesota Statutes 2016, section 609.342, is amended by adding a subdivision to read:

Subd. 4. **Stays prohibited.** (a) Pursuant to section 609.095, paragraph (b), a court may not refuse to adjudicate the guilt of a defendant who tenders a guilty plea under this section in accordance with Minnesota Rules of Criminal Procedure, rule 15, or who has been found guilty by a court or jury following a trial.

(b) Pursuant to section 609.135, subdivision 1, paragraph (e), a court may not stay imposition of a sentence under this section.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to offenses committed on or after that date.

Sec. 9. Minnesota Statutes 2016, section 609.343, subdivision 2, is amended to read:

Subd. 2. **Penalty.** (a) Except as otherwise provided in section 609.3455; or Minnesota Statutes 2004, section 609.109, a person convicted under subdivision 1 may be sentenced to imprisonment for not more than 25 years or to a payment of a fine of not more than \$35,000, or both.

(b) Unless a longer mandatory minimum sentence is otherwise required by law or the Sentencing Guidelines provide for a longer presumptive executed sentence, the court shall presume that an executed sentence of 90 months must be imposed on an offender convicted of violating subdivision 1, clause (c), (d), (e), (f), or (h). Sentencing a person in a manner other than that described in this paragraph is a departure from the Sentencing Guidelines.

(c) A person convicted under this section is also subject to lifetime conditional release, lifetime probation, and intensive probation under section 609.3455.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to offenses committed on or after that date.

Sec. 10. Minnesota Statutes 2016, section 609.343, is amended by adding a subdivision to read:

Subd. 4. **Stays prohibited.** (a) Pursuant to section 609.095, paragraph (b), a court may not refuse to adjudicate the guilt of a defendant who tenders a guilty plea under this section in accordance with Minnesota Rules of Criminal Procedure, rule 15, or who has been found guilty by a court or jury following a trial.



(b) Pursuant to section 609.135, subdivision 1, paragraph (e), a court may not stay imposition of a sentence under this section.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to offenses committed on or after that date.

Sec. 11. Minnesota Statutes 2016, section 609.344, subdivision 2, is amended to read:

Subd. 2. **Penalty.** Except as otherwise provided in section 609.3455, a person convicted under subdivision 1 may be sentenced:

(1) to imprisonment for not more than 15 years or to a payment of a fine of not more than \$30,000, or both; or

(2) if the person was convicted under subdivision 1, paragraph (b), and if the actor was no more than 48 months but more than 24 months older than the complainant, to imprisonment for not more than five years or a fine of not more than \$30,000, or both.

A person convicted under this section is also subject to lifetime conditional release, lifetime probation, and intensive probation under section 609.3455.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to offenses committed on or after that date.

Sec. 12. Minnesota Statutes 2016, section 609.344, is amended by adding a subdivision to read:

Subd. 4. **Stays prohibited.** (a) Pursuant to section 609.095, paragraph (b), a court may not refuse to adjudicate the guilt of a defendant who tenders a guilty plea under this section in accordance with Minnesota Rules of Criminal Procedure, rule 15, or who has been found guilty by a court or jury following a trial.

(b) Pursuant to section 609.135, subdivision 1, paragraph (e), a court may not stay imposition of a sentence under this section.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to offenses committed on or after that date.

Sec. 13. Minnesota Statutes 2016, section 609.345, subdivision 2, is amended to read:

Subd. 2. **Penalty.** Except as otherwise provided in section 609.3455, a person convicted under subdivision 1 may be sentenced to imprisonment for not more than ten years or to a payment of a fine of not more than \$20,000, or both. A person convicted under this section is also subject to lifetime conditional release, lifetime probation, and intensive probation under section 609.3455.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to offenses committed on or after that date.

Sec. 14. Minnesota Statutes 2016, section 609.345, is amended by adding a subdivision to read:

Subd. 4. **Stays prohibited.** (a) Pursuant to section 609.095, paragraph (b), a court may not refuse to adjudicate the guilt of a defendant who tenders a guilty plea under this section in accordance with Minnesota Rules of Criminal Procedure, rule 15, or who has been found guilty by a court or jury following a trial.

(b) Pursuant to section 609.135, subdivision 1, paragraph (e), a court may not stay imposition of a sentence under this section.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to offenses committed on or after that date.

Sec. 15. Minnesota Statutes 2016, section 609.3451, subdivision 3, is amended to read:

Subd. 3. **Felony.** (a) A person is guilty of a felony and may be sentenced to imprisonment for not more than seven years or to payment of a fine of not more than \$14,000, or both, if the person violates this section within seven years of:

(1) a previous conviction for violating subdivision 1, clause (2), a crime described in paragraph (b), or a statute from another state in conformity with any of these offenses; or

(2) the first of two or more previous convictions for violating subdivision 1, clause (1), or a statute from another state in conformity with this offense.

(b) A previous conviction for violating section 609.342; 609.343; 609.344; 609.345; 609.3453; 617.23, subdivision 2, clause (2), or subdivision 3; or 617.247 may be used to enhance a criminal penalty as provided in paragraph (a).

(c) Pursuant to section 609.095, paragraph (b), a court may not refuse to adjudicate the guilt of a defendant who tenders a guilty plea under this subdivision in accordance with Minnesota Rules of Criminal Procedure, rule 15, or who has been found guilty by a court or jury following a trial.

(d) Pursuant to section 609.135, subdivision 1, paragraph (e), a court may not stay imposition of a sentence under this subdivision.

(e) A person convicted under this subdivision is also subject to lifetime conditional release, lifetime probation, and intensive probation under section 609.3455.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to offenses committed on or after that date.

Sec. 16. Minnesota Statutes 2016, section 609.3455, subdivision 7, is amended to read:

Subd. 7. **Mandatory lifetime conditional release term.** ~~(a) When a court sentences an offender under subdivision 3 or 4, the court shall provide that, if the offender is released from prison, the commissioner of corrections shall place the offender on conditional release for the remainder of the offender's life.~~

~~(b)~~ Notwithstanding the statutory maximum sentence otherwise applicable to the offense, when the court commits an offender to the custody of the commissioner of corrections for a felony violation of section 609.342, 609.343, 609.344, 609.345, 609.3451, or 609.3453, ~~and the offender has a previous or prior sex offense conviction,~~ the court shall provide that, after the offender has been released from prison, the commissioner shall place the offender on conditional release for the remainder of the offender's life.

~~(c) Notwithstanding paragraph (b), an offender may not be placed on lifetime conditional release for a violation of section 609.345, unless the offender's previous or prior sex offense conviction is for a violation of section 609.342, 609.343, 609.344, or 609.3453, or any similar statute of the United States, this state, or any other state.~~

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to offenses committed on or after that date.

Sec. 17. Minnesota Statutes 2016, section 609.3455, is amended by adding a subdivision to read:

Subd. 7a. **Lifetime probation.** Notwithstanding the statutory maximum sentence otherwise applicable to the offense and otherwise provided in section 609.135, subdivision 2, paragraph (a), when the court does not commit an offender to the commissioner of corrections for a felony violation of section 609.342, 609.343, 609.344, 609.345, 609.3451, or 609.3453, the court shall, after the offender has been released from any term of confinement imposed by the court, place the offender on probation for the remainder of the offender's life.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to offenses committed on or after that date.

Sec. 18. Minnesota Statutes 2016, section 609.3455, subdivision 8, is amended to read:

**Subd. 8. Terms of conditional release; applicable to all sex offenders.** (a) The provisions of this subdivision relating to conditional release apply to all sex offenders sentenced to prison for a violation of section 609.342, 609.343, 609.344, 609.345, 609.3451, or 609.3453. Except as provided in this subdivision, conditional release of sex offenders is governed by provisions relating to supervised release. ~~The commissioner of corrections may not dismiss an offender on conditional release from supervision until the offender's conditional release term expires.~~

(b) The conditions of release may include successful completion of treatment and aftercare in a program approved by the commissioner, satisfaction of the release conditions specified in section 244.05, subdivision 6, and any other conditions the commissioner considers appropriate. The commissioner shall develop a plan to pay the cost of treatment of a person released under this subdivision. The plan may include co-payments from offenders, third-party payers, local agencies, or other funding sources as they are identified. This section does not require the commissioner to accept or retain an offender in a treatment program. Before the offender is placed on conditional release, the commissioner shall notify the sentencing court and the prosecutor in the jurisdiction where the offender was sentenced of the terms of the offender's conditional release. The commissioner also shall make reasonable efforts to notify the victim of the offender's crime of the terms of the offender's conditional release.

(c) If the offender fails to meet any condition of release, the commissioner may revoke the offender's conditional release and order that the offender serve all or a part of the remaining portion of the conditional release term in prison. ~~An offender, while on supervised release, is not entitled to credit against the offender's conditional release term for time served in confinement for a violation of release.~~

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to offenses committed on or after that date.

Sec. 19. Minnesota Statutes 2016, section 609.3455, is amended by adding a subdivision to read:

Subd. 8a. **Intensive probation.** (a) When the court does not commit an offender to the commissioner of corrections after a conviction for a felony violation of section 609.342, 609.343, 609.344, 609.345, 609.3451, or 609.3453, the court shall place the offender on intensive probation as provided in this subdivision.

(b) Phase I of intensive probation is six months and begins after the offender is released from confinement, if ordered by the court. Phase II lasts for at least one-third of the time remaining in the offender's imposed sentence at the beginning of phase II. Phase III lasts for at least one-third of the time remaining in the offender's imposed sentence at the beginning of phase III. Phase IV continues until the offender's imposed sentence expires.

(c) During phase I, the offender will be under house arrest in a residence approved by the offender's probation agent and may not move to another residence without permission. "House arrest" means that the offender's movements will be severely restricted and continually monitored by the assigned agent. During phase II, modified house arrest is imposed. During phases III and IV, the offender is subjected to a daily curfew instead of house arrest.

(d) During phase I, the assigned probation agent shall have at least four face-to-face contacts with the offender each week. During phase II, two face-to-face contacts a week are required. During phase III, one face-to-face contact a week is required. During phase IV, two face-to-face contacts a month are required. When an offender is an inmate of a jail or a resident of a facility that is staffed full time, at least one face-to-face contact a week is required.

(e) During phases I, II, III, and IV, the offender must spend at least 40 hours a week performing approved work, undertaking constructive activity designed to obtain employment, or attending a treatment or education program as directed by the agent. An offender may not spend more than six months in a residential treatment program that does not require the offender to spend at least 40 hours a week performing approved work or undertaking constructive activity designed to obtain employment.

(f) During any phase, the offender may be placed on electronic surveillance if the probation agent so directs. If electronic surveillance is directed during phase I, the court must require that the offender be kept in custody, or that the offender's probation agent or the agent's designee directly supervise the offender until electronic surveillance is activated. It is the responsibility of the offender placed on electronic surveillance to ensure that the offender's residence is properly equipped and the offender's telecommunications system is properly configured to support electronic surveillance prior to being released from custody or the direct supervision of a probation agent. It is a violation of an offender's probation to fail to comply with this paragraph.

(g) Throughout all phases of intensive probation, the offender shall submit at any time to an unannounced search of the offender's person, vehicle, computer and other devices that access the Internet or store data, or premises by a probation agent.

(h) The court may include any other conditions in the various phases of intensive probation that the court finds necessary and appropriate.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to offenses committed on or after that date.

Sec. 20. Minnesota Statutes 2016, section 617.246, subdivision 7, is amended to read:

Subd. 7. **Conditional release term.** Notwithstanding the statutory maximum sentence otherwise applicable to the offense or any provision of the sentencing guidelines, when a court commits a person to the custody of the commissioner of corrections for violating this section, the court shall provide that after the person has been released from prison, the commissioner shall place the person on conditional release for ~~five~~ ten years. If the person has previously been convicted of a violation of this section, section 609.342, 609.343, 609.344, 609.345, 609.3451, 609.3453, or 617.247, or any similar statute of the United States, this state, or any state, the commissioner shall place the person on conditional release for ~~ten years~~ the remainder of the offender's life. The terms of conditional release are governed by section 609.3455, subdivision 8.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to offenses committed on or after that date.

Sec. 21. Minnesota Statutes 2016, section 617.246, is amended by adding a subdivision to read:

Subd. 8. **Mandatory minimum sentence.** A person convicted under this section must serve a minimum of six months of incarceration. If the person (1) has a prior conviction under this section or section 617.247, or (2) is required to register as a predatory offender, the person must serve a minimum of 12 months of incarceration.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to offenses committed on or after that date.

Sec. 22. Minnesota Statutes 2016, section 617.247, subdivision 3, is amended to read:

Subd. 3. **Dissemination prohibited.** (a) A person who disseminates pornographic work to an adult or a minor, knowing or with reason to know its content and character, is guilty of a felony and may be sentenced to imprisonment for not more than ~~seven~~ ten years and a fine of not more than \$10,000 for a first offense and for not more than ~~15~~ 20 years and a fine of not more than \$20,000 for a second or subsequent offense.

(b) A person who violates paragraph (a) is guilty of a felony and may be sentenced to imprisonment for not more than ~~15~~ 20 years if the violation occurs when the person is a registered predatory offender under section 243.166.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to offenses committed on or after that date.

Sec. 23. Minnesota Statutes 2016, section 617.247, subdivision 4, is amended to read:

Subd. 4. **Possession prohibited.** (a) A person who possesses a pornographic work or a computer disk or computer or other electronic, magnetic, or optical storage system or a storage system of any other type, containing a pornographic work, knowing or with reason to know its content and character, is guilty of a felony and may be sentenced to imprisonment for not more than ~~five~~ seven years and a fine of not more than ~~\$5,000~~ \$7,500 for a first offense and for not more than ~~ten~~ 15 years and a fine of not more than ~~\$10,000~~ \$15,000 for a second or subsequent offense.

(b) A person who violates paragraph (a) is guilty of a felony and may be sentenced to imprisonment for not more than ~~ten~~ 15 years if the violation occurs when the person is a registered predatory offender under section 243.166.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to offenses committed on or after that date.

Sec. 24. Minnesota Statutes 2016, section 617.247, is amended by adding a subdivision to read:

Subd. 10. **Mandatory minimum sentence.** A person convicted under this section must serve a minimum of six months of incarceration. If the person (1) has a prior conviction under this section or section 617.246, or (2) is required to register as a predatory offender, the person must serve a minimum of 12 months of incarceration.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to offenses committed on or after that date.

Sec. 25. **SENTENCING GUIDELINES MODIFICATION.**

The Sentencing Guidelines Commission shall modify the sex offender grid by ranking violations of Minnesota Statutes, section 617.247, subdivision 3 (dissemination of child pornography - subsequent or by predatory offender), in severity level C; violations of Minnesota Statutes, sections 617.246 (use of minors in sexual performance), 617.247, subdivision 3 (dissemination of child pornography - first time, nonpredatory offender), and 617.247, subdivision 4 (possession of child pornography - subsequent or by predatory offender), in severity level D; and violations of Minnesota Statutes, section 617.247, subdivision 4 (possession of child pornography - first time, nonpredatory offender), in severity level E.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to offenses committed on or after that date.

Sec. 26. **REPEALER.**

Minnesota Statutes 2016, sections 609.342, subdivision 3; 609.343, subdivision 3; 609.344, subdivision 3; 609.345, subdivision 3; and 609.3455, subdivision 6, are repealed.

**EFFECTIVE DATE.** This section is effective August 1, 2017, and applies to offenses committed on or after that date.

ARTICLE 7  
DWI

Section 1. Minnesota Statutes 2016, section 169A.03, subdivision 21, is amended to read:

Subd. 21. **Prior impaired driving-related loss of license.** (a) "Prior impaired driving-related loss of license" includes a driver's license suspension, revocation, cancellation, denial, or disqualification under:

(1) section 169A.31 (alcohol-related school bus or Head Start bus driving); 169A.50 to 169A.53 (implied consent law); 169A.54 (impaired driving convictions and adjudications; administrative penalties); 171.04 (persons not eligible for drivers' licenses); 171.14 (cancellation); 171.16 (court may recommend suspension); 171.165 (commercial driver's license, disqualification); 171.17 (revocation); 171.177 (revocation; pursuant to search warrant); or 171.18 (suspension); because of an alcohol-related incident;

(2) Minnesota Statutes 2012, section 609.21 (criminal vehicular homicide and injury, substance-related offenses), subdivision 1, clauses (2) to (6);

(3) Minnesota Statutes 1998, section 169.121 (driver under influence of alcohol or controlled substance); 169.1211 (alcohol-related driving by commercial vehicle drivers); or 169.123 (chemical tests for intoxication);

(4) Minnesota Statutes 2006, section 609.21 (criminal vehicular homicide and injury, substance-related offenses), subdivision 1, clauses (2) to (6); subdivision 2, clauses (2) to (6); subdivision 2a, clauses (2) to (6); subdivision 2b, clauses (2) to (6); subdivision 3, clauses (2) to (6); or subdivision 4, clauses (2) to (6);

(5) section 609.2112, subdivision 1, clauses (2) to (6); 609.2113, subdivision 1, clauses (2) to (6), subdivision 2, clauses (2) to (6), or subdivision 3, clauses (2) to (6); or 609.2114, subdivision 1, clauses (2) to (6), or subdivision 2, clauses (2) to (6); or

(6) an ordinance from this state, or a statute or ordinance from another state, in conformity with any provision listed in clause (1), (2), (3), (4), or (5).

(b) "Prior impaired driving-related loss of license" also includes the revocation of snowmobile or all-terrain vehicle operating privileges under section 84.911 (chemical testing), or motorboat operating privileges under section 86B.335 (testing for alcohol and controlled substances), for violations that occurred on or after August 1, 1994; the revocation of snowmobile or all-terrain vehicle operating privileges under section 84.91 (operation of snowmobiles and all-terrain vehicles by persons under the influence of alcohol or controlled substances); or the revocation of motorboat operating privileges under section 86B.331 (operation while using alcohol or drugs or with a physical or mental disability).

(c) "Prior impaired driving-related loss of license" does not include any license action stemming solely from a violation of section 169A.33 (underage drinking and driving), 171.09 (conditions of a restricted license), or 340A.503 (persons under the age of 21, illegal acts).

Sec. 2. Minnesota Statutes 2016, section 169A.20, subdivision 2, is amended to read:

Subd. 2. **Refusal to submit to chemical test crime.** It is a crime for any person to refuse to submit to a chemical test:

(1) of the person's blood, breath, or urine under section 169A.51 (chemical tests for intoxication), or 169A.52 (test refusal or failure; revocation of license); or

(2) of the person's blood or urine as required by a search warrant under sections 626.04 to 626.18.

Sec. 3. Minnesota Statutes 2016, section 169A.51, subdivision 2, is amended to read:

Subd. 2. **~~Implied consent~~ Breath test advisory.** ~~(a) Subject to paragraph (b),~~ At the time a breath test is requested, the person must be informed:

(1) that Minnesota law requires the person to take a test:

(i) to determine if the person is under the influence of alcohol, ~~controlled substances, or hazardous substances; and~~

(ii) ~~to determine the presence of a controlled substance listed in Schedule I or II or metabolite, other than marijuana or tetrahydrocannabinols; and~~

~~(iii)~~ if the motor vehicle was a commercial motor vehicle, to determine the presence of alcohol;

(2) that refusal to ~~take~~ submit to a breath test is a crime; and

(3) ~~if the peace officer has probable cause to believe the person has violated the criminal vehicular homicide and injury laws, that a test will be taken with or without the person's consent; and~~

~~(4)~~ that the person has the right to consult with an attorney, but that this right is limited to the extent that it cannot unreasonably delay administration of the test.

~~(b) A peace officer who is not pursuing an implied consent revocation is not required to give the advisory described in paragraph (a) to a person whom the officer has probable cause to believe has violated section 609.2112, subdivision 1, clause (2), (3), (4), (5), or (6); 609.2113, subdivision 1, clause (2), (3), (4), (5), or (6); or 609.2114, subdivision 1, clause (2), (3), (4), (5), or (6); or Minnesota Statutes 2012, 609.21, subdivision 1, clause (2), (3), (4), (5), or (6) (criminal vehicular operation DWI related provisions).~~

Sec. 4. Minnesota Statutes 2016, section 169A.51, subdivision 4, is amended to read:

Subd. 4. **Requirement of urine or blood test.** ~~Notwithstanding subdivision 3,~~ A blood or urine test may be required pursuant to a search warrant under sections 626.04 to 626.18 even after a breath test has been administered if there is probable cause to believe that:

(1) there is impairment by a controlled substance or a hazardous substance that is not subject to testing by a breath test; ~~or~~

(2) a controlled substance listed in Schedule I or II or its metabolite, other than marijuana or tetrahydrocannabinols, is present in the person's body; or

(3) the person is unconscious or incapacitated to the point that the peace officer providing a breath test advisory, administering a breath test, or serving the search warrant has a good-faith belief that the person is mentally or physically unable to comprehend the breath test advisory or otherwise voluntarily submit to chemical tests.

~~Action may be taken against a person who refuses to take a blood test under this subdivision only if a urine test was offered and action may be taken against a person who refuses to take a urine test only if a blood test was offered.~~

Sec. 5. **[171.177] REVOCATION; PURSUANT TO SEARCH WARRANT.**

Subdivision 1. **License revocation pursuant to search warrant.** After executing a search warrant under sections 626.04 to 626.18 for the collection of a blood or urine sample based upon probable cause of a violation of chapter 169A, the peace officer acting under sections 626.13 to 626.17 shall certify to the commissioner of public safety:

(1) when a person refuses to comply with the execution of the search warrant; or

(2) if a person submits to the test and the test results indicate:

(i) an alcohol concentration of 0.08 or more;

(ii) an alcohol concentration of 0.04 or more, if the person was driving, operating, or in physical control of a commercial motor vehicle at the time of the violation; or

(iii) the presence of a controlled substance listed in Schedule I or II or its metabolite, other than marijuana or tetrahydrocannabinols.

Subd. 2. **Test refusal; license revocation.** (a) Upon certification under subdivision 1 that there existed probable cause to believe the person had been driving, operating, or in physical control of a motor vehicle in violation of section 169A.20 (driving while impaired), and that the person refused to comply with the execution of the search warrant under sections 626.04 to 626.18, the commissioner shall revoke the person's license or permit to drive or nonresident operating privilege. The commissioner shall revoke the license, permit, or nonresident operating privilege:

(1) for a person with no qualified prior impaired driving incidents within the past ten years, for a period of not less than one year;

(2) for a person under the age of 21 years and with no qualified prior impaired driving incidents within the past ten years, for a period of not less than one year;

(3) for a person with one qualified prior impaired driving incident within the past ten years or two qualified prior impaired driving incidents, for a period of not less than two years;

(4) for a person with two qualified prior impaired driving incidents within the past ten years or three qualified prior impaired driving incidents, for a period of not less than three years;

(5) for a person with three qualified prior impaired driving incidents within the past ten years, for a period of not less than four years; or

(6) for a person with four or more qualified prior impaired driving incidents, for a period of not less than six years.



(b) When a person refuses to comply with the search warrant and permit testing, the commissioner shall disqualify the person from operating a commercial motor vehicle and shall revoke the person's license or permit to drive or nonresident operating privilege according to the federal regulations adopted by reference in section 171.165, subdivision 2.

Subd. 3. **Test failure; license revocation.** (a) Upon certification under subdivision 1, pursuant to a search warrant under sections 626.04 to 626.18, that there existed probable cause to believe the person had been driving, operating, or in physical control of a motor vehicle in violation of section 169A.20 (driving while impaired), and that the person submitted to a test and the test results indicate an alcohol concentration of 0.08 or more or the presence of a controlled substance listed in Schedule I or II or its metabolite, other than marijuana or tetrahydrocannabinols, the commissioner shall revoke the person's license or permit to drive or nonresident operating privilege:

(1) for a period of 90 days or, if the test results indicate an alcohol concentration of twice the legal limit or more, not less than one year;

(2) if the person is under the age of 21 years, for a period of not less than 180 days or, if the test results indicate an alcohol concentration of twice the legal limit or more, not less than one year;

(3) for a person with one qualified prior impaired driving incident within the past ten years or two qualified prior impaired driving incidents, for a period of not less than one year or, if the test results indicate an alcohol concentration of twice the legal limit or more, not less than two years;

(4) for a person with two qualified prior impaired driving incidents within the past ten years or three qualified prior impaired driving incidents, for a period of not less than three years;

(5) for a person with three qualified prior impaired driving incidents within the past ten years, for a period of not less than four years; or

(6) for a person with four or more qualified prior impaired driving incidents, for a period of not less than six years.

(b) On certification by the peace officer that there existed probable cause to believe the person had been driving, operating, or in physical control of a commercial motor vehicle with any presence of alcohol and that the person submitted to a test and the test results indicated an alcohol concentration of 0.04 or more, the commissioner shall disqualify the person from operating a commercial motor vehicle under section 171.165 (commercial driver's license disqualification).

(c) If the test is of a person's blood or urine by a laboratory operated by the Bureau of Criminal Apprehension or authorized by the bureau to conduct the analysis of a blood or urine sample, the laboratory may directly certify to the commissioner the test results, and the peace officer shall certify to the commissioner that there existed probable cause to believe the person had been driving, operating, or in physical control of a motor vehicle in violation of section 169A.20 (driving while impaired), and that the person submitted to a test. Upon receipt of both certifications, the commissioner shall undertake the license actions described in paragraphs (a) and (b).

Subd. 4. **Unlicensed drivers; license issuance denial.** If the person is a resident without a license or permit to operate a motor vehicle in this state, the commissioner shall deny to the person the issuance of a license or permit after the date of the alleged violation for the same period as provided in this section for revocation, subject to review as provided in subdivisions 8 and 9.

Subd. 5. **Notice of revocation or disqualification; review.** A revocation under this section, or a disqualification under section 171.165 (commercial driver's license disqualification), becomes effective at the time the commissioner or a peace officer acting on behalf of the commissioner notifies the person of the intention to

revoke, disqualify, or both, and of revocation or disqualification. The notice must advise the person of the right to obtain administrative and judicial review as provided in subdivisions 8 and 9. If mailed, the notice and order of revocation or disqualification is deemed received three days after mailing to the last known address of the person.

**Subd. 6. Test refusal; driving privilege lost.** (a) On behalf of the commissioner, a peace officer requiring a test or directing the administration of a chemical test pursuant to a search warrant under sections 626.04 to 626.18 shall serve immediate notice of intention to revoke and of revocation on a person who refuses to permit a test or on a person who submits to a test the results of which indicate an alcohol concentration of 0.08 or more.

(b) On behalf of the commissioner, a peace officer requiring a test or directing the administration of a chemical test of a person driving, operating, or in physical control of a commercial motor vehicle pursuant to a search warrant under sections 626.04 to 626.18 shall serve immediate notice of intention to disqualify and of disqualification on a person who refuses to permit a test or on a person who submits to a test the results of which indicate an alcohol concentration of 0.04 or more.

(c) The officer shall:

(1) invalidate the person's driver's license or permit card by clipping the upper corner of the card in such a way that no identifying information including the photo is destroyed, and immediately return the card to the person;

(2) issue the person a temporary license effective for only seven days; and

(3) send the notification of this action to the commissioner along with the certificate required by subdivision 3 or 4.

**Subd. 7. Notice of action to other states.** When a nonresident's privilege to operate a motor vehicle in this state has been revoked or denied, the commissioner shall give information in writing of the action taken to the official in charge of traffic control or public safety of the state of the person's residence and of any state in which the person has a license.

**Subd. 8. Administrative review.** (a) At any time during a period of revocation imposed under this section, or a period of disqualification imposed under section 171.165 (commercial driver's license disqualification), a person may request in writing a review of the order of revocation or disqualification by the commissioner, unless the person is entitled to review under section 171.166 (review of disqualification). Upon receiving a request, the commissioner or the commissioner's designee shall review the order, the evidence upon which the order was based, and any other material information brought to the attention of the commissioner and determine whether sufficient cause exists to sustain the order. Within 15 days of receiving the request, the commissioner shall report in writing the results of the review. The review provided in this subdivision is not subject to the contested case provisions of the Administrative Procedure Act in sections 14.001 to 14.69.

(b) The availability of administrative review for an order of revocation or disqualification has no effect upon the availability of judicial review under this section.

(c) Review under this subdivision must take place, if possible, at the same time as any administrative review of the person's impoundment order under section 169A.60, subdivision 9.

**Subd. 9. Petition for judicial review.** (a) Within 60 days following receipt of a notice and order of revocation pursuant to this section, a person may petition the court for review. The petition must be filed with the district court administrator in the county where the alleged offense occurred, together with proof of service of a copy on the commissioner, and accompanied by the standard filing fee for civil actions. Responsive pleading is not required of the commissioner, and court fees must not be charged for the appearance of the commissioner in the matter.

(b) The petition must:

(1) be captioned in the full name of the person making the petition as petitioner and the commissioner as respondent;

(2) include the petitioner's date of birth and driver's license number, and the date of the offense; and

(3) state with specificity the grounds upon which the petitioner seeks rescission of the order of revocation, disqualification, or denial.

(c) The filing of the petition does not stay the revocation, disqualification, or denial. The reviewing court may order a stay of the balance of the revocation or disqualification if the hearing has not been conducted within 60 days after filing the petition upon terms the court deems proper.

(d) Judicial reviews must be conducted according to the Rules of Civil Procedure, except that prehearing discovery is mandatory and is limited to:

(1) the notice of revocation;

(2) the test record or, in the case of blood or urine tests, the certificate of analysis;

(3) the peace officer's certificate and any accompanying documentation submitted by the arresting officer to the commissioner; and

(4) disclosure of potential witnesses, including experts, and the basis of their testimony.

Other types of discovery are available only upon order of the court.

**Subd. 10. Judicial hearing; issues, order, appeal.** (a) A judicial review hearing under this section must be before a district judge in any county in the judicial district where the alleged offense occurred. The hearing is to the court and may be conducted at the same time and in the same manner as hearings upon pretrial motions in the criminal prosecution under section 169A.20 (driving while impaired), if any. The hearing must be recorded. The commissioner shall appear and be represented by the attorney general or through the prosecuting authority for the jurisdiction involved. The hearing must be held at the earliest practicable date, and in any event no later than 60 days following the filing of the petition for review. The judicial district administrator shall establish procedures to ensure efficient compliance with this subdivision. To accomplish this, the administrator may, whenever possible, consolidate and transfer review hearings among the locations within the judicial district where terms of district court are held.

(b) The scope of the hearing is limited to the issues in clauses (1) to (10):

(1) Did the peace officer have probable cause to believe the person was driving, operating, or in physical control of a motor vehicle or commercial motor vehicle in violation of section 169A.20 (driving while impaired)?

(2) Was the person lawfully placed under arrest for violation of section 169A.20?

(3) Was the person involved in a motor vehicle accident or collision resulting in property damage, personal injury, or death?

(4) Did a licensed peace officer apply for a search warrant in accordance with the requirements set forth in sections 626.04 to 626.18?

(5) Did a neutral magistrate review the application for a search warrant and determine there was probable cause to believe that the person was driving, operating, or in physical control of a motor vehicle or commercial motor vehicle in violation of section 169A.20 (driving while impaired)?

(6) Did the person refuse to permit the test?

(7) If a test was taken by a person driving, operating, or in physical control of a motor vehicle, did the test results indicate at the time of testing:

(i) an alcohol concentration of 0.08 or more; or

(ii) the presence of a controlled substance listed in Schedule I or II or its metabolite, other than marijuana or tetrahydrocannabinols?

(8) If a test was taken by a person driving, operating, or in physical control of a commercial motor vehicle, did the test results indicate an alcohol concentration of 0.04 or more at the time of testing?

(9) Was the testing method used valid and reliable and were the test results accurately evaluated?

(10) Did the person prove the defense of necessity?

(c) Certified or otherwise authenticated copies of laboratory or medical personnel reports, records, documents, licenses, and certificates are admissible as substantive evidence.

(d) The court shall order that the revocation or disqualification be either rescinded or sustained and forward the order to the commissioner. The court shall file its order within 14 days following the hearing. If the revocation or disqualification is sustained, the court shall also forward the person's driver's license or permit to the commissioner for further action by the commissioner if the license or permit is not already in the commissioner's possession.

(e) Any party aggrieved by the decision of the reviewing court may appeal the decision as provided in the Rules of Appellate Procedure.

(f) The civil hearing under this section shall not give rise to an estoppel on any issues arising from the same set of circumstances in any criminal prosecution.

(g) It is an affirmative defense for the petitioner to prove a necessity.

Sec. 6. **REPEALER.**

Minnesota Statutes 2016, section 169A.51, subdivision 3, is repealed.

ARTICLE 8  
CONTROLLED SUBSTANCES

Section 1. Minnesota Statutes 2016, section 152.02, subdivision 2, is amended to read:

Subd. 2. **Schedule I.** (a) Schedule I consists of the substances listed in this subdivision.

(b) Opiates. Unless specifically excepted or unless listed in another schedule, any of the following substances, including their analogs, isomers, esters, ethers, salts, and salts of isomers, esters, and ethers, whenever the existence of the analogs, isomers, esters, ethers, and salts is possible:

- (1) acetylmethadol;
- (2) allylprodine;
- (3) alphacetylmethadol (except levo-alphacetylmethadol, also known as levomethadyl acetate);
- (4) alphameprodine;
- (5) alphamethadol;
- (6) alpha-methylfentanyl benzethidine;
- (7) betacetylmethadol;
- (8) betameprodine;
- (9) betamethadol;
- (10) betaprodine;
- (11) clonitazene;
- (12) dextromoramide;
- (13) diampromide;
- (14) diethylambutene;
- (15) difenoxin;
- (16) dimenoxadol;
- (17) dimepheptanol;
- (18) dimethylambutene;
- (19) dioxaphetyl butyrate;
- (20) dipipanone;
- (21) ethylmethylthiambutene;
- (22) etonitazene;
- (23) etoxeridine;
- (24) furethidine;
- (25) hydroxypethidine;
- (26) ketobemidone;

- (27) levomoramide;
- (28) levophenacymorphan;
- (29) 3-methylfentanyl;
- (30) acetyl-alpha-methylfentanyl;
- (31) alpha-methylthiofentanyl;
- (32) benzylfentanyl beta-hydroxyfentanyl;
- (33) beta-hydroxy-3-methylfentanyl;
- (34) 3-methylthiofentanyl;
- (35) thenylfentanyl;
- (36) thiofentanyl;
- (37) para-fluorofentanyl;
- (38) morpheridine;
- (39) 1-methyl-4-phenyl-4-propionoxypiperidine;
- (40) noracymethadol;
- (41) norlevorphanol;
- (42) normethadone;
- (43) norpipanone;
- (44) 1-(2-phenylethyl)-4-phenyl-4-acetoxypiperidine (PEPAP);
- (45) phenadoxone;
- (46) phenampromide;
- (47) phenomorphan;
- (48) phenoperidine;
- (49) piritramide;
- (50) proheptazine;
- (51) properidine;
- (52) propiram;

(53) racemoramide;

(54) tilidine;

(55) trimeperidine;

(56) N-(1-Phenethylpiperidin-4-yl)-N-phenylacetamide (acetyl fentanyl);

(57) 3,4-dichloro-N-[(1R,2R)-2-(dimethylamino)cyclohexyl]-N-methylbenzamide(U47700); and

(58) N-phenyl-N-[1-(2-phenylethyl)piperidin-4-yl]furan-2-carboxamide(furanylfentanyl).

(c) Opium derivatives. Any of the following substances, their analogs, salts, isomers, and salts of isomers, unless specifically excepted or unless listed in another schedule, whenever the existence of the analogs, salts, isomers, and salts of isomers is possible:

(1) acetorphine;

(2) acetyldihydrocodeine;

(3) benzylmorphine;

(4) codeine methylbromide;

(5) codeine-n-oxide;

(6) cyprenorphine;

(7) desomorphine;

(8) dihydromorphine;

(9) drotebanol;

(10) etorphine;

(11) heroin;

(12) hydromorphenol;

(13) methyldesorphine;

(14) methyldihydromorphine;

(15) morphine methylbromide;

(16) morphine methylsulfonate;

(17) morphine-n-oxide;

(18) myrophine;

- (19) nicocodeine;
- (20) nicomorphine;
- (21) normorphine;
- (22) pholcodine; and
- (23) thebacon.

(d) Hallucinogens. Any material, compound, mixture or preparation which contains any quantity of the following substances, their analogs, salts, isomers (whether optical, positional, or geometric), and salts of isomers, unless specifically excepted or unless listed in another schedule, whenever the existence of the analogs, salts, isomers, and salts of isomers is possible:

- (1) methylenedioxy amphetamine;
- (2) methylenedioxymethamphetamine;
- (3) methylenedioxy-N-ethylamphetamine (MDEA);
- (4) n-hydroxy-methylenedioxyamphetamine;
- (5) 4-bromo-2,5-dimethoxyamphetamine (DOB);
- (6) 2,5-dimethoxyamphetamine (2,5-DMA);
- (7) 4-methoxyamphetamine;
- (8) 5-methoxy-3, 4-methylenedioxyamphetamine;
- (9) alpha-ethyltryptamine;
- (10) bufotenine;
- (11) diethyltryptamine;
- (12) dimethyltryptamine;
- (13) 3,4,5-trimethoxyamphetamine;
- (14) 4-methyl-2, 5-dimethoxyamphetamine (DOM);
- (15) ibogaine;
- (16) lysergic acid diethylamide (LSD);
- (17) mescaline;
- (18) parahexyl;



- (19) N-ethyl-3-piperidyl benzilate;
- (20) N-methyl-3-piperidyl benzilate;
- (21) psilocybin;
- (22) psilocyn;
- (23) tenocyclidine (TPCP or TCP);
- (24) N-ethyl-1-phenyl-cyclohexylamine (PCE);
- (25) 1-(1-phenylcyclohexyl) pyrrolidine (PCPy);
- (26) 1-[1-(2-thienyl)cyclohexyl]-pyrrolidine (TCPy);
- (27) 4-chloro-2,5-dimethoxyamphetamine (DOC);
- (28) 4-ethyl-2,5-dimethoxyamphetamine (DOET);
- (29) 4-iodo-2,5-dimethoxyamphetamine (DOI);
- (30) 4-bromo-2,5-dimethoxyphenethylamine (2C-B);
- (31) 4-chloro-2,5-dimethoxyphenethylamine (2C-C);
- (32) 4-methyl-2,5-dimethoxyphenethylamine (2C-D);
- (33) 4-ethyl-2,5-dimethoxyphenethylamine (2C-E);
- (34) 4-iodo-2,5-dimethoxyphenethylamine (2C-I);
- (35) 4-propyl-2,5-dimethoxyphenethylamine (2C-P);
- (36) 4-isopropylthio-2,5-dimethoxyphenethylamine (2C-T-4);
- (37) 4-propylthio-2,5-dimethoxyphenethylamine (2C-T-7);
- (38) 2-(8-bromo-2,3,6,7-tetrahydrofuro [2,3-f][1]benzofuran-4-yl)ethanamine (2-CB-FLY);
- (39) bromo-benzodifuranyl-isopropylamine (Bromo-DragonFLY);
- (40) alpha-methyltryptamine (AMT);
- (41) N,N-diisopropyltryptamine (DiPT);
- (42) 4-acetoxy-N,N-dimethyltryptamine (4-AcO-DMT);
- (43) 4-acetoxy-N,N-diethyltryptamine (4-AcO-DET);
- (44) 4-hydroxy-N-methyl-N-propyltryptamine (4-HO-MPT);

- (45) 4-hydroxy-N,N-dipropyltryptamine (4-HO-DPT);
- (46) 4-hydroxy-N,N-diallyltryptamine (4-HO-DALT);
- (47) 4-hydroxy-N,N-diisopropyltryptamine (4-HO-DiPT);
- (48) 5-methoxy-N,N-diisopropyltryptamine (5-MeO-DiPT);
- (49) 5-methoxy- $\alpha$ -methyltryptamine (5-MeO-AMT);
- (50) 5-methoxy-N,N-dimethyltryptamine (5-MeO-DMT);
- (51) 5-methylthio-N,N-dimethyltryptamine (5-MeS-DMT);
- (52) ~~5-methoxy-N-methyl-N-propyltryptamine~~ 5-methoxy-N-methyl-N-isopropyltryptamine (5-MeO-MiPT);
- (53) 5-methoxy- $\alpha$ -ethyltryptamine (5-MeO-AET);
- (54) 5-methoxy-N,N-dipropyltryptamine (5-MeO-DPT);
- (55) 5-methoxy-N,N-diethyltryptamine (5-MeO-DET);
- (56) 5-methoxy-N,N-diallyltryptamine (5-MeO-DALT);
- (57) methoxetamine (MXE);
- (58) 5-iodo-2-aminoindane (5-IAI);
- (59) 5,6-methylenedioxy-2-aminoindane (MDAI);
- (60) 2-(4-bromo-2,5-dimethoxyphenyl)-N-(2-methoxybenzyl)ethanamine (25B-NBOMe);
- (61) 2-(4-chloro-2,5-dimethoxyphenyl)-N-(2-methoxybenzyl)ethanamine (25C-NBOMe);
- (62) 2-(4-iodo-2,5-dimethoxyphenyl)-N-(2-methoxybenzyl)ethanamine (25I-NBOMe);
- (63) 2-(2,5-Dimethoxyphenyl)ethanamine (2C-H);
- (64) 2-(4-Ethylthio-2,5-dimethoxyphenyl)ethanamine (2C-T-2);
- (65) N,N-Dipropyltryptamine (DPT);
- (66) 3-[1-(Piperidin-1-yl)cyclohexyl]phenol (3-HO-PCP);
- (67) N-ethyl-1-(3-methoxyphenyl)cyclohexanamine (3-MeO-PCE);
- (68) 4-[1-(3-methoxyphenyl)cyclohexyl]morpholine (3-MeO-PCMo);
- (69) 1-[1-(4-methoxyphenyl)cyclohexyl]-piperidine (methoxydine, 4-MeO-PCP);
- (70) 2-(2-Chlorophenyl)-2-(ethylamino)cyclohexan-1-one (N-Ethyl norketamine, ethketamine, NENK); ~~and~~

(71) methylenedioxy-N,N-dimethylamphetamine (MDDMA);

(72) 3-(2-Ethyl(methyl)aminoethyl)-1H-indol-4-yl (4-AcO-MET); and

(73) 2-Phenyl-2-(methylamino)cyclohexanone (deschloroketamine).

(e) Peyote. All parts of the plant presently classified botanically as *Lophophora williamsii* Lemaire, whether growing or not, the seeds thereof, any extract from any part of the plant, and every compound, manufacture, salts, derivative, mixture, or preparation of the plant, its seeds or extracts. The listing of peyote as a controlled substance in Schedule I does not apply to the nondrug use of peyote in bona fide religious ceremonies of the American Indian Church, and members of the American Indian Church are exempt from registration. Any person who manufactures peyote for or distributes peyote to the American Indian Church, however, is required to obtain federal registration annually and to comply with all other requirements of law.

(f) Central nervous system depressants. Unless specifically excepted or unless listed in another schedule, any material compound, mixture, or preparation which contains any quantity of the following substances, their analogs, salts, isomers, and salts of isomers whenever the existence of the analogs, salts, isomers, and salts of isomers is possible:

(1) mecloqualone;

(2) methaqualone;

(3) gamma-hydroxybutyric acid (GHB), including its esters and ethers;

(4) flunitrazepam; and

(5) 2-(2-Methoxyphenyl)-2-(methylamino)cyclohexanone (2-MeO-2-deschloroketamine, methoxyketamine).

(g) Stimulants. Unless specifically excepted or unless listed in another schedule, any material compound, mixture, or preparation which contains any quantity of the following substances, their analogs, salts, isomers, and salts of isomers whenever the existence of the analogs, salts, isomers, and salts of isomers is possible:

(1) aminorex;

(2) cathinone;

(3) fenethylamine;

(4) methcathinone;

(5) methylaminorex;

(6) N,N-dimethylamphetamine;

(7) N-benzylpiperazine (BZP);

(8) methylmethcathinone (mephedrone);

(9) 3,4-methylenedioxy-N-methylcathinone (methylone);

- (10) methoxymethcathinone (methedrone);
- (11) methylenedioxypyrovalerone (MDPV);
- (12) 3-fluoro-N-methylcathinone (3-FMC);
- (13) methylethcathinone (MEC);
- (14) 1-benzofuran-6-ylpropan-2-amine (6-APB);
- (15) dimethylmethcathinone (DMMC);
- (16) fluoroamphetamine;
- (17) fluoromethamphetamine;
- (18)  $\alpha$ -methylaminobutyrophenone (MABP or buphedrone);
- (19) 1-(1,3-benzodioxol-5-yl)-2-(methylamino)butan-1-one (butylone);
- (20) 2-(methylamino)-1-(4-methylphenyl)butan-1-one (4-MEMABP or BZ-6378);
- (21) 1-(naphthalen-2-yl)-2-(pyrrolidin-1-yl) pentan-1-one (naphthylpyrovalerone or naphyrone);
- (22) (alpha-pyrrolidinopentiophenone (alpha-PVP);
- (23) (RS)-1-(4-methylphenyl)-2-(1-pyrrolidinyl)-1-hexanone (4-Me-PHP or MPHP);
- (24) 2-(1-pyrrolidinyl)-hexanophenone (Alpha-PHP);
- (25) 4-methyl-N-ethylcathinone (4-MEC);
- (26) 4-methyl-alpha-pyrrolidinopropiophenone (4-MePPP);
- (27) 2-(methylamino)-1-phenylpentan-1-one (pentedrone);
- (28) 1-(1,3-benzodioxol-5-yl)-2-(methylamino)pentan-1-one (pentylone);
- (29) 4-fluoro-N-methylcathinone (4-FMC);
- (30) 3,4-methylenedioxy-N-ethylcathinone (ethylone);
- (31) alpha-pyrrolidinobutiophenone ( $\alpha$ -PBP);
- (32) 5-(2-Aminopropyl)-2,3-dihydrobenzofuran (5-APDB);
- (33) 1-phenyl-2-(1-pyrrolidinyl)-1-heptanone (PV8);
- (34) 6-(2-Aminopropyl)-2,3-dihydrobenzofuran (6-APDB); ~~and~~
- (35) 4-methyl-alpha-ethylaminopentiophenone (4-MEAPP);

(36) 4'-chloro-alpha-pyrrolidinopropiophenone (4-chloro-PPP);

(37) 1-(1,3-Benzodioxol-5-yl)-2-(dimethylamino)butan-1-one (dibutylone, bk-DMBDB); and

(38) any other substance, except bupropion or compounds listed under a different schedule, that is structurally derived from 2-aminopropan-1-one by substitution at the 1-position with either phenyl, naphthyl, or thiophene ring systems, whether or not the compound is further modified in any of the following ways:

(i) by substitution in the ring system to any extent with alkyl, alkylendioxy, alkoxy, haloalkyl, hydroxyl, or halide substituents, whether or not further substituted in the ring system by one or more other univalent substituents;

(ii) by substitution at the 3-position with an acyclic alkyl substituent;

(iii) by substitution at the 2-amino nitrogen atom with alkyl, dialkyl, benzyl, or methoxybenzyl groups; or

(iv) by inclusion of the 2-amino nitrogen atom in a cyclic structure.

(h) Marijuana, tetrahydrocannabinols, and synthetic cannabinoids. Unless specifically excepted or unless listed in another schedule, any natural or synthetic material, compound, mixture, or preparation that contains any quantity of the following substances, their analogs, isomers, esters, ethers, salts, and salts of isomers, esters, and ethers, whenever the existence of the isomers, esters, ethers, or salts is possible:

(1) marijuana;

(2) tetrahydrocannabinols naturally contained in a plant of the genus *Cannabis*, synthetic equivalents of the substances contained in the cannabis plant or in the resinous extractives of the plant, or synthetic substances with similar chemical structure and pharmacological activity to those substances contained in the plant or resinous extract, including, but not limited to, 1 cis or trans tetrahydrocannabinol, 6 cis or trans tetrahydrocannabinol, and 3,4 cis or trans tetrahydrocannabinol;

(3) synthetic cannabinoids, including the following substances:

(i) Naphthoylindoles, which are any compounds containing a 3-(1-naphthoyl)indole structure with substitution at the nitrogen atom of the indole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group, whether or not further substituted in the indole ring to any extent and whether or not substituted in the naphthyl ring to any extent. Examples of naphthoylindoles include, but are not limited to:

(A) 1-Pentyl-3-(1-naphthoyl)indole (JWH-018 and AM-678);

(B) 1-Butyl-3-(1-naphthoyl)indole (JWH-073);

(C) 1-Pentyl-3-(4-methoxy-1-naphthoyl)indole (JWH-081);

(D) 1-[2-(4-morpholinyl)ethyl]-3-(1-naphthoyl)indole (JWH-200);

(E) 1-Propyl-2-methyl-3-(1-naphthoyl)indole (JWH-015);

(F) 1-Hexyl-3-(1-naphthoyl)indole (JWH-019);

(G) 1-Pentyl-3-(4-methyl-1-naphthoyl)indole (JWH-122);

(H) 1-Pentyl-3-(4-ethyl-1-naphthoyl)indole (JWH-210);

(I) 1-Pentyl-3-(4-chloro-1-naphthoyl)indole (JWH-398);

(J) 1-(5-fluoropentyl)-3-(1-naphthoyl)indole (AM-2201).

(ii) Naphthylmethylindeoles, which are any compounds containing a 1H-indol-3-yl-(1-naphthyl)methane structure with substitution at the nitrogen atom of the indole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group, whether or not further substituted in the indole ring to any extent and whether or not substituted in the naphthyl ring to any extent. Examples of naphthylmethylindeoles include, but are not limited to:

(A) 1-Pentyl-1H-indol-3-yl-(1-naphthyl)methane (JWH-175);

(B) 1-Pentyl-1H-indol-3-yl-(4-methyl-1-naphthyl)methane (JWH-184).

(iii) Naphthoylpyrroles, which are any compounds containing a 3-(1-naphthoyl)pyrrole structure with substitution at the nitrogen atom of the pyrrole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group whether or not further substituted in the pyrrole ring to any extent, whether or not substituted in the naphthyl ring to any extent. Examples of naphthoylpyrroles include, but are not limited to, (5-(2-fluorophenyl)-1-pentylpyrrol-3-yl)-naphthalen-1-ylmethanone (JWH-307).

(iv) Naphthylmethylindenes, which are any compounds containing a naphthylideneindene structure with substitution at the 3-position of the indene ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group whether or not further substituted in the indene ring to any extent, whether or not substituted in the naphthyl ring to any extent. Examples of naphthylmethylindenes include, but are not limited to, E-1-[1-(1-naphthalenylmethylene)-1H-inden-3-yl]pentane (JWH-176).

(v) Phenylacetylindoles, which are any compounds containing a 3-phenylacetylindole structure with substitution at the nitrogen atom of the indole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group whether or not further substituted in the indole ring to any extent, whether or not substituted in the phenyl ring to any extent. Examples of phenylacetylindoles include, but are not limited to:

(A) 1-(2-cyclohexylethyl)-3-(2-methoxyphenylacetyl)indole (RCS-8);

(B) 1-pentyl-3-(2-methoxyphenylacetyl)indole (JWH-250);

(C) 1-pentyl-3-(2-methylphenylacetyl)indole (JWH-251);

(D) 1-pentyl-3-(2-chlorophenylacetyl)indole (JWH-203).

(vi) Cyclohexylphenols, which are compounds containing a 2-(3-hydroxycyclohexyl)phenol structure with substitution at the 5-position of the phenolic ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group whether or not substituted in the cyclohexyl ring to any extent. Examples of cyclohexylphenols include, but are not limited to:

(A) 5-(1,1-dimethylheptyl)-2-[(1R,3S)-3-hydroxycyclohexyl]-phenol (CP 47,497);

(B) 5-(1,1-dimethyloctyl)-2-[(1R,3S)-3-hydroxycyclohexyl]-phenol (Cannabicyclohexanol or CP 47,497 C8 homologue);

(C) 5-(1,1-dimethylheptyl)-2-[(1R,2R)-5-hydroxy-2-(3-hydroxypropyl)cyclohexyl]-phenol (CP 55,940).

(vii) Benzoylindoles, which are any compounds containing a 3-(benzoyl)indole structure with substitution at the nitrogen atom of the indole ring by an alkyl, haloalkyl, alkenyl, cycloalkylmethyl, cycloalkylethyl, 1-(N-methyl-2-piperidinyl)methyl or 2-(4-morpholinyl)ethyl group whether or not further substituted in the indole ring to any extent and whether or not substituted in the phenyl ring to any extent. Examples of benzoylindoles include, but are not limited to:

(A) 1-Pentyl-3-(4-methoxybenzoyl)indole (RCS-4);

(B) 1-(5-fluoropentyl)-3-(2-iodobenzoyl)indole (AM-694);

(C) (4-methoxyphenyl)-[2-methyl-1-(2-(4-morpholinyl)ethyl)indol-3-yl]methanone (WIN 48,098 or Pravadoline).

(viii) Others specifically named:

(A) (6aR,10aR)-9-(hydroxymethyl)-6,6-dimethyl-3-(2-methyloctan-2-yl) -6a,7,10,10a-tetrahydrobenzo[c]chromen-1-ol (HU-210);

(B) (6aS,10aS)-9-(hydroxymethyl)-6,6-dimethyl-3-(2-methyloctan-2-yl) -6a,7,10,10a-tetrahydrobenzo[c]chromen-1-ol (Dexanabinol or HU-211);

(C) 2,3-dihydro-5-methyl-3-(4-morpholinylmethyl)pyrrolo[1,2,3-de] -1,4-benzoxazin-6-yl-1-naphthalenylmethanone (WIN 55,212-2);

(D) (1-pentylindol-3-yl)-(2,2,3,3-tetramethylcyclopropyl)methanone (UR-144);

(E) (1-(5-fluoropentyl)-1H-indol-3-yl)(2,2,3,3-tetramethylcyclopropyl)methanone (XLR-11);

(F) 1-pentyl-N-tricyclo[3.3.1.1<sup>3,7</sup>]dec-1-yl-1H-indazole-3-carboxamide (AKB-48(APINACA));

(G) N-((3s,5s,7s)-adamantan-1-yl)-1-(5-fluoropentyl)-1H-indazole-3-carboxamide (5-Fluoro-AKB-48);

(H) 1-pentyl-8-quinolinyl ester-1H-indole-3-carboxylic acid (PB-22);

(I) 8-quinolinyl ester-1-(5-fluoropentyl)-1H-indole-3-carboxylic acid (5-Fluoro PB-22);

(J) N-[(1S)-1-(aminocarbonyl)-2-methylpropyl]-1-pentyl-1H-indazole-3-carboxamide (AB-PINACA);

(K) N-[(1S)-1-(aminocarbonyl)-2-methylpropyl]-1-[(4-fluorophenyl)methyl]-1H-indazole-3-carboxamide (AB-FUBINACA);

(L) N-[(1S)-1-(aminocarbonyl)-2-methylpropyl]-1-(cyclohexylmethyl)-1H-indazole-3-carboxamide (AB-CHMINACA);

(M) (S)-methyl 2-(1-(5-fluoropentyl)-1H-indazole-3-carboxamido)-3-methylbutanoate (5-fluoro-AMB);

(N) [1-(5-fluoropentyl)-1H-indazol-3-yl](naphthalen-1-yl) methanone (THJ-2201);

- (O) (1-(5-fluoropentyl)-1H-benzo[d]imidazol-2-yl)(naphthalen-1-yl)methanone (FUBIMINA);
- (P) (7-methoxy-1-(2-morpholinoethyl)-N-((1S,2S,4R)-1,3,3-trimethylbicyclo [2.2.1]heptan-2-yl)-1H-indole-3-carboxamide (MN-25 or UR-12);
- (Q) (S)-N-(1-amino-3-methyl-1-oxobutan-2-yl)-1-(5-fluoropentyl) -1H-indole-3-carboxamide (5-fluoro-ABICA);
- (R) N-(1-amino-3-phenyl-1-oxopropan-2-yl)-1-(5-fluoropentyl) -1H-indole-3-carboxamide;
- (S) N-(1-amino-3-phenyl-1-oxopropan-2-yl)-1-(5-fluoropentyl) -1H-indazole-3-carboxamide;
- (T) methyl 2-(1-(cyclohexylmethyl)-1H-indole-3-carboxamido) -3,3-dimethylbutanoate;
- (U) N-(1-amino-3,3-dimethyl-1-oxobutan-2-yl)-1-(cyclohexylmethyl)-1 H-indazole-3-carboxamide (MAB-CHMINACA);
- (V) N-(1-Amino-3,3-dimethyl-1-oxo-2-butanyl)-1-pentyl-1H-indazole-3-carboxamide (ADB-PINACA);
- (W) methyl (1-(4-fluorobenzyl)-1H-indazole-3-carbonyl)-L-valinate (FUB-AMB);
- (X) N-[(1S)-2-amino-2-oxo-1-(phenylmethyl)ethyl]-1-(cyclohexylmethyl)-1H-Indazole-3-carboxamide. (APP-CHMINACA); ~~and~~
- (Y) quinolin-8-yl 1-(4-fluorobenzyl)-1H-indole-3-carboxylate (FUB-PB-22); and
- (Z) methyl N-[1-(cyclohexylmethyl)-1H-indole-3-carbonyl]valinate (MMB-CHMICA).

(i) A controlled substance analog, to the extent that it is implicitly or explicitly intended for human consumption.

Sec. 2. Minnesota Statutes 2016, section 152.02, subdivision 12, is amended to read:

**Subd. 12. Coordination of controlled substance regulation with federal law and state statute.** ~~If any substance is designated, rescheduled, or deleted as a controlled substance under federal law and notice thereof is given to the state Board of Pharmacy, the state Board of Pharmacy shall similarly control the substance under this chapter, after the expiration of 30 days from publication in the Federal Register of a final order designating a substance as a controlled substance or rescheduling or deleting a substance. Such order shall be filed with the secretary of state. If within that 30-day period, the state Board of Pharmacy objects to inclusion, rescheduling, or deletion, it shall publish the reasons for objection and afford all interested parties an opportunity to be heard. At the conclusion of the hearing, the state Board of Pharmacy shall publish its decision, which shall be subject to the provisions of chapter 14, the substance shall be deemed to be similarly designated, rescheduled, or deleted under this section until the legislature enacts legislation or the board engages in rulemaking to otherwise schedule the drug.~~

In exercising the authority granted by this chapter, the state Board of Pharmacy shall be subject to the provisions of chapter 14.

The state Board of Pharmacy shall annually submit a report to the legislature on or before December 1 that specifies what changes the board made to the controlled substance schedules maintained by the board in Minnesota Rules, parts 6800.4210 to 6800.4250, in the preceding 12 months. The report must include specific recommendations for amending the controlled substance schedules contained in subdivisions 2 to 6, so that they conform with the controlled substance schedules maintained by the board in Minnesota Rules, parts 6800.4210 to 6800.4250."



Delete the title and insert:

"A bill for an act relating to public safety; modifying certain provisions relating to courts, public safety, firefighters, corrections, crime, disaster assistance, and controlled substances; requesting reports; providing for penalties; appropriating money for public safety, courts, corrections, Guardian Ad Litem Board, Uniform Laws Commission, Board on Judicial Standards, Board of Public Defense, Sentencing Guidelines, Peace Officer Standards and Training (POST) Board, and Private Detective Board; amending Minnesota Statutes 2016, sections 3.739, subdivision 1; 12.221, subdivision 6; 12B.15, subdivision 2; 152.02, subdivisions 2, 12; 152.105; 169.444, subdivision 2; 169.64, by adding a subdivision; 169.68; 169.791, by adding a subdivision; 169.792, subdivision 7; 169.797, by adding a subdivision; 169.80, subdivision 1; 169.829, by adding a subdivision; 169.98, subdivision 3, by adding a subdivision; 169.99, subdivision 1c, by adding a subdivision; 169A.03, subdivision 21; 169A.20, subdivision 2; 169A.51, subdivisions 2, 4; 171.24; 241.01, subdivision 3a; 243.05, subdivision 1; 243.166, subdivision 1b; 243.17, subdivision 1; 243.49; 244.05, subdivision 3; 244.09, subdivision 11; 244.195, subdivision 1; 244.198, by adding a subdivision; 253D.22; 260C.163, subdivisions 3, 10; 260C.607, subdivision 2; 271.21, subdivision 2; 299A.707, subdivision 2; 299C.46, subdivision 6; 326.3384, subdivision 1; 357.42; 358.116; 401.01, subdivision 2; 480.242, subdivision 2; 484.70, subdivision 7; 484.702, by adding a subdivision; 486.05, subdivision 1; 486.06; 518.179, subdivision 2; 549.09, subdivision 1; 609.095; 609.135, subdivision 1; 609.14, by adding a subdivision; 609.2231, subdivisions 2, 3a; 609.342, subdivision 2, by adding a subdivision; 609.343, subdivision 2, by adding a subdivision; 609.344, subdivision 2, by adding a subdivision; 609.345, subdivision 2, by adding a subdivision; 609.3451, subdivision 3; 609.3455, subdivisions 7, 8, by adding subdivisions; 609.475; 609.48, by adding a subdivision; 609.605, by adding a subdivision; 609.74; 609.746, subdivision 1; 609.748, subdivisions 3, 3a, 4, 5, by adding subdivisions; 609.749, subdivision 3; 609.855, subdivision 2; 609.87, subdivision 2a, by adding subdivisions; 609.891, subdivisions 1, 2, 3; 617.246, subdivision 7, by adding a subdivision; 617.247, subdivisions 3, 4, by adding a subdivision; 624.714, subdivision 17; 626.863; 626.88, subdivision 2; 631.52, subdivision 2; 634.36; Laws 2009, chapter 59, article 3, section 4, subdivision 9, as amended; Laws 2014, chapter 263, section 2; Laws 2016, chapter 160, section 19; proposing coding for new law in Minnesota Statutes, chapters 171; 243; 299A; 609; 626; repealing Minnesota Statutes 2016, sections 169.685, subdivision 4; 169A.51, subdivision 3; 486.05, subdivision 1a; 525.112; 609.342, subdivision 3; 609.343, subdivision 3; 609.344, subdivision 3; 609.345, subdivision 3; 609.3455, subdivision 6."

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

The report was adopted.

Davids from the Committee on Taxes to which was referred:

H. F. No. 1226, A bill for an act relating to taxation; making policy, technical, and clarifying changes to income, corporate, estate, special, sales, property, and miscellaneous taxes and tax provisions; amending Minnesota Statutes 2016, sections 13.51, subdivision 2; 69.021, subdivision 5; 270.071, subdivisions 2, 7, 8, by adding a subdivision; 270.072, subdivisions 2, 3, by adding a subdivision; 270.12, by adding a subdivision; 270.82, subdivision 1; 270A.03, subdivision 5; 270B.14, subdivision 1; 270C.30; 270C.33, subdivisions 5, 8; 270C.34, subdivision 2; 270C.35, subdivision 3, by adding a subdivision; 270C.38, subdivision 1; 270C.445, by adding a subdivision; 270C.446, subdivision 5; 270C.72, subdivision 4; 270C.89, subdivision 1; 271.06, subdivisions 2, 7; 272.02, subdivisions 9, 10; 272.0211, subdivision 1; 272.025, subdivision 1; 272.029, subdivisions 2, 4, by adding a subdivision; 272.0295, subdivision 4; 272.115, subdivision 2; 273.061, subdivision 7; 273.08; 273.121, by adding a subdivision; 273.124, subdivision 13; 273.13, subdivision 22; 273.33, subdivisions 1, 2; 273.371; 273.372, subdivisions 1, 2, 4, by adding subdivisions; 274.01, subdivision 1; 274.13, subdivision 1; 274.135, subdivision 3; 275.065, subdivision 1; 275.62, subdivision 2; 278.01, subdivision 1; 282.01, subdivisions 1a, 1d; 287.2205; 289A.08, subdivisions 11, 16, by adding a subdivision; 289A.09, subdivisions 1, 2; 289A.11, subdivision 1;

289A.12, subdivision 14; 289A.18, subdivision 1, by adding a subdivision; 289A.20, subdivision 2; 289A.31, subdivision 1; 289A.35; 289A.37, subdivision 2; 289A.38, subdivision 6; 289A.50, subdivision 7; 289A.60, subdivision 28, by adding a subdivision; 289A.63, by adding a subdivision; 290.0672, subdivision 1; 290.068, subdivision 2; 290.0922, subdivision 2; 290.17, subdivision 2; 290.31, subdivision 1; 290A.19; 290C.03; 291.016, subdivisions 2, 3; 291.03, subdivisions 9, 11; 295.54, subdivision 2; 295.55, subdivision 6; 296A.01, subdivisions 33, 42, by adding a subdivision; 296A.02, by adding a subdivision; 296A.07, subdivision 1; 296A.22, subdivision 9; 296A.26; 297A.61, subdivision 10; 297A.82, subdivisions 4, 4a; 297D.02; 297E.02, subdivisions 3, 7; 297E.04, subdivision 1; 297E.05, subdivision 4; 297E.06, subdivision 1; 297F.09, subdivision 1; 297F.23; 297G.09, subdivision 1; 297G.22; 297H.06, subdivision 2; 297I.05, subdivision 2; 297I.10, subdivisions 1, 3; 297I.30, by adding a subdivision; 297I.60, subdivision 2; 298.01, subdivision 4c; 469.319, subdivision 5; 477A.013, by adding a subdivision; 477A.19, by adding subdivisions; 559.202, subdivision 2; 609.5316, subdivision 3; Laws 2014, chapter 308, article 9, section 94; Laws 2016, chapter 187, section 5; proposing coding for new law in Minnesota Statutes, chapters 273; 289A; 290B; 290C; 293; repealing Minnesota Statutes 2016, sections 281.22; 290C.02, subdivisions 5, 9; 290C.06; Minnesota Rules, parts 8092.1400; 8092.2000; 8100.0700.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1  
DEPARTMENT OF REVENUE 2015-2016 SALES SUPPRESSION PROVISIONS

Section 1. **[289A.14] USE OF AUTOMATED SALES SUPPRESSION DEVICES; DEFINITIONS.**

(a) For the purposes of sections 289A.60, subdivision 32, 289A.63, subdivision 12, and 609.5316, subdivision 3, the following terms have the meanings given.

(b) "Automated sales suppression device" or "zapper" means a software program, carried on any tangible medium, or accessed through any other means, that falsifies the electronic records of electronic cash registers and other point-of-sale systems including, but not limited to, transaction data and transaction reports.

(c) "Electronic cash register" means a device that keeps a register or supporting documents through the means of an electronic device or computer system designed to record transaction data for the purpose of computing, compiling, or processing retail sales transaction data in whatever manner.

(d) "Phantom-ware" means hidden preinstalled or later-installed programming option embedded in the operating system of an electronic cash register or hardwired into the electronic cash register that can be used to create a virtual second electronic cash register or may eliminate or manipulate transaction records that may or may not be preserved in digital formats to represent the true or manipulated record of transactions in the electronic cash register.

(e) "Transaction data" includes items purchased by a customer, the price of each item, the taxability determination for each item, a segregated tax amount for each of the taxed items, the date and time of the purchase, the name, address, and identification number of the vendor, and the receipt or invoice number of the transaction.

(f) "Transaction report" means a report documenting, but not limited to, the sales, taxes collected, media totals, and discount voids at an electronic cash register that is printed on cash register tape at the end of a day or shift, or a report documenting every action at an electronic cash register that is stored electronically.

**EFFECTIVE DATE.** This section is effective for activities enumerated in Minnesota Statutes, section 289A.63, subdivision 12, or 289A.60, subdivision 32, that occur on or after August 1, 2017.

Sec. 2. Minnesota Statutes 2016, section 289A.60, is amended by adding a subdivision to read:

**Subd. 32. Sales suppression.** (a) A person who:

(1) sells;

(2) transfers;

(3) develops;

(4) manufactures; or

(5) possesses with the intent to sell or transfer

an automated sales suppression device, zapper, phantom-ware, or similar device capable of being used to commit tax fraud or suppress sales is liable for a civil penalty calculated under paragraph (b).

(b) The amount of the civil penalty equals the greater of (1) \$2,000, or (2) the total amount of all taxes and penalties due that are attributable to the use of any automated sales suppression device, zapper, phantom-ware, or similar device facilitated by the sale, transfer, development, or manufacture of the automated sales suppression device, zapper, phantom-ware, or similar device by the person.

(c) The definitions in section 289A.14 apply to this subdivision.

(d) This subdivision does not apply to the commissioner, a person acting at the direction of the commissioner, an agent of the commissioner, law enforcement agencies, or postsecondary education institutions that possess an automated sales suppression device, zapper, or phantom-ware for study to combat the evasion of taxes by use of the automated sales suppression devices, zappers, or phantom-ware.

**EFFECTIVE DATE.** This section is effective for activities enumerated that occur on or after August 1, 2017.

Sec. 3. Minnesota Statutes 2016, section 289A.63, is amended by adding a subdivision to read:

**Subd. 12. Felony.** (a) A person who sells, purchases, installs, transfers, develops, manufactures, or uses an automated sales suppression device, zapper, phantom-ware, or similar device knowing that the device or phantom-ware is capable of being used to commit tax fraud or suppress sales is guilty of a felony and may be sentenced to imprisonment for not more than five years or to a payment of a fine of not more than \$10,000, or both.

(b) An automated sales suppression device, zapper, phantom-ware, and any other device containing an automated sales suppression, zapper, or phantom-ware device or software is contraband and subject to forfeiture under section 609.5316.

(c) The definitions in section 289A.14 apply to this subdivision.

(d) This subdivision does not apply to the commissioner, a person acting at the direction of the commissioner, an agent of the commissioner, law enforcement agencies, or postsecondary education institutions that possess an automated sales suppression device, zapper, or phantom-ware for study to combat the evasion of taxes by use of the automated sales suppression devices, zappers, or phantom-ware.

**EFFECTIVE DATE.** This section is effective for activities enumerated that occur on or after August 1, 2017.

Sec. 4. Minnesota Statutes 2016, section 609.5316, subdivision 3, is amended to read:

Subd. 3. **Weapons, telephone cloning paraphernalia, automated sales suppression devices, and bullet-resistant vests.** Weapons used are contraband and must be summarily forfeited to the appropriate agency upon conviction of the weapon's owner or possessor for a controlled substance crime; for any offense of this chapter or chapter 624, or for a violation of an order for protection under section 518B.01, subdivision 14. Bullet-resistant vests, as defined in section 609.486, worn or possessed during the commission or attempted commission of a crime are contraband and must be summarily forfeited to the appropriate agency upon conviction of the owner or possessor for a controlled substance crime or for any offense of this chapter. Telephone cloning paraphernalia used in a violation of section 609.894, and automated sales suppression devices, phantom-ware, and other devices containing an automated sales suppression or phantom-ware device or software used in violation of section 289A.63, subdivision 12, are contraband and must be summarily forfeited to the appropriate agency upon a conviction.

**EFFECTIVE DATE.** This section is effective for activities enumerated in Minnesota Statutes, section 289A.63, subdivision 12, that occur on or after August 1, 2017.

## ARTICLE 2

### DEPARTMENT OF REVENUE 2015-2016 POLICY AND TECHNICAL PROVISIONS; INCOME, CORPORATE FRANCHISE, AND ESTATE TAXES

Section 1. Minnesota Statutes 2016, section 289A.08, subdivision 11, is amended to read:

Subd. 11. **Information included in income tax return.** (a) The return must state:

(1) the name of the taxpayer, or taxpayers, if the return is a joint return, and the address of the taxpayer in the same name or names and same address as the taxpayer has used in making the taxpayer's income tax return to the United States;

(2) the date or dates of birth of the taxpayer or taxpayers;

(3) the Social Security number of the taxpayer, or taxpayers, if a Social Security number has been issued by the United States with respect to the taxpayers; and

(4) the amount of the taxable income of the taxpayer as it appears on the federal return for the taxable year to which the Minnesota state return applies.

(b) The taxpayer must attach to the taxpayer's Minnesota state income tax return a copy of the federal income tax return that the taxpayer has filed or is about to file for the period, ~~unless the taxpayer is eligible to telefile the federal return and does file the Minnesota return by telefiling.~~

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

Sec. 2. Minnesota Statutes 2016, section 289A.08, subdivision 16, is amended to read:

Subd. 16. **Tax refund or return preparers; electronic filing; paper filing fee imposed.** (a) A "tax refund or return preparer," as defined in section 289A.60, ~~subdivision 13, paragraph (f),~~ who is a tax return preparer for purposes of section 6011(e) of the Internal Revenue Code, and who reasonably expects to prepare more than ten Minnesota individual income, corporate franchise, S corporation, partnership, or fiduciary income tax returns for the prior ~~calendar~~ year must file all Minnesota individual income, corporate franchise, S corporation, partnership, or fiduciary income tax returns prepared for that ~~calendar~~ year by electronic means.

(b) Paragraph (a) does not apply to a return if the taxpayer has indicated on the return that the taxpayer did not want the return filed by electronic means.

(c) For each return that is not filed electronically by a tax refund or return preparer under this subdivision, including returns filed under paragraph (b), a paper filing fee of \$5 is imposed upon the preparer. The fee is collected from the preparer in the same manner as income tax. The fee does not apply to returns that the commissioner requires to be filed in paper form.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2016.

Sec. 3. Minnesota Statutes 2016, section 289A.09, subdivision 2, is amended to read:

Subd. 2. **Withholding statement.** (a) A person required to deduct and withhold from an employee a tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, or who would have been required to deduct and withhold a tax under section 290.92, subdivision 2a or 3, or persons required to withhold tax under section 290.923, subdivision 2, determined without regard to section 290.92, subdivision 19, if the employee or payee had claimed no more than one withholding exemption, or who paid wages or made payments not subject to withholding under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, to an employee or person receiving royalty payments in excess of \$600, or who has entered into a voluntary withholding agreement with a payee under section 290.92, subdivision 20, must give every employee or person receiving royalty payments in respect to the remuneration paid by the person to the employee or person receiving royalty payments during the calendar year, on or before January 31 of the succeeding year, or, if employment is terminated before the close of the calendar year, within 30 days after the date of receipt of a written request from the employee if the 30-day period ends before January 31, a written statement showing the following:

(1) name of the person;

(2) the name of the employee or payee and the employee's or payee's Social Security account number;

(3) the total amount of wages as that term is defined in section 290.92, subdivision 1, paragraph (1); the total amount of remuneration subject to withholding under section 290.92, subdivision 20; the amount of sick pay as required under section 6051(f) of the Internal Revenue Code; and the amount of royalties subject to withholding under section 290.923, subdivision 2; and

(4) the total amount deducted and withheld as tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2.

(b) The statement required to be furnished by paragraph (a) with respect to any remuneration must be furnished at those times, must contain the information required, and must be in the form the commissioner prescribes.

(c) The commissioner may prescribe rules providing for reasonable extensions of time, not in excess of 30 days, to employers or payers required to give the statements to their employees or payees under this subdivision.

(d) A duplicate of any statement made under this subdivision and in accordance with rules prescribed by the commissioner, ~~along with a reconciliation in the form the commissioner prescribes of the statements for the calendar year, including a reconciliation of the quarterly returns required to be filed under subdivision 1,~~ must be filed with the commissioner on or before ~~February 28~~ January 31 of the year after the payments were made.

(e) If an employer cancels the employer's Minnesota withholding account number required by section 290.92, subdivision 24, the information required by paragraph (d), must be filed with the commissioner within 30 days of the end of the quarter in which the employer cancels its account number.

(f) ~~The employer must submit the statements required to be sent to the commissioner in the same manner required to satisfy the federal reporting requirements of section 6011(e) of the Internal Revenue Code and the regulations issued under it. An employer must submit statements to the commissioner required by this section by electronic means if the employer is required to send more than 25 statements to the commissioner, even though the employer is not required to submit the returns federally by electronic means. For statements issued for wages paid in 2011 and after, the threshold is ten. All statements issued for withholding required under section 290.92 are aggregated for purposes of determining whether the electronic submission threshold is met. The commissioner shall prescribe the content, format, and manner of the statement pursuant to section 270C.30.~~

(g) A "third-party bulk filer" as defined in section 290.92, subdivision 30, paragraph (a), clause (2), must submit the returns required by this subdivision and subdivision 1, paragraph (a), with the commissioner by electronic means.

**EFFECTIVE DATE.** This section is effective for statements required to be sent to the commissioner after December 31, 2017, except that the date change in paragraph (d) is effective for wages paid after December 31, 2016.

Sec. 4. Minnesota Statutes 2016, section 289A.12, subdivision 14, is amended to read:

Subd. 14. ~~**Regulated investment companies; Reporting exempt interest and exempt-interest dividends.**~~ (a) A regulated investment company paying \$10 or more in exempt-interest dividends to an individual who is a resident of Minnesota, or any person receiving \$10 or more of exempt interest or exempt-interest dividends and paying as nominee to an individual who is a resident of Minnesota, must make a return indicating the amount of the exempt interest or exempt-interest dividends, the name, address, and Social Security number of the recipient, and any other information that the commissioner specifies. The return must be provided to the shareholder recipient by February 15 of the year following the year of the payment. The return provided to the shareholder recipient must include a clear statement, in the form prescribed by the commissioner, that the exempt interest or exempt-interest dividends must be included in the computation of Minnesota taxable income. By June 1 of each year, the ~~regulated investment company~~ payor must file a copy of the return with the commissioner.

(b) For purposes of this subdivision, the following definitions apply.

(1) "Exempt-interest dividends" mean exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code, but does not include the portion of exempt-interest dividends that are not required to be added to federal taxable income under section 290.0131, subdivision 2, paragraph (b).

(2) "Regulated investment company" means regulated investment company as defined in section 851(a) of the Internal Revenue Code or a fund of the regulated investment company as defined in section 851(g) of the Internal Revenue Code.

(3) "Exempt interest" means income on obligations of any state other than Minnesota, or a political or governmental subdivision, municipality, or governmental agency or instrumentality of any state other than Minnesota, and exempt from federal income taxes under the Internal Revenue Code or any other federal statute.

**EFFECTIVE DATE.** This section is effective for reports required to be filed after December 31, 2017.

Sec. 5. Minnesota Statutes 2016, section 289A.18, is amended by adding a subdivision to read:

Subd. 2a. **Annual withholding returns; eligible employers.** (a) An employer who deducts and withholds an amount required to be withheld by section 290.92 may file an annual return and make an annual payment of the amount required to be deducted and withheld for that calendar year if the employer has received a notification under paragraph (b). The ability to elect to file an annual return continues through the year following the year where an employer is required to deduct and withhold more than \$500.

(b) The commissioner is authorized to determine which employers are eligible to file an annual return and to notify employers who newly qualify to file an annual return because the amount an employer is required to deduct and withhold for that calendar year is \$500 or less based on the most recent period of four consecutive quarters for which the commissioner has compiled data on that employer's withholding tax for that period. At the time of notification, eligible employers may still decide to file returns and make deposits quarterly. An employer who decides to file returns and make deposits quarterly is required to make all returns and deposits required by this chapter and, notwithstanding paragraph (a), is subject to all applicable penalties for failing to do so.

(c) If, at the end of any calendar month other than the last month of the calendar year, the aggregate amount of undeposited tax withheld by an employer who has elected to file an annual return exceeds \$500, the employer must deposit the aggregate amount with the commissioner within 30 days of the end of the calendar month.

(d) If an employer who has elected to file an annual return ceases to pay wages for which withholding is required, the employer must file a final return and deposit any undeposited tax within 30 days of the end of the calendar month following the month in which the employer ceased paying wages.

(e) An employer not subject to paragraph (c) or (d) who elects to file an annual return must file the return and pay the tax not previously deposited before February 1 of the year following the year in which the tax was withheld.

(f) A notification to an employer regarding eligibility to file an annual return under Minnesota Rules, part 8092.1400, is considered a notification under paragraph (a).

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2016.

Sec. 6. Minnesota Statutes 2016, section 289A.20, subdivision 2, is amended to read:

Subd. 2. **Withholding from wages, entertainer withholding, withholding from payments to out-of-state contractors, and withholding by partnerships, small business corporations, trusts.** (a) Except as provided in section 289A.18, subdivision 2a, a tax required to be deducted and withheld during the quarterly period must be paid on or before the last day of the month following the close of the quarterly period, unless an earlier time for payment is provided. A tax required to be deducted and withheld from compensation of an entertainer and from a payment to an out-of-state contractor must be paid on or before the date the return for such tax must be filed under section 289A.18, subdivision 2. Taxes required to be deducted and withheld by partnerships, S corporations, and trusts must be paid on a quarterly basis as estimated taxes under section 289A.25 for partnerships and trusts and under section 289A.26 for S corporations.

(b) An employer who, during the previous quarter, withheld more than \$1,500 of tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, must deposit tax withheld under those sections with the commissioner within the time allowed to deposit the employer's federal withheld employment taxes under Code of Federal Regulations, title 26, section 31.6302-1, as amended through December 31, 2001, without regard to the safe harbor or de minimis rules in paragraph (f) or the one-day rule in paragraph (c)(3). Taxpayers must submit a copy of their federal notice of deposit status to the commissioner upon request by the commissioner.

(c) The commissioner may prescribe by rule other return periods or deposit requirements. In prescribing the reporting period, the commissioner may classify payors according to the amount of their tax liability and may adopt an appropriate reporting period for the class that the commissioner judges to be consistent with efficient tax collection. In no event will the duration of the reporting period be more than one year.

(d) If less than the correct amount of tax is paid to the commissioner, proper adjustments with respect to both the tax and the amount to be deducted must be made, without interest, in the manner and at the times the commissioner prescribes. If the underpayment cannot be adjusted, the amount of the underpayment will be assessed and collected in the manner and at the times the commissioner prescribes.

(e) If the aggregate amount of the tax withheld is \$10,000 or more in a fiscal year ending June 30, the employer must remit each required deposit for wages paid in all subsequent calendar years by electronic means.

(f) A third-party bulk filer as defined in section 290.92, subdivision 30, paragraph (a), clause (2), who remits withholding deposits must remit all deposits by electronic means as provided in paragraph (e), regardless of the aggregate amount of tax withheld during a fiscal year for all of the employers.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2016.

Sec. 7. Minnesota Statutes 2016, section 289A.31, subdivision 1, is amended to read:

Subdivision 1. **Individual income, fiduciary income, mining company, corporate franchise, and entertainment taxes.** (a) Individual income, fiduciary income, mining company, and corporate franchise taxes, and interest and penalties, must be paid by the taxpayer upon whom the tax is imposed, except in the following cases:

(1) The tax due from a decedent for that part of the taxable year in which the decedent died during which the decedent was alive and the taxes, interest, and penalty due for the prior years must be paid by the decedent's personal representative, if any. If there is no personal representative, the taxes, interest, and penalty must be paid by the transferees, as defined in section 270C.58, subdivision 3, to the extent they receive property from the decedent;

(2) The tax due from an infant or other incompetent person must be paid by the person's guardian or other person authorized or permitted by law to act for the person;

(3) The tax due from the estate of a decedent must be paid by the estate's personal representative;

(4) The tax due from a trust, including those within the definition of a corporation, as defined in section 290.01, subdivision 4, must be paid by a trustee; and

(5) The tax due from a taxpayer whose business or property is in charge of a receiver, trustee in bankruptcy, assignee, or other conservator, must be paid by the person in charge of the business or property so far as the tax is due to the income from the business or property.

(b) Entertainment taxes are the joint and several liability of the entertainer and the entertainment entity. The payor is liable to the state for the payment of the tax required to be deducted and withheld under section 290.9201, subdivision 7, and is not liable to the entertainer for the amount of the payment.

(c) The ~~tax taxes~~ imposed under ~~section~~ sections 289A.35 and 290.0922 on partnerships ~~is~~ are the joint and several liability of the partnership and the general partners.

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

Sec. 8. Minnesota Statutes 2016, section 289A.35, is amended to read:

**289A.35 ASSESSMENTS ON RETURNS.**

(a) The commissioner may audit and adjust the taxpayer's computation of federal taxable income, items of federal tax preferences, or federal credit amounts to make them conform with the provisions of chapter 290 or section 298.01. If a return has been filed, the commissioner shall enter the liability reported on the return and may make any audit or investigation that is considered necessary.



(b) Upon petition by a taxpayer, and when the commissioner determines that it is in the best interest of the state, the commissioner may allow S corporations and partnerships to receive orders of assessment issued under section 270C.33, subdivision 4, on behalf of their owners, and to pay liabilities shown on such orders. In such cases, the owners' liability must be calculated using the method provided in section 289A.08, subdivision 7, paragraph (b).

(c) A taxpayer may petition the commissioner for the use of the method described in paragraph (b) after the taxpayer is notified that an audit has been initiated and before an order of assessment has been issued.

(d) A determination of the commissioner under paragraph (b) to grant or deny the petition of a taxpayer cannot be appealed to the Tax Court or any other court.

~~(b)~~ (e) The commissioner may audit and adjust the taxpayer's computation of tax under chapter 291. In the case of a return filed pursuant to section 289A.10, the commissioner shall notify the estate no later than nine months after the filing date, as provided by section 289A.38, subdivision 2, whether the return is under examination or the return has been processed as filed.

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

Sec. 9. Minnesota Statutes 2016, section 289A.60, subdivision 28, is amended to read:

Subd. 28. **Preparer identification number.** Any Minnesota ~~individual~~ income tax return or claim for refund prepared by a "tax refund or return preparer" as defined in subdivision 13, paragraph (f), shall bear the identification number the preparer is required to use federally under section 6109(a)(4) of the Internal Revenue Code. A tax refund or return preparer who prepares a Minnesota ~~individual income tax~~ return required by section 289A.08, subdivisions 1, 2, 3, and 7; or 289A.12, subdivision 3, or claim for refund and fails to include the required number on the return or claim is subject to a penalty of \$50 for each failure.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2016.

Sec. 10. Minnesota Statutes 2016, section 290.0672, subdivision 1, is amended to read:

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

(b) "Long-term care insurance" means a policy that:

(1) qualifies for a deduction under section 213 of the Internal Revenue Code, disregarding the ~~7.5 percent adjusted gross~~ income test; or meets the requirements given in section 62A.46; or provides similar coverage issued under the laws of another jurisdiction; and

(2) has a lifetime long-term care benefit limit of not less than \$100,000; and

(3) has been offered in compliance with the inflation protection requirements of section 62S.23.

(c) "Qualified beneficiary" means the taxpayer or the taxpayer's spouse.

(d) "Premiums deducted in determining federal taxable income" means the lesser of (1) long-term care insurance premiums that qualify as deductions under section 213 of the Internal Revenue Code; and (2) the total amount deductible for medical care under section 213 of the Internal Revenue Code.

**EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning after December 31, 2012.

Sec. 11. Minnesota Statutes 2016, section 290.068, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For purposes of this section, the following terms have the meanings given.

(a) "Qualified research expenses" means (i) qualified research expenses and basic research payments as defined in section 41(b) and (e) of the Internal Revenue Code, except it does not include expenses incurred for qualified research or basic research conducted outside the state of Minnesota pursuant to section 41(d) and (e) of the Internal Revenue Code; and (ii) contributions to a nonprofit corporation established and operated pursuant to the provisions of chapter 317A for the purpose of promoting the establishment and expansion of business in this state, provided the contributions are invested by the nonprofit corporation for the purpose of providing funds for small, technologically innovative enterprises in Minnesota during the early stages of their development.

(b) "Qualified research" means qualified research as defined in section 41(d) of the Internal Revenue Code, except that the term does not include qualified research conducted outside the state of Minnesota.

(c) "Base amount" means base amount as defined in section 41(c) of the Internal Revenue Code, except that the average annual gross receipts and aggregate gross receipts must be calculated using Minnesota sales or receipts under section 290.191 and the definitions contained in ~~clauses~~ paragraphs (a) and (b) shall apply.

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

Sec. 12. Minnesota Statutes 2016, section 290.17, subdivision 2, is amended to read:

Subd. 2. **Income not derived from conduct of a trade or business.** The income of a taxpayer subject to the allocation rules that is not derived from the conduct of a trade or business must be assigned in accordance with paragraphs (a) to (f):

(a)(1) Subject to paragraphs (a)(2) and (a)(3), income from wages as defined in section 3401(a) and (f) of the Internal Revenue Code is assigned to this state if, and to the extent that, the work of the employee is performed within it; all other income from such sources is treated as income from sources without this state.

Severance pay shall be considered income from labor or personal or professional services.

(2) In the case of an individual who is a nonresident of Minnesota and who is an athlete or entertainer, income from compensation for labor or personal services performed within this state shall be determined in the following manner:

(i) The amount of income to be assigned to Minnesota for an individual who is a nonresident salaried athletic team employee shall be determined by using a fraction in which the denominator contains the total number of days in which the individual is under a duty to perform for the employer, and the numerator is the total number of those days spent in Minnesota. For purposes of this paragraph, off-season training activities, unless conducted at the team's facilities as part of a team imposed program, are not included in the total number of duty days. Bonuses earned as a result of play during the regular season or for participation in championship, play-off, or all-star games must be allocated under the formula. Signing bonuses are not subject to allocation under the formula if they are not conditional on playing any games for the team, are payable separately from any other compensation, and are nonrefundable; and

(ii) The amount of income to be assigned to Minnesota for an individual who is a nonresident, and who is an athlete or entertainer not listed in clause (i), for that person's athletic or entertainment performance in Minnesota shall be determined by assigning to this state all income from performances or athletic contests in this state.

(3) For purposes of this section, amounts received by a nonresident as "retirement income" as defined in section (b)(1) of the State Income Taxation of Pension Income Act, Public Law 104-95, are not considered income derived from carrying on a trade or business or from wages or other compensation for work an employee performed in Minnesota, and are not taxable under this chapter.

(b) Income or gains from tangible property located in this state that is not employed in the business of the recipient of the income or gains must be assigned to this state.

(c) Income or gains from intangible personal property not employed in the business of the recipient of the income or gains must be assigned to this state if the recipient of the income or gains is a resident of this state or is a resident trust or estate.

Gain on the sale of a partnership interest is allocable to this state in the ratio of the original cost of partnership tangible property in this state to the original cost of partnership tangible property everywhere, determined at the time of the sale. If more than 50 percent of the value of the partnership's assets consists of intangibles, gain or loss from the sale of the partnership interest is allocated to this state in accordance with the sales factor of the partnership for its first full tax period immediately preceding the tax period of the partnership during which the partnership interest was sold.

Gain on the sale of an interest in a single member limited liability company that is disregarded for federal income tax purposes is allocable to this state as if the single member limited liability company did not exist and the assets of the limited liability company are personally owned by the sole member.

Gain on the sale of goodwill or income from a covenant not to compete that is connected with a business operating all or partially in Minnesota is allocated to this state to the extent that the income from the business in the year preceding the year of sale was ~~assignable~~ allocable to Minnesota under subdivision 3.

When an employer pays an employee for a covenant not to compete, the income allocated to this state is in the ratio of the employee's service in Minnesota in the calendar year preceding leaving the employment of the employer over the total services performed by the employee for the employer in that year.

(d) Income from winnings on a bet made by an individual while in Minnesota is assigned to this state. In this paragraph, "bet" has the meaning given in section 609.75, subdivision 2, as limited by section 609.75, subdivision 3, clauses (1), (2), and (3).

(e) All items of gross income not covered in paragraphs (a) to (d) and not part of the taxpayer's income from a trade or business shall be assigned to the taxpayer's domicile.

(f) For the purposes of this section, working as an employee shall not be considered to be conducting a trade or business.

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

Sec. 13. Minnesota Statutes 2016, section 290.31, subdivision 1, is amended to read:

Subdivision 1. **Partners, not partnership, subject to tax.** Except as provided under section 289A.35, paragraph (b), a partnership as such shall not be subject to the income tax imposed by this chapter, but is subject to the tax imposed under section 290.0922. Persons carrying on business as partners shall be liable for income tax only in their separate or individual capacities.

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

Sec. 14. Minnesota Statutes 2016, section 290A.19, is amended to read:

**290A.19 OWNER OR MANAGING AGENT TO FURNISH RENT CERTIFICATE.**

(a) The owner or managing agent of any property for which rent is paid for occupancy as a homestead must furnish a certificate of rent paid to a person who is a renter on December 31, in the form prescribed by the commissioner. If the renter moves before December 31, the owner or managing agent may give the certificate to the renter at the time of moving, or mail the certificate to the forwarding address if an address has been provided by the renter. The certificate must be made available to the renter before February 1 of the year following the year in which the rent was paid. The owner or managing agent must retain a duplicate of each certificate or an equivalent record showing the same information for a period of three years. The duplicate or other record must be made available to the commissioner upon request.

(b) The commissioner may require the owner or managing agent, through a simple process, to furnish to the commissioner on or before March 1 a copy of each certificate of rent paid furnished to a renter for rent paid in the prior year, in the content, format, and manner prescribed by the commissioner pursuant to section 270C.30. Prior to implementation, the commissioner, after consulting with representatives of owners or managing agents, shall develop an implementation and administration plan for the requirements of this paragraph that attempts to minimize financial burdens, administration and compliance costs, and takes into consideration existing systems of owners and managing agents.

(c) For the purposes of this section, "owner" includes a park owner as defined under section 327C.01, subdivision 6, and "property" includes a lot as defined under section 327C.01, subdivision 3.

**EFFECTIVE DATE.** This section is effective for certificates of rent paid furnished to a renter for rent paid after December 31, 2016.

Sec. 15. Minnesota Statutes 2016, section 291.016, subdivision 2, is amended to read:

Subd. 2. **Additions.** The following amounts, to the extent deducted in computing or otherwise excluded from the federal taxable estate, must be added in computing the Minnesota taxable estate:

(1) the amount of the deduction for state death taxes allowed under section 2058 of the Internal Revenue Code;

(2) the amount of the deduction for foreign death taxes allowed under section 2053(d) of the Internal Revenue Code; and

(3) the aggregate amount of taxable gifts as defined in section 2503 of the Internal Revenue Code, made by the decedent within three years of the date of death. For purposes of this clause, the amount of the addition equals the value of the gift under section 2512 of the Internal Revenue Code and excludes any value of the gift included in the federal estate.

**EFFECTIVE DATE.** This section is effective retroactively for estates of decedents dying after June 30, 2013.

Sec. 16. Minnesota Statutes 2016, section 291.016, subdivision 3, is amended to read:

Subd. 3. **Subtraction.** The following amounts, to the extent included in computing the federal taxable estate, may be subtracted in computing the Minnesota taxable estate but must not reduce the Minnesota taxable estate to less than zero:

(1) the value of property subject to an election under section 291.03, subdivision 1d; and

(2) the value of qualified small business property under section 291.03, subdivision 9, and the value of qualified farm property under section 291.03, subdivision 10, or the result of \$5,000,000 minus the amount for the year of death listed in ~~clauses (1) to (5)~~ items (i) to (v), whichever is less, ~~may be subtracted in computing the Minnesota taxable estate but must not reduce the Minnesota taxable estate to less than zero:~~

- ~~(1)~~ (i) \$1,200,000 for estates of decedents dying in 2014;
- ~~(2)~~ (ii) \$1,400,000 for estates of decedents dying in 2015;
- ~~(3)~~ (iii) \$1,600,000 for estates of decedents dying in 2016;
- ~~(4)~~ (iv) \$1,800,000 for estates of decedents dying in 2017; and
- ~~(5)~~ (v) \$2,000,000 for estates of decedents dying in 2018 and thereafter.

**EFFECTIVE DATE.** This section is effective retroactively for estates of decedents dying after June 30, 2011.

Sec. 17. Minnesota Statutes 2016, section 291.03, subdivision 9, is amended to read:

Subd. 9. **Qualified small business property.** Property satisfying all of the following requirements is qualified small business property:

- (1) The value of the property was included in the federal adjusted taxable estate.
- (2) The property consists of the assets of a trade or business or shares of stock or other ownership interests in a corporation or other entity engaged in a trade or business. Shares of stock in a corporation or an ownership interest in another type of entity do not qualify under this subdivision if the shares or ownership interests are traded on a public stock exchange at any time during the three-year period ending on the decedent's date of death. For purposes of this subdivision, an ownership interest includes the interest the decedent is deemed to own under sections 2036, 2037, and 2038 of the Internal Revenue Code.
- (3) During the taxable year that ended before the decedent's death, the trade or business must not have been a passive activity within the meaning of section 469(c) of the Internal Revenue Code, and the decedent or the decedent's spouse must have materially participated in the trade or business within the meaning of section 469(h) of the Internal Revenue Code, excluding section 469(h)(3) of the Internal Revenue Code and any other provision provided by United States Treasury Department regulation that substitutes material participation in prior taxable years for material participation in the taxable year that ended before the decedent's death.
- (4) The gross annual sales of the trade or business were \$10,000,000 or less for the last taxable year that ended before the date of the death of the decedent.
- (5) The property does not ~~consist of~~ include:
  - (i) cash;
  - (ii) cash equivalents;
  - (iii) publicly traded securities; or
  - (iv) any assets not used in the operation of the trade or business.

~~(6)~~ For property consisting of shares of stock or other ownership interests in an entity, the value of ~~cash, cash equivalents, publicly traded securities, or assets not used in the operation of the trade or business held by the corporation or other entity~~ items described in clause (5) must be deducted from the value of the property qualifying under this subdivision in proportion to the decedent's share of ownership of the entity on the date of death excluded in the valuation of the decedent's interest in the entity.

~~(6)~~ (7) The decedent continuously owned the property, including property the decedent is deemed to own under sections 2036, 2037, and 2038 of the Internal Revenue Code, for the three-year period ending on the date of death of the decedent. In the case of a sole proprietor, if the property replaced similar property within the three-year period, the replacement property will be treated as having been owned for the three-year period ending on the date of death of the decedent.

~~(7)~~ (8) For three years following the date of death of the decedent, the trade or business is not a passive activity within the meaning of section 469(c) of the Internal Revenue Code, and a family member materially participates in the operation of the trade or business within the meaning of section 469(h) of the Internal Revenue Code, excluding section 469(h)(3) of the Internal Revenue Code and any other provision provided by United States Treasury Department regulation that substitutes material participation in prior taxable years for material participation in the three years following the date of death of the decedent.

~~(8)~~ (9) The estate and the qualified heir elect to treat the property as qualified small business property and agree, in the form prescribed by the commissioner, to pay the recapture tax under subdivision 11, if applicable.

**EFFECTIVE DATE.** This section is effective retroactively for estates of decedents dying after June 30, 2011.

Sec. 18. Minnesota Statutes 2016, section 291.03, subdivision 11, is amended to read:

Subd. 11. **Recapture tax.** (a) If, within three years after the decedent's death and before the death of the qualified heir, the qualified heir disposes of any interest in the qualified property, other than by a disposition to a family member, or a family member ceases to satisfy the requirement under subdivision 9, clause (7); or 10, clause (5), an additional estate tax is imposed on the property. In the case of a sole proprietor, if the qualified heir replaces qualified small business property excluded under subdivision 9 with similar property, then the qualified heir will not be treated as having disposed of an interest in the qualified property.

(b) The amount of the additional tax equals the amount of the exclusion claimed by the estate under subdivision 8, paragraph (d), multiplied by 16 percent.

(c) The additional tax under this subdivision is due on the day which is six months after the date of the disposition or cessation in paragraph (a).

(d) This subdivision shall not apply as a result of any of the following:

(1) a portion of qualified farm property consisting of less than one-fifth of the acreage of the property is reclassified as class 2b property under section 273.13, subdivision 23, and the qualified heir has not substantially altered the reclassified property during the three-year holding period; or

(2) a portion of qualified farm property classified as 2a property at the death of the decedent pursuant to section 273.13, subdivision 23, paragraph (a), consisting of a residence, garage, and immediately surrounding one acre of land is reclassified as 4bb property during the three-year holding period, and the qualified heir has not substantially altered the property.

**EFFECTIVE DATE.** This section is effective retroactively for estates of decedents dying after June 30, 2011.

Sec. 19. **REPEALER.**

(a) Minnesota Rules, part 8092.1400, is repealed.

(b) Minnesota Rules, part 8092.2000, is repealed.

**EFFECTIVE DATE.** Paragraph (a) is effective for taxable years beginning after December 31, 2016, except that notifications from the Department of Revenue to employers regarding eligibility to file an annual return for taxes withheld in calendar year 2017 remain in force. Paragraph (b) is effective the day following final enactment.

ARTICLE 3

DEPARTMENT OF REVENUE 2015-2016 POLICY AND TECHNICAL PROVISIONS;  
SPECIAL TAXES AND SALES AND USE TAXES

Section 1. Minnesota Statutes 2016, section 69.021, subdivision 5, is amended to read:

Subd. 5. **Calculation of state aid.** (a) The amount of fire state aid available for apportionment, before the addition of the minimum fire state aid allocation amount under subdivision 7, is equal to 107 percent of the amount of premium taxes paid to the state upon the fire, lightning, sprinkler leakage, and extended coverage premiums reported to the commissioner by insurers on the Minnesota Firetown Premium Report. This amount must be reduced by the amount required to pay the state auditor's costs and expenses of the audits or exams of the firefighters relief associations.

The total amount for apportionment in respect to fire state aid must not be less than two percent of the premiums reported to the commissioner by insurers on the Minnesota Firetown Premium Report after subtracting the following amounts:

(1) the amount required to pay the state auditor's costs and expenses of the audits or exams of the firefighters relief associations; and

(2) one percent of the premiums reported by ~~town and farmers'~~ township mutual insurance companies and mutual property and casualty companies with total assets of \$5,000,000 or less.

(b) The total amount for apportionment as police state aid is equal to 104 percent of the amount of premium taxes paid to the state on the premiums reported to the commissioner by insurers on the Minnesota Aid to Police Premium Report. The total amount for apportionment in respect to the police state aid program must not be less than two percent of the amount of premiums reported to the commissioner by insurers on the Minnesota Aid to Police Premium Report.

(c) The commissioner shall calculate the percentage of increase or decrease reflected in the apportionment over or under the previous year's available state aid using the same premiums as a basis for comparison.

(d) In addition to the amount for apportionment of police state aid under paragraph (b), each year \$100,000 must be apportioned for police state aid. An amount sufficient to pay this increase is annually appropriated from the general fund.

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

Sec. 2. Minnesota Statutes 2016, section 289A.38, subdivision 6, is amended to read:

Subd. 6. **Omission in excess of 25 percent.** Additional taxes may be assessed within 6-1/2 years after the due date of the return or the date the return was filed, whichever is later, if:

(1) the taxpayer omits from gross income an amount properly includable in it that is in excess of 25 percent of the amount of gross income stated in the return;

(2) the taxpayer omits from a sales, use, or withholding tax return, or a return for a tax imposed under section 295.52, an amount of taxes in excess of 25 percent of the taxes reported in the return; or

(3) the taxpayer omits from the gross estate assets in excess of 25 percent of the gross estate reported in the return.

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

Sec. 3. Minnesota Statutes 2016, section 290.0922, subdivision 2, is amended to read:

Subd. 2. **Exemptions.** The following entities are exempt from the tax imposed by this section:

(1) corporations exempt from tax under section 290.05;

(2) real estate investment trusts;

(3) regulated investment companies or a fund thereof; and

(4) entities having a valid election in effect under section 860D(b) of the Internal Revenue Code;

(5) ~~town and farmers'~~ township mutual insurance companies;

(6) cooperatives organized under chapter 308A or 308B that provide housing exclusively to persons age 55 and over and are classified as homesteads under section 273.124, subdivision 3; and

(7) a qualified business as defined under section 469.310, subdivision 11, if for the taxable year all of its property is located in a job opportunity building zone designated under section 469.314 and all of its payroll is a job opportunity building zone payroll under section 469.310.

Entities not specifically exempted by this subdivision are subject to tax under this section, notwithstanding section 290.05.

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

Sec. 4. Minnesota Statutes 2016, section 295.54, subdivision 2, is amended to read:

Subd. 2. **Pharmacy refund.** A pharmacy may claim an annual refund against the total amount of tax, if any, the pharmacy owes during that calendar year under section 295.52, subdivision 4. The refund shall equal the amount paid by the pharmacy to a wholesale drug distributor subject to tax under section 295.52, subdivision 3, for legend drugs delivered by the pharmacy outside of Minnesota, multiplied by the tax percentage specified in section 295.52, subdivision 3. If the amount of the refund exceeds the tax liability of the pharmacy under section 295.52, subdivision 4, the commissioner shall provide the pharmacy with a refund equal to the excess amount. Each qualifying pharmacy must apply for the refund on the annual return as ~~provided under section 295.55, subdivision 5~~



prescribed by the commissioner, on or before March 15 of the year following the calendar year the legend drugs were delivered outside Minnesota. The refund ~~must be claimed within 18 months from the date the drugs were delivered outside of Minnesota~~ shall not be allowed if the initial claim for refund is filed more than one year after the original due date of the return. Interest on refunds paid under this subdivision will begin to accrue 60 days after the date a claim for refund is filed. For purposes of this subdivision, the date a claim is filed is the due date of the return if a return is due or the date of the actual claim for refund, whichever is later.

**EFFECTIVE DATE.** This section is effective for qualifying legend drugs delivered outside Minnesota after December 31, 2017.

Sec. 5. Minnesota Statutes 2016, section 296A.01, is amended by adding a subdivision to read:

Subd. 9a. **Bulk storage or bulk storage facility.** "Bulk storage" or "bulk storage facility" means a single property, or contiguous or adjacent properties used for a common purpose and owned or operated by the same person, on or in which are located one or more stationary tanks that are used singularly or in combination for the storage or containment of more than 1,100 gallons of petroleum.

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

Sec. 6. Minnesota Statutes 2016, section 296A.01, subdivision 33, is amended to read:

Subd. 33. **Motor fuel.** "Motor fuel" means a liquid or gaseous form of fuel, regardless of its composition or properties, used to propel a motor vehicle.

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

Sec. 7. Minnesota Statutes 2016, section 296A.01, subdivision 42, is amended to read:

Subd. 42. **Petroleum products.** "Petroleum products" means all of the products defined in subdivisions 2, 7, 8, 8a, ~~8b~~, 10, 14, 16, 19, 20, 22 to 26, 28, 32, and 35.

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

Sec. 8. Minnesota Statutes 2016, section 296A.07, subdivision 1, is amended to read:

Subdivision 1. **Tax imposed.** There is imposed an excise tax on gasoline, gasoline blended with ethanol, and agricultural alcohol gasoline used in producing and generating power for propelling motor vehicles used on the public highways of this state. The tax is imposed on the first licensed distributor who received the product in Minnesota. For purposes of this section, gasoline is defined in section 296A.01, subdivisions ~~8b~~, 10, 18, 20, 23, 24, 25, 32, and 34. The tax is payable at the time and in the form and manner prescribed by the commissioner. The tax is payable at the rates specified in subdivision 3, subject to the exceptions and reductions specified in section 296A.17.

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

Sec. 9. Minnesota Statutes 2016, section 297A.82, subdivision 4, is amended to read:

Subd. 4. **Exemptions.** (a) The following transactions are exempt from the tax imposed in this chapter to the extent provided.

(b) The purchase or use of aircraft previously registered in Minnesota by a corporation or partnership is exempt if the transfer constitutes a transfer within the meaning of section 351 or 721 of the Internal Revenue Code.

(c) The sale to or purchase, storage, use, or consumption by a licensed aircraft dealer of an aircraft for which a commercial use permit has been issued pursuant to section 360.654 is exempt, if the aircraft is resold while the permit is in effect.

(d) Air flight equipment when sold to, or purchased, stored, used, or consumed by airline companies, as defined in section 270.071, subdivision 4, is exempt. For purposes of this subdivision, "air flight equipment" includes airplanes and parts necessary for the repair and maintenance of such air flight equipment, and flight simulators, but does not include ~~airplanes aircraft~~ with a ~~gross~~ maximum takeoff weight of less than 30,000 pounds ~~that are used on intermittent or irregularly timed flights.~~

(e) Sales of, and the storage, distribution, use, or consumption of aircraft, as defined in section 360.511 and approved by the Federal Aviation Administration, and which the seller delivers to a purchaser outside Minnesota or which, without intermediate use, is shipped or transported outside Minnesota by the purchaser are exempt, but only if the purchaser is not a resident of Minnesota and provided that the aircraft is not thereafter returned to a point within Minnesota, except in the course of interstate commerce or isolated and occasional use, and will be registered in another state or country upon its removal from Minnesota. This exemption applies even if the purchaser takes possession of the aircraft in Minnesota and uses the aircraft in the state exclusively for training purposes for a period not to exceed ten days prior to removing the aircraft from this state.

(f) The sale or purchase of the following items that relate to aircraft operated under Federal Aviation Regulations, Parts 91 and 135, and associated installation charges: equipment and parts necessary for repair and maintenance of aircraft; and equipment and parts to upgrade and improve aircraft.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after December 31, 2017.

Sec. 10. Minnesota Statutes 2016, section 297A.82, subdivision 4a, is amended to read:

Subd. 4a. **Deposit in state airports fund.** Tax revenue, including interest and penalties, collected from the sale or purchase of an aircraft taxable under this chapter must be deposited in the state airports fund established in section 360.017. For purposes of this subdivision, "revenue" does not include the revenue, including interest and penalties, generated by the sales tax imposed under section 297A.62, subdivision 1a, which must be deposited as provided under article XI, section 15, of the Minnesota Constitution.

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

Sec. 11. Minnesota Statutes 2016, section 297E.02, subdivision 7, is amended to read:

Subd. 7. **Untaxed gambling product.** (a) In addition to penalties or criminal sanctions imposed by this chapter, a person, organization, or business entity possessing or selling a pull-tab, electronic pull-tab game, raffle board, or tipboard upon which the tax imposed by this chapter has not been paid is liable for a tax of six percent of the ideal gross of each pull-tab, electronic pull-tab game, raffle board, or tipboard. The tax on a partial deal must be assessed as if it were a full deal.

(b) In addition to penalties and criminal sanctions imposed by this chapter, a person (1) not licensed by the board who conducts bingo, linked bingo, electronic linked bingo, raffles, or paddlewheel games, or (2) who conducts gambling prohibited under sections 609.75 to 609.763, other than activities subject to tax under section 297E.03, is liable for a tax of six percent of the gross receipts from that activity.

(c) The tax ~~must~~ may be assessed by the commissioner. An assessment must be considered a jeopardy assessment or jeopardy collection as provided in section 270C.36. The commissioner shall assess the tax based on personal knowledge or information available to the commissioner. The commissioner shall mail to the taxpayer at

the taxpayer's last known address, or serve in person, a written notice of the amount of tax, demand its immediate payment, and, if payment is not immediately made, collect the tax by any method described in chapter 270C, except that the commissioner need not await the expiration of the times specified in chapter 270C. The tax assessed by the commissioner is presumed to be valid and correctly determined and assessed. The burden is upon the taxpayer to show its incorrectness or invalidity. The tax imposed under this subdivision does not apply to gambling that is exempt from taxation under subdivision 2.

(d) A person, organization, or business entity conducting gambling activity under this subdivision must file monthly tax returns with the commissioner, in the form required by the commissioner. The returns must be filed on or before the 20th day of the month following the month in which the gambling activity occurred. The tax imposed by this section is due and payable at the time when the returns are required to be filed.

(e) Notwithstanding any law to the contrary, neither the commissioner nor a public employee may reveal facts contained in a tax return filed with the commissioner of revenue as required by this subdivision, nor can any information contained in the report or return be used against the tax obligor in any criminal proceeding, unless independently obtained, except in connection with a proceeding involving taxes due under this section, or as provided in section 270C.055, subdivision 1. However, this paragraph does not prohibit the commissioner from publishing statistics that do not disclose the identity of tax obligors or the contents of particular returns or reports. Any person violating this paragraph is guilty of a gross misdemeanor.

**EFFECTIVE DATE.** This section is effective for games played or purchased after June 30, 2017.

Sec. 12. Minnesota Statutes 2016, section 297H.06, subdivision 2, is amended to read:

Subd. 2. **Materials.** The tax is not imposed upon charges to generators of mixed municipal solid waste or upon the volume of nonmixed municipal solid waste for waste management services to manage the following materials:

- (1) mixed municipal solid waste and nonmixed municipal solid waste generated outside of Minnesota;
- (2) recyclable materials that are separated for recycling by the generator, collected separately from other waste, and recycled, to the extent the price of the service for handling recyclable material is separately itemized on a bill to the generator;
- (3) recyclable nonmixed municipal solid waste that is separated for recycling by the generator, collected separately from other waste, delivered to a waste facility for the purpose of recycling, and recycled;
- (4) industrial waste, when it is transported to a facility owned and operated by the same person that generated it;
- (5) mixed municipal solid waste from a recycling facility that separates or processes recyclable materials and reduces the volume of the waste by at least 85 percent, provided that the exempted waste is managed separately from other waste;
- (6) recyclable materials that are separated from mixed municipal solid waste by the generator, collected and delivered to a waste facility that recycles at least 85 percent of its waste, and are collected with mixed municipal solid waste that is segregated in leakproof bags, provided that the mixed municipal solid waste does not exceed five percent of the total weight of the materials delivered to the facility and is ultimately delivered to a waste facility identified as a preferred waste management facility in county solid waste plans under section 115A.46;
- (7) source-separated compostable ~~waste materials~~, if the ~~waste is materials~~ are delivered to a facility exempted as described in this clause. To initially qualify for an exemption, a facility must apply for an exemption in its application for a new or amended solid waste permit to the Pollution Control Agency. The first time a facility

applies to the agency it must certify in its application that it will comply with the criteria in items (i) to (v) and the commissioner of the agency shall so certify to the commissioner of revenue who must grant the exemption. The facility must annually apply to the agency for certification to renew its exemption for the following year. The application must be filed according to the procedures of, and contain the information required by, the agency. The commissioner of revenue shall grant the exemption if the commissioner of the Pollution Control Agency finds and certifies to the commissioner of revenue that based on an evaluation of the composition of incoming waste and residuals and the quality and use of the product:

- (i) generators separate materials at the source;
- (ii) the separation is performed in a manner appropriate to the technology specific to the facility that:
  - (A) maximizes the quality of the product;
  - (B) minimizes the toxicity and quantity of ~~residuals~~ rejects; and
  - (C) provides an opportunity for significant improvement in the environmental efficiency of the operation;
- (iii) the operator of the facility educates generators, in coordination with each county using the facility, about separating the waste to maximize the quality of the waste stream for technology specific to the facility;
- (iv) process ~~residuals~~ rejects do not exceed 15 percent of the weight of the total material delivered to the facility; and
- (v) the final product is accepted for use;
- (8) waste and waste by-products for which the tax has been paid; and
- (9) daily cover for landfills that has been approved in writing by the Minnesota Pollution Control Agency.

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

Sec. 13. Minnesota Statutes 2016, section 297I.05, subdivision 2, is amended to read:

Subd. 2. ~~Town and farmers'~~ **Township mutual insurance.** A tax is imposed on ~~town and farmers'~~ township mutual insurance companies. The rate of tax is equal to one percent of gross premiums less return premiums on all direct business received by the insurer or agents of the insurer in Minnesota, in cash or otherwise, during the year.

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

Sec. 14. Minnesota Statutes 2016, section 297I.10, subdivision 1, is amended to read:

Subdivision 1. **Cities of the first class.** (a) The commissioner shall order and direct a surcharge to be collected of two percent of the fire, lightning, and sprinkler leakage gross premiums, less return premiums, on all direct business received by any licensed foreign or domestic fire insurance company on property in a city of the first class, or by its agents for it, in cash or otherwise.

(b) By July 31 and December 31 of each year, the commissioner ~~of management and budget~~ shall pay to each city of the first class a warrant for an amount equal to the total amount of the surcharge on the premiums collected within that city since the previous payment.

(c) The treasurer of the city shall place the money received under this subdivision in a special account or fund to defray all or a portion of the employer contribution requirement of public employees police and fire plan coverage for city firefighters.

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

Sec. 15. Minnesota Statutes 2016, section 297I.10, subdivision 3, is amended to read:

Subd. 3. **Appropriation.** The amount necessary to make the payments required under this section is appropriated to the commissioner of management and budget from the general fund.

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

Sec. 16. Minnesota Statutes 2016, section 298.01, subdivision 4c, is amended to read:

Subd. 4c. **Special deductions; net operating loss.** ~~(a)~~ For purposes of determining taxable income under subdivision 4, the provisions of sections 290.0133, subdivisions 7 and 9, and 290.0134, subdivisions 7 and 9, are not used to determine taxable income.

~~(b) The amount of net operating loss incurred in a taxable year beginning before January 1, 1990, that may be carried over to a taxable year beginning after December 31, 1989, is the amount of net operating loss carryover determined in the calculation of the hypothetical corporate franchise tax under Minnesota Statutes 1988, sections 298.40 and 298.402.~~

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

ARTICLE 4  
DEPARTMENT OF REVENUE 2015-2016 POLICY AND TECHNICAL PROVISIONS;  
PROPERTY TAX

Section 1. Minnesota Statutes 2016, section 13.51, subdivision 2, is amended to read:

Subd. 2. **Income property assessment data.** The following data collected by political subdivisions and the state from individuals or business entities concerning income properties are classified as private or nonpublic data pursuant to section 13.02, subdivisions 9 and 12:

- (a) detailed income and expense figures;
- (b) average vacancy factors;
- (c) verified net rentable areas or net usable areas, whichever is appropriate;
- (d) anticipated income and expenses;
- (e) projected vacancy factors; and
- (f) lease information.

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

Sec. 2. Minnesota Statutes 2016, section 270.071, subdivision 2, is amended to read:

Subd. 2. **Air commerce.** ~~(a) "Air commerce" means the transportation by aircraft of persons or property for hire in interstate, intrastate, or international transportation on regularly scheduled flights or on intermittent or irregularly timed flights by airline companies and includes transportation by any airline company making three or more flights in or out of Minnesota, or within Minnesota, during a calendar year.~~

~~(b) "Air commerce" includes but is not limited to an intermittent or irregularly timed flight, a flight arranged at the convenience of an airline and the person contracting for the transportation, or a charter flight. It includes any airline company making three or more flights in or out of Minnesota during a calendar year.~~

~~(c) "Air commerce" does not include casual transportation for hire by aircraft commonly owned and used for private air flight purposes if the person furnishing the transportation does not hold out to be engaged regularly in transportation for hire.~~

**EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

Sec. 3. Minnesota Statutes 2016, section 270.071, subdivision 7, is amended to read:

Subd. 7. **Flight property.** "Flight property" means all aircraft and flight equipment used in connection therewith, including spare flight equipment. Flight property also includes computers and computer software used in operating, controlling, or regulating aircraft and flight equipment. Flight property does not include aircraft with a maximum takeoff weight of less than 30,000 pounds.

**EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

Sec. 4. Minnesota Statutes 2016, section 270.071, subdivision 8, is amended to read:

Subd. 8. **Person.** "Person" means ~~any an individual, corporation, firm, copartnership, company, or association, and includes any guardian, trustee, executor, administrator, receiver, conservator, or any person acting in any fiduciary capacity therefor~~ trust, estate, fiduciary, partnership, company, corporation, limited liability company, association, governmental unit or agency, public or private organization of any kind, or other legal entity.

**EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

Sec. 5. Minnesota Statutes 2016, section 270.071, is amended by adding a subdivision to read:

Subd. 10. **Intermittent or irregularly timed flights.** "Intermittently or irregularly timed flights" means any flight in which the departure time, departure location, and arrival location are specifically negotiated with the customer or the customer's representative, including but not limited to charter flights.

**EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

Sec. 6. Minnesota Statutes 2016, section 270.072, subdivision 2, is amended to read:

Subd. 2. **Assessment of flight property.** Flight property that is owned by, or is leased, loaned, or otherwise made available to an airline company operating in Minnesota shall be assessed and appraised annually by the commissioner with reference to its value on January 2 of the assessment year in the manner prescribed by sections 270.071 to 270.079. ~~Aircraft with a gross weight of less than 30,000 pounds and used on intermittent or irregularly timed flights shall be excluded from the provisions of sections 270.071 to 270.079.~~

**EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

Sec. 7. Minnesota Statutes 2016, section 270.072, subdivision 3, is amended to read:

Subd. 3. **Report by airline company.** (a) Each year, on or before July 1, every airline company engaged in air commerce in this state shall file with the commissioner a report under oath setting forth specifically the information prescribed by the commissioner to enable the commissioner to make the assessment required in sections 270.071 to 270.079, unless the commissioner determines that the airline company or person should be excluded from is exempt from filing because its activities do not constitute air commerce as defined herein.

(b) The commissioner shall prescribe the content, format, and manner of the report pursuant to section 270C.30, except that a "law administered by the commissioner" includes the property tax laws. If a report is made by electronic means, the taxpayer's signature is defined pursuant to section 270C.304, except that a "law administered by the commissioner" includes the property tax laws.

**EFFECTIVE DATE.** The amendment to paragraph (a) is effective for reports filed in 2018 and thereafter. The amendment adding paragraph (b) is effective the day following final enactment.

Sec. 8. Minnesota Statutes 2016, section 270.072, is amended by adding a subdivision to read:

Subd. 3a. **Commissioner filed reports.** If an airline company fails to file a report required by subdivision 3, the commissioner may, from information in the commissioner's possession or obtainable by the commissioner, make and file a report for the airline company, or may issue a notice of net tax capacity and tax under section 270.075, subdivision 2.

**EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

Sec. 9. Minnesota Statutes 2016, section 270.12, is amended by adding a subdivision to read:

Subd. 6. **Reassessment orders.** If the State Board of Equalization determines that a considerable amount of property has been undervalued or overvalued compared to like property such that the assessment is grossly unfair or inequitable, the State Board of Equalization may, pursuant to its responsibilities under subdivisions 2 and 3, issue orders to the county assessor to reassess all parcels or an identified set of parcels in a county.

**EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

Sec. 10. Minnesota Statutes 2016, section 270C.89, subdivision 1, is amended to read:

Subdivision 1. **Initial report.** Each county assessor shall file by April 1 with the commissioner a copy of the abstract that will be acted upon by the local and county boards of review. The abstract must list the real and personal property in the county itemized by assessment districts. The assessor of each county in the state shall file with the commissioner, within ten working days following final action of the local board of review or equalization and within five days following final action of the county board of equalization, any changes made by the local or county board. The information must be filed in the manner prescribed by the commissioner. ~~It must be accompanied by a printed or typewritten copy of the proceedings of the appropriate board.~~

**EFFECTIVE DATE.** This section is effective for local and county boards of appeal and equalization meetings held in 2017 and thereafter.

Sec. 11. Minnesota Statutes 2016, section 272.02, subdivision 9, is amended to read:

Subd. 9. **Personal property; exceptions.** Except for the taxable personal property enumerated below, all personal property and the property described in section 272.03, subdivision 1, paragraphs (c) and (d), shall be exempt.

The following personal property shall be taxable:

(a) personal property which is part of (1) an electric generating, transmission, or distribution system ~~or~~; (2) a pipeline system transporting or distributing ~~water, gas, crude oil, or petroleum~~ products; or (3) mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings and structures;

(b) railroad docks and wharves which are part of the operating property of a railroad company as defined in section 270.80;

(c) personal property defined in section 272.03, subdivision 2, clause (3);

(d) leasehold or other personal property interests which are taxed pursuant to section 272.01, subdivision 2; 273.124, subdivision 7; or 273.19, subdivision 1; or any other law providing the property is taxable as if the lessee or user were the fee owner;

(e) manufactured homes and sectional structures, including storage sheds, decks, and similar removable improvements constructed on the site of a manufactured home, sectional structure, park trailer or travel trailer as provided in section 273.125, subdivision 8, paragraph (f); and

(f) flight property as defined in section 270.071.

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

Sec. 12. Minnesota Statutes 2016, section 272.029, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) For the purposes of this section, ~~the term:~~

(1) "wind energy conversion system" has the meaning given in section 216C.06, subdivision 19, and also includes a substation that is used and owned by one or more wind energy conversion facilities;

(2) "large scale wind energy conversion system" means a wind energy conversion system of more than 12 megawatts, as measured by the nameplate capacity of the system or as combined with other systems as provided in paragraph (b);

(3) "medium scale wind energy conversion system" means a wind energy conversion system of over two and not more than 12 megawatts, as measured by the nameplate capacity of the system or as combined with other systems as provided in paragraph (b); and

(4) "small scale wind energy conversion system" means a wind energy conversion system of two megawatts and under, as measured by the nameplate capacity of the system or as combined with other systems as provided in paragraph (b).

(b) For systems installed and contracted for after January 1, 2002, the total size of a wind energy conversion system under this subdivision shall be determined according to this paragraph. Unless the systems are interconnected with different distribution systems, the nameplate capacity of one wind energy conversion system shall be combined with the nameplate capacity of any other wind energy conversion system that is:



- (1) located within five miles of the wind energy conversion system;
- (2) constructed within the same ~~calendar year~~ 12-month period as the wind energy conversion system; and
- (3) under common ownership.

In the case of a dispute, the commissioner of commerce shall determine the total size of the system, and shall draw all reasonable inferences in favor of combining the systems.

(c) In making a determination under paragraph (b), the commissioner of commerce may determine that two wind energy conversion systems are under common ownership when the underlying ownership structure contains similar persons or entities, even if the ownership shares differ between the two systems. Wind energy conversion systems are not under common ownership solely because the same person or entity provided equity financing for the systems.

**EFFECTIVE DATE.** This section is effective for reports filed in 2018 and thereafter.

Sec. 13. Minnesota Statutes 2016, section 272.029, is amended by adding a subdivision to read:

Subd. 8. **Extension.** The commissioner may, for good cause, extend the time for filing the report required by subdivision 4. The extension must not exceed 15 days.

**EFFECTIVE DATE.** This section is effective for reports filed in 2018 and thereafter.

Sec. 14. Minnesota Statutes 2016, section 273.061, subdivision 7, is amended to read:

Subd. 7. **Division of duties between local and county assessor.** The duty of the duly appointed local assessor shall be to view and appraise the value of all property as provided by law, but all the book work shall be done by the county assessor, or the assessor's assistants, and the value of all property subject to assessment and taxation shall be determined by the county assessor, except as otherwise hereinafter provided. If directed by the county assessor, the local assessor ~~shall~~ must perform the duties enumerated in subdivision 8, clause (16), and must enter construction and valuation data into the records in the manner prescribed by the county assessor.

**EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

Sec. 15. Minnesota Statutes 2016, section 273.08, is amended to read:

#### **273.08 ASSESSOR'S DUTIES.**

The assessor shall actually view, and determine the market value of each tract or lot of real property listed for taxation, including the value of all improvements and structures thereon, at maximum intervals of five years and shall enter the value opposite each description. When directed by the county assessor, local assessors must enter construction and valuation data into the records in the manner prescribed by the county assessor.

**EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

Sec. 16. Minnesota Statutes 2016, section 273.121, is amended by adding a subdivision to read:

Subd. 3. **Compliance.** A county assessor, or a city assessor having the powers of a county assessor, who does not comply with the timely notice requirement under subdivision 1 must:

- (1) mail an additional valuation notice to each person who was not provided timely notice; and

(2) convene a supplemental local board of appeal and equalization or local review session no sooner than ten days after sending the additional notices required by clause (1).

**EFFECTIVE DATE.** This section is effective for valuation notices sent in 2018 and thereafter.

Sec. 17. Minnesota Statutes 2016, section 273.13, subdivision 22, is amended to read:

Subd. 22. **Class 1.** (a) Except as provided in subdivision 23 and in paragraphs (b) and (c), real estate which is residential and used for homestead purposes is class 1a. In the case of a duplex or triplex in which one of the units is used for homestead purposes, the entire property is deemed to be used for homestead purposes. The market value of class 1a property must be determined based upon the value of the house, garage, and land.

The first \$500,000 of market value of class 1a property has a net classification rate of one percent of its market value; and the market value of class 1a property that exceeds \$500,000 has a classification rate of 1.25 percent of its market value.

(b) Class 1b property includes homestead real estate or homestead manufactured homes used for the purposes of a homestead by:

- (1) any person who is blind as defined in section 256D.35, or the blind person and the blind person's spouse;
- (2) any person who is permanently and totally disabled or by the disabled person and the disabled person's spouse; or
- (3) the surviving spouse of a permanently and totally disabled veteran homesteading a property classified under this paragraph for taxes payable in 2008.

Property is classified and assessed under clause (2) only if the government agency or income-providing source certifies, upon the request of the homestead occupant, that the homestead occupant satisfies the disability requirements of this paragraph, and that the property is not eligible for the valuation exclusion under subdivision 34.

Property is classified and assessed under paragraph (b) only if the commissioner of revenue or the county assessor certifies that the homestead occupant satisfies the requirements of this paragraph.

Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings the person an income. The first \$50,000 market value of class 1b property has a net classification rate of .45 percent of its market value. The remaining market value of class 1b property ~~has a classification rate using the rates for~~ is classified as class 1a or class 2a property, whichever is appropriate, ~~of similar market value.~~

(c) Class 1c property is commercial use real and personal property that abuts public water as defined in section 103G.005, subdivision 15, and is devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment, and that includes a portion used as a homestead by the owner, which includes a dwelling occupied as a homestead by a shareholder of a corporation that owns the resort, a partner in a partnership that owns the resort, or a member of a limited liability company that owns the resort even if the title to the homestead is held by the corporation, partnership, or limited liability company. For purposes of this paragraph, property is devoted to a commercial purpose on a specific day if any portion of the property, excluding the portion used exclusively as a homestead, is used for residential occupancy and a fee is charged for residential occupancy. Class 1c property must contain three or more rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site equipped with water and electrical hookups for recreational vehicles. Class 1c property must provide

recreational activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill or cross-country ski equipment; provide marina services, launch services, or guide services; or sell bait and fishing tackle. Any unit in which the right to use the property is transferred to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies for class 1c even though it may remain available for rent. A camping pad offered for rent by a property that otherwise qualifies for class 1c is also class 1c, regardless of the term of the rental agreement, as long as the use of the camping pad does not exceed 250 days. If the same owner owns two separate parcels that are located in the same township, and one of those properties is classified as a class 1c property and the other would be eligible to be classified as a class 1c property if it was used as the homestead of the owner, both properties will be assessed as a single class 1c property; for purposes of this sentence, properties are deemed to be owned by the same owner if each of them is owned by a limited liability company, and both limited liability companies have the same membership. The portion of the property used as a homestead is class 1a property under paragraph (a). The remainder of the property is classified as follows: the first \$600,000 of market value is tier I, the next \$1,700,000 of market value is tier II, and any remaining market value is tier III. The classification rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25 percent. Owners of real and personal property devoted to temporary and seasonal residential occupancy for recreation purposes in which all or a portion of the property was devoted to commercial purposes for not more than 250 days in the year preceding the year of assessment desiring classification as class 1c, must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located must be designated as class 1c as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located must be designated as class 3a commercial. The owner of property desiring designation as class 1c property must provide guest registers or other records demonstrating that the units for which class 1c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

(d) Class 1d property includes structures that meet all of the following criteria:

- (1) the structure is located on property that is classified as agricultural property under section 273.13, subdivision 23;
- (2) the structure is occupied exclusively by seasonal farm workers during the time when they work on that farm, and the occupants are not charged rent for the privilege of occupying the property, provided that use of the structure for storage of farm equipment and produce does not disqualify the property from classification under this paragraph;
- (3) the structure meets all applicable health and safety requirements for the appropriate season; and
- (4) the structure is not salable as residential property because it does not comply with local ordinances relating to location in relation to streets or roads.

The market value of class 1d property has the same classification rates as class 1a property under paragraph (a).

**EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

Sec. 18. Minnesota Statutes 2016, section 273.33, subdivision 1, is amended to read:

Subdivision 1. **Listing and assessment in county.** The personal property of express, stage and transportation companies, and of pipeline companies engaged in the business of transporting ~~natural gas, gasoline, crude oil, or other petroleum~~ products, except as otherwise provided by law, shall be listed and assessed in the county, town or district where the same is usually kept.

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

Sec. 19. Minnesota Statutes 2016, section 273.33, subdivision 2, is amended to read:

Subd. 2. **Listing and assessment by commissioner.** The personal property, consisting of the pipeline system of mains, pipes, and equipment attached thereto, of pipeline companies and others engaged in the operations or business of transporting ~~natural gas, gasoline, crude oil, or other petroleum~~ products by pipelines, shall be listed with and assessed by the commissioner of revenue and the values provided to the city or county assessor by order. This subdivision shall not apply to the assessment of the products transported through the pipelines nor to the lines of local commercial gas companies engaged primarily in the business of distributing gas products to consumers at retail nor to pipelines used by the owner thereof to supply ~~natural gas or other petroleum~~ products exclusively for such owner's own consumption and not for resale to others. If more than 85 percent of the ~~natural gas or other petroleum~~ products actually transported over the pipeline is used for the owner's own consumption and not for resale to others, then this subdivision shall not apply; provided, however, that in that event, the pipeline shall be assessed in proportion to the percentage of gas products actually transported over such pipeline that is not used for the owner's own consumption. On or before August 1, the commissioner shall certify to the auditor of each county, the amount of such personal property assessment against each company in each district in which such property is located. If the commissioner determines that the amount of personal property assessment certified on or before August 1 is in error, the commissioner may issue a corrected certification on or before October 1. The commissioner may correct errors that are merely clerical in nature until December 31.

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

Sec. 20. Minnesota Statutes 2016, section 273.372, subdivision 2, is amended to read:

Subd. 2. **Contents and filing of petition.** (a) In all appeals to court that are required to be brought against the commissioner under this section, the petition initiating the appeal must be served on the commissioner and must be filed with the Tax Court in Ramsey County, as provided in paragraph (b) or (c).

(b) If the appeal to court is from an order of the commissioner, it must be brought under chapter 271 and filed within the time period prescribed in section 271.06, subdivision 2, except that when the provisions of this section conflict with chapter 271 or 278, this section prevails. In addition, the petition must include all the parcels encompassed by that order which the petitioner claims have been partially, unfairly, or unequally assessed, assessed at a valuation greater than their real or actual value, misclassified, or are exempt. For this purpose, an order of the commissioner is either (1) a certification or notice of value by the commissioner for property described in subdivision 1, or (2) the final determination by the commissioner of either an administrative appeal conference or informal administrative appeal described in subdivision 4.

(c) If the appeal is from the tax that results from implementation of the commissioner's order, certification, or recommendation, it must be brought under chapter 278, and the provisions in that chapter apply, except that service shall be on the commissioner only and not on the local officials specified in section 278.01, subdivision 1, and if any other provision of this section conflicts with chapter 278, this section prevails. In addition, the petition must include either all the utility parcels or all the railroad parcels in the state in which the petitioner claims an interest and which the petitioner claims have been partially, unfairly, or unequally assessed, assessed at a valuation greater than their real or actual value, misclassified, or are exempt.

**EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

Sec. 21. Minnesota Statutes 2016, section 273.372, subdivision 4, is amended to read:

Subd. 4. **Administrative appeals.** (a) Companies that submit the reports under section 270.82 or 273.371 by the date specified in that section, or by the date specified by the commissioner in an extension, may appeal administratively to the commissioner prior to bringing an action in court.

(b) ~~Companies that must submit reports under section 270.82 must submit~~ file a written request to for an appeal with the commissioner for a conference within ten 30 days after the notice date of the commissioner's valuation certification or other notice to the company, or by June 15, whichever is earlier. For purposes of this section, "notice date" means the notice date of the valuation certification, commissioner's order, recommendation, or other notice.

(c) ~~Companies that submit reports under section 273.371 must submit a written request to the commissioner for a conference within ten days after the date of the commissioner's valuation certification or notice to the company, or by July 1, whichever is earlier. The appeal need not be in any particular form but must contain the following information:~~

(1) name and address of the company;

(2) the date;

(3) its Minnesota identification number;

(4) the assessment year or period involved;

(5) the findings in the valuation that the company disputes;

(6) a summary statement specifying its reasons for disputing each item; and

(7) the signature of the company's duly authorized agent or representative.

(d) When requested in writing and within the time allowed for filing an administrative appeal, the commissioner may extend the time for filing an appeal for a period of not more than 15 days from the expiration of the time for filing the appeal.

~~(d)~~ (e) The commissioner shall conduct the conference either in person or by telephone upon the commissioner's entire files and records and such further information as may be offered. The conference must be held no later than 20 days after the date of the commissioner's valuation certification or notice to the company, or by the date specified by the commissioner in an extension request for an appeal. Within 60 30 days after the conference the commissioner shall make a final determination of the matter and shall notify the company promptly of the determination. The conference is not a contested case hearing subject to chapter 14.

~~(e) In addition to the opportunity for a conference under paragraph (a), the commissioner shall also provide the railroad and utility companies the opportunity to discuss any questions or concerns relating to the values established by the commissioner through certification or notice in a less formal manner. This does not change or modify the deadline for requesting a conference under paragraph (a), the deadline in section 271.06 for appealing an order of the commissioner, or the deadline in section 278.01 for appealing property taxes in court.~~

**EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

Sec. 22. Minnesota Statutes 2016, section 273.372, is amended by adding a subdivision to read:

Subd. 5. **Agreement determining valuation.** When it appears to be in the best interest of the state, the commissioner may settle any matter under consideration regarding an appeal filed under this section. The agreement must be in writing and signed by the commissioner and the company or the company's authorized representative. The agreement is final and conclusive, and except upon a showing of fraud, malfeasance, or misrepresentation of a material fact, the case may not be reopened as to the matters agreed upon.

**EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

Sec. 23. Minnesota Statutes 2016, section 273.372, is amended by adding a subdivision to read:

Subd. 6. **Dismissal of administrative appeal.** If a taxpayer files an administrative appeal from an order of the commissioner and also files an appeal to the tax court for that same order of the commissioner, the administrative appeal is dismissed and the commissioner is no longer required to make the determination of appeal under subdivision 4.

**EFFECTIVE DATE.** This section is effective beginning with assessment year 2017.

Sec. 24. **[273.88] EQUALIZATION OF PUBLIC UTILITY STRUCTURES.**

After making the apportionment provided in Minnesota Rules, part 8100.0600, the commissioner must equalize the values of the operating structures to the level accepted by the State Board of Equalization if the appropriate sales ratio for each county, as conducted by the Department of Revenue pursuant to section 270.12, subdivision 2, clause (6), is outside the range accepted by the State Board of Equalization. The commissioner must not equalize the value of the operating structures if the sales ratio determined pursuant to this subdivision is within the range accepted by the State Board of Equalization.

**EFFECTIVE DATE.** This section is effective beginning with assessment year 2017.

Sec. 25. Minnesota Statutes 2016, section 274.01, subdivision 1, is amended to read:

Subdivision 1. **Ordinary board; meetings, deadlines, grievances.** (a) The town board of a town, or the council or other governing body of a city, is the local board of appeal and equalization except (1) in cities whose charters provide for a board of equalization or (2) in any city or town that has transferred its local board of review power and duties to the county board as provided in subdivision 3. The county assessor shall fix a day and time when ~~the board or~~ the local board of equalization shall meet in the assessment districts of the county. Notwithstanding any law or city charter to the contrary, a city board of equalization shall be referred to as a local board of appeal and equalization. On or before February 15 of each year the assessor shall give written notice of the time to the city or town clerk. Notwithstanding the provisions of any charter to the contrary, the meetings must be held between April 1 and May 31 each year. The clerk shall give published and posted notice of the meeting at least ten days before the date of the meeting.

The board shall meet either at a central location within the county or at the office of the clerk to review the assessment and classification of property in the town or city. No changes in valuation or classification which are intended to correct errors in judgment by the county assessor may be made by the county assessor after the board has adjourned in those cities or towns that hold a local board of review; however, corrections of errors that are merely clerical in nature or changes that extend homestead treatment to property are permitted after adjournment until the tax extension date for that assessment year. The changes must be fully documented and maintained in the assessor's office and must be available for review by any person. A copy of the changes made during this period in those cities or towns that hold a local board of review must be sent to the county board no later than December 31 of the assessment year.

(b) The board shall determine whether the taxable property in the town or city has been properly placed on the list and properly valued by the assessor. If real or personal property has been omitted, the board shall place it on the list with its market value, and correct the assessment so that each tract or lot of real property, and each article, parcel, or class of personal property, is entered on the assessment list at its market value. No assessment of the property of any person may be raised unless the person has been duly notified of the intent of the board to do so. On application of any person feeling aggrieved, the board shall review the assessment or classification, or both, and correct it as appears just. The board may not make an individual market value adjustment or classification change that would benefit the property if the owner or other person having control over the property has refused the assessor

access to inspect the property and the interior of any buildings or structures as provided in section 273.20. A board member shall not participate in any actions of the board which result in market value adjustments or classification changes to property owned by the board member, the spouse, parent, stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew, or niece of a board member, or property in which a board member has a financial interest. The relationship may be by blood or marriage.

(c) A local board may reduce assessments upon petition of the taxpayer but the total reductions must not reduce the aggregate assessment made by the county assessor by more than one percent. If the total reductions would lower the aggregate assessments made by the county assessor by more than one percent, none of the adjustments may be made. The assessor shall correct any clerical errors or double assessments discovered by the board without regard to the one percent limitation.

(d) A local board does not have authority to grant an exemption or to order property removed from the tax rolls.

(e) A majority of the members may act at the meeting, and adjourn from day to day until they finish hearing the cases presented. The assessor shall attend and take part in the proceedings, but must not vote. The county assessor, or an assistant delegated by the county assessor shall attend the meetings. The board shall list separately all omitted property added to the list by the board and all items of property increased or decreased, with the market value of each item of property, added or changed by the board. The county assessor shall enter all changes made by the board.

(f) Except as provided in subdivision 3, if a person fails to appear in person, by counsel, or by written communication before the board after being duly notified of the board's intent to raise the assessment of the property, or if a person feeling aggrieved by an assessment or classification fails to apply for a review of the assessment or classification, the person may not appear before the county board of appeal and equalization for a review. This paragraph does not apply if an assessment was made after the local board meeting, as provided in section 273.01, or if the person can establish not having received notice of market value at least five days before the local board meeting.

(g) The local board must complete its work and adjourn within 20 days from the time of convening stated in the notice of the clerk, unless a longer period is approved by the commissioner of revenue. No action taken after that date is valid. All complaints about an assessment or classification made after the meeting of the board must be heard and determined by the county board of equalization. A nonresident may, at any time, before the meeting of the board file written objections to an assessment or classification with the county assessor. The objections must be presented to the board at its meeting by the county assessor for its consideration.

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

Sec. 26. Minnesota Statutes 2016, section 274.13, subdivision 1, is amended to read:

Subdivision 1. **Members; meetings; rules for equalizing assessments.** The county commissioners, or a majority of them, with the county auditor, or, if the auditor cannot be present, the deputy county auditor, or, if there is no deputy, the court administrator of the district court, shall form a board for the equalization of the assessment of the property of the county, including the property of all cities whose charters provide for a board of equalization. This board shall be referred to as the county board of appeal and equalization. The board shall meet annually, on the date specified in section 274.14, at the office of the auditor. Each member shall take an oath to fairly and impartially perform duties as a member. Members shall not participate in any actions of the board which result in market value adjustments or classification changes to property owned by the board member, the spouse, parent, stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew, or niece of a board member, or property in which a board member has a financial interest. The relationship may be by blood or marriage. The board shall examine and compare the returns of the assessment of property of the towns or districts, and equalize them so that each tract or lot of real property and each article or class of personal property is entered on the assessment list at its market value, subject to the following rules:

(1) The board shall raise the valuation of each tract or lot of real property which in its opinion is returned below its market value to the sum believed to be its market value. The board must first give notice of intention to raise the valuation to the person in whose name it is assessed, if the person is a resident of the county. The notice must fix a time and place for a hearing.

(2) The board shall reduce the valuation of each tract or lot which in its opinion is returned above its market value to the sum believed to be its market value.

(3) The board shall raise the valuation of each class of personal property which in its opinion is returned below its market value to the sum believed to be its market value. It shall raise the aggregate value of the personal property of individuals, firms, or corporations, when it believes that the aggregate valuation, as returned, is less than the market value of the taxable personal property possessed by the individuals, firms, or corporations, to the sum it believes to be the market value. The board must first give notice to the persons of intention to do so. The notice must set a time and place for a hearing.

(4) The board shall reduce the valuation of each class of personal property that is returned above its market value to the sum it believes to be its market value. Upon complaint of a party aggrieved, the board shall reduce the aggregate valuation of the individual's personal property, or of any class of personal property for which the individual is assessed, which in its opinion has been assessed at too large a sum, to the sum it believes was the market value of the individual's personal property of that class.

(5) The board must not reduce the aggregate value of all the property of its county, as submitted to the county board of equalization, with the additions made by the auditor under this chapter, by more than one percent of its whole valuation. The board may raise the aggregate valuation of real property, and of each class of personal property, of the county, or of any town or district of the county, when it believes it is below the market value of the property, or class of property, to the aggregate amount it believes to be its market value.

(6) The board shall change the classification of any property which in its opinion is not properly classified.

(7) The board does not have the authority to grant an exemption or to order property removed from the tax rolls.

(8) The board may not make an individual market value adjustment or classification change that would benefit property if the owner or other person having control over the property has refused the assessor access to inspect the property and the interior of any buildings or structures as provided in section 273.20.

**EFFECTIVE DATE.** This section is effective for county board of appeal and equalization meetings in 2018 and thereafter.

Sec. 27. Minnesota Statutes 2016, section 274.135, subdivision 3, is amended to read:

Subd. 3. **Proof of compliance; transfer of duties.** (a) Any county that conducts county boards of appeal and equalization meetings must provide proof to the commissioner by ~~December 1, 2009, and each year thereafter,~~ February 1 that it is in compliance with the requirements of subdivision 2. ~~Beginning in 2009,~~ This notice must also verify that there was a quorum of voting members at each meeting of the board of appeal and equalization in the ~~current~~ previous year. A county that does not comply with these requirements is deemed to have transferred its board of appeal and equalization powers to the special board of equalization appointed pursuant to section 274.13, subdivision 2, beginning with the following year's assessment and continuing unless the powers are reinstated under paragraph (c). A county that does not comply with the requirements of subdivision 2 and has not appointed a special board of equalization shall appoint a special board of equalization before the following year's assessment.



(b) The county shall notify the taxpayers when the board of appeal and equalization for a county has been transferred to the special board of equalization under this subdivision and, prior to the meeting time of the special board of equalization, the county shall make available to those taxpayers a procedure for a review of the assessments, including, but not limited to, open book meetings. This alternate review process must take place in April and May.

(c) A county board whose powers are transferred to the special board of equalization under this subdivision may be reinstated by resolution of the county board and upon proof of compliance with the requirements of subdivision 2. The resolution and proofs must be provided to the commissioner by ~~December~~ February 1 in order to be effective for the ~~following~~ current year's assessment.

(d) If a person who was entitled to appeal to the county board of appeal and equalization or to the county special board of equalization is not able to do so in a particular year because the county board or special board did not meet the quorum and training requirements in this section and section 274.13, or because the special board was not appointed, that person may instead appeal to the commissioner of revenue, provided that the appeal is received by the commissioner prior to August 1. The appeal is not subject to either chapter 14 or section 270C.92. The commissioner must issue an appropriate order to the county assessor in response to each timely appeal, either upholding or changing the valuation or classification of the property. Prior to October 1 of each year, the commissioner must charge and bill the county where the property is located \$500 for each tax parcel covered by an order issued under this paragraph in that year. Amounts received by the commissioner under this paragraph must be deposited in the state's general fund. If payment of a billed amount is not received by the commissioner before December 1 of the year when billed, the commissioner must deduct that unpaid amount from any state aid the commissioner would otherwise pay to the county under chapter 477A in the next year. Late payments may either be returned to the county uncashed and undeposited or may be accepted. If a late payment is accepted, the state aid paid to the county under chapter 477A must be adjusted within 12 months to eliminate any reduction that occurred because the payment was late. Amounts needed to make these adjustments are included in the appropriation under section 477A.03, subdivision 2.

**EFFECTIVE DATE.** This section is effective for county boards of appeal and equalization meetings held in 2018 and thereafter.

Sec. 28. Minnesota Statutes 2016, section 275.065, subdivision 1, is amended to read:

Subdivision 1. **Proposed levy.** (a) Notwithstanding any law or charter to the contrary, on or before September 30, each county and each home rule charter or statutory city shall certify to the county auditor the proposed property tax levy for taxes payable in the following year.

(b) Notwithstanding any law or charter to the contrary, on or before September 15, each town and each special taxing district shall adopt and certify to the county auditor a proposed property tax levy for taxes payable in the following year. For towns, the final certified levy shall also be considered the proposed levy.

(c) On or before September 30, each school district that has not mutually agreed with its home county to extend this date shall certify to the county auditor the proposed property tax levy for taxes payable in the following year. Each school district that has agreed with its home county to delay the certification of its proposed property tax levy must certify its proposed property tax levy for the following year no later than October 7. The school district shall certify the proposed levy as:

(1) a specific dollar amount by school district fund, broken down between voter-approved and non-voter-approved levies and between referendum market value and tax capacity levies; or

(2) the maximum levy limitation certified by the commissioner of education according to section 126C.48, subdivision 1.

(d) If the board of estimate and taxation or any similar board that establishes maximum tax levies for taxing jurisdictions within a first class city certifies the maximum property tax levies for funds under its jurisdiction by charter to the county auditor by the date specified in paragraph (a), the city shall be deemed to have certified its levies for those taxing jurisdictions.

(e) For purposes of this section, "special taxing district" means a special taxing district as defined in section 275.066. Intermediate school districts that levy a tax under chapter 124 or 136D, joint powers boards established under sections 123A.44 to 123A.446, and Common School Districts No. 323, Franconia, and No. 815, Prinsburg, are also special taxing districts for purposes of this section.

(f) At the meeting at which a taxing authority, other than a town, adopts its proposed tax levy under this subdivision, the taxing authority shall announce the time and place of ~~its~~ any subsequent regularly scheduled meetings at which the budget and levy will be discussed and at which the public will be allowed to speak. The time and place of those meetings must be included in the proceedings or summary of proceedings published in the official newspaper of the taxing authority under section 123B.09, 375.12, or 412.191.

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

Sec. 29. Minnesota Statutes 2016, section 275.62, subdivision 2, is amended to read:

Subd. 2. **Local governments required to report.** For purposes of this section, "local governmental unit" means a county, home rule charter or statutory city with a population greater than 2,500, ~~a town with a population greater than 5,000, or a home rule charter or statutory city or town that receives a distribution from the tacomite municipal aid account in the levy year.~~

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

Sec. 30. Minnesota Statutes 2016, section 278.01, subdivision 1, is amended to read:

Subdivision 1. **Determination of validity.** (a) Any person having personal property, or any estate, right, title, or interest in or lien upon any parcel of land, who claims that such property has been partially, unfairly, or unequally assessed in comparison with other property in the (1) city, or (2) county, or (3) in the case of a county containing a city of the first class, the portion of the county excluding the first class city, or that the parcel has been assessed at a valuation greater than its real or actual value, or that the tax levied against the same is illegal, in whole or in part, or has been paid, or that the property is exempt from the tax so levied, may have the validity of the claim, defense, or objection determined by the district court of the county in which the tax is levied or by the Tax Court by serving one copy of a petition for such determination upon the county auditor, one copy on the county attorney, one copy on the county treasurer, and three copies on the county assessor. The county assessor shall immediately forward one copy of the petition to the appropriate governmental authority in a home rule charter or statutory city or town in which the property is located if that city or town employs its own certified assessor. A copy of the petition shall also be forwarded by the assessor to the school board of the school district in which the property is located.

(b) In counties where the office of county treasurer has been combined with the office of county auditor, the county may elect to require the petitioner to serve the number of copies as determined by the county. The county assessor shall immediately forward one copy of the petition to the appropriate governmental authority in a home rule charter or statutory city or town in which the property is located if that city or town employs its own certified assessor. A list of petitioned properties, including the name of the petitioner, the identification number of the property, and the estimated market value, shall be sent on or before the first day of July by the county auditor/treasurer to the school board of the school district in which the property is located.

(c) For all counties, the petitioner must file the copies with proof of service, in the office of the court administrator of the district court on or before April 30 of the year in which the tax becomes payable. A petition for determination under this section may be transferred by the district court to the Tax Court. An appeal may also be taken to the Tax Court under chapter 271 at any time following receipt of the valuation notice that county assessors or city assessors having the powers of a county assessor are required by section 273.121 to send to persons whose property is to be included on the assessment roll that year, but prior to May 1 of the year in which the taxes are payable.

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

Sec. 31. Minnesota Statutes 2016, section 282.01, subdivision 1a, is amended to read:

Subd. 1a. **Conveyance to public entities.** (a) Upon written request from a state agency or a governmental subdivision of the state, a parcel of unsold tax-forfeited land must be withheld from sale or lease to others for a maximum of six months. The request must be submitted to the county auditor. Upon receipt, the county auditor must withhold the parcel from sale or lease to any other party for six months, and must confirm the starting date of the six-month withholding period to the requesting agency or subdivision. If the request is from a governmental subdivision of the state, the governmental subdivision must pay the maintenance costs incurred by the county during the period the parcel is withheld. The county board may approve a sale or conveyance to the requesting party during the withholding period. A conveyance of the property to the requesting party terminates the withholding period.

A governmental subdivision of the state must not make, and a county auditor must not act upon, a second request to withhold a parcel from sale or lease within 18 months of a previous request for that parcel. A county may reject a request made under this paragraph if the request is made more than 30 days after the county has given notice to the requesting state agency or governmental subdivision of the state that the county intends to sell or otherwise dispose of the property.

(b) Nonconservation tax-forfeited lands may be sold by the county board, for their market value as determined by the county board, to an organized or incorporated governmental subdivision of the state for any public purpose for which the subdivision is authorized to acquire property. When the term "market value" is used in this section, it means an estimate of the full and actual market value of the parcel as determined by the county board, but in making this determination, the board and the persons employed by or under contract with the board in order to perform, conduct, or assist in the determination, are exempt from the licensure requirements of chapter 82B.

(c) Nonconservation tax-forfeited lands may be ~~released from the trust in favor of the taxing districts on application to~~ sold by the county board ~~by, for their market value as determined by the county board, to~~ a state agency for ~~an authorized use at not less than their market value as determined by the county board~~ any public purpose for which the agency is authorized to acquire property.

(d) Nonconservation tax-forfeited lands may be sold by the county board to an organized or incorporated governmental subdivision of the state or state agency for less than their market value if:

(1) the county board determines that a sale at a reduced price is in the public interest because a reduced price is necessary to provide an incentive to correct the blighted conditions that make the lands undesirable in the open market, or the reduced price will lead to the development of affordable housing; and

(2) the governmental subdivision or state agency has documented its specific plans for correcting the blighted conditions or developing affordable housing, and the specific law or laws that empower it to acquire real property in furtherance of the plans.

If the sale under this paragraph is to a governmental subdivision of the state, the commissioner of revenue must convey the property on behalf of the state by quitclaim deed. If the sale under this paragraph is to a state agency, the property is released from the trust in favor of the taxing districts and the commissioner of revenue must issue a conveyance document that releases the property from the trust in favor of the taxing districts convey the property on behalf of the state by quitclaim deed to the agency.

(e) Nonconservation tax-forfeited land held in trust in favor of the taxing districts may be conveyed by the commissioner of revenue in the name of the state to a governmental subdivision for an authorized public use, if an application is submitted to the commissioner which includes a statement of facts as to the use to be made of the tract and the favorable recommendation of the county board. For the purposes of this paragraph, "authorized public use" means a use that allows an indefinite segment of the public to physically use and enjoy the property in numbers appropriate to its size and use, or is for a public service facility. Authorized public uses as defined in this paragraph are limited to:

- (1) a road, or right-of-way for a road;
- (2) a park that is both available to, and accessible by, the public that contains improvements such as campgrounds, playgrounds, athletic fields, trails, or shelters;
- (3) trails for walking, bicycling, snowmobiling, or other recreational purposes, along with a reasonable amount of surrounding land maintained in its natural state;
- (4) transit facilities for buses, light rail transit, commuter rail or passenger rail, including transit ways, park-and-ride lots, transit stations, maintenance and garage facilities, and other facilities related to a public transit system;
- (5) public beaches or boat launches;
- (6) public parking;
- (7) civic recreation or conference facilities; and
- (8) public service facilities such as fire halls, police stations, lift stations, water towers, sanitation facilities, water treatment facilities, and administrative offices.

No monetary compensation or consideration is required for the conveyance, except as provided in subdivision 1g, but the conveyance is subject to the conditions provided in law, including, but not limited to, the reversion provisions of subdivisions 1c and 1d.

(f) The commissioner of revenue shall convey a parcel of nonconservation tax-forfeited land to a local governmental subdivision of the state by quitclaim deed on behalf of the state upon the favorable recommendation of the county board if the governmental subdivision has certified to the board that prior to forfeiture the subdivision was entitled to the parcel under a written development agreement or instrument, but the conveyance failed to occur prior to forfeiture. No compensation or consideration is required for, and no conditions attach to, the conveyance.

(g) The commissioner of revenue shall convey a parcel of nonconservation tax-forfeited land to the association of a common interest community by quitclaim deed upon the favorable recommendation of the county board if the association certifies to the board that prior to forfeiture the association was entitled to the parcel under a written agreement, but the conveyance failed to occur prior to forfeiture. No compensation or consideration is required for, and no conditions attach to, the conveyance.

(h) Conservation tax-forfeited land may be sold to a governmental subdivision of the state for less than its market value for either: (1) creation or preservation of wetlands; (2) drainage or storage of storm water under a storm water management plan; or (3) preservation, or restoration and preservation, of the land in its natural state. The deed must contain a restrictive covenant limiting the use of the land to one of these purposes for 30 years or until the property is reconveyed back to the state in trust. At any time, the governmental subdivision may reconvey the property to the state in trust for the taxing districts. The deed of reconveyance is subject to approval by the commissioner of revenue. No part of a purchase price determined under this paragraph shall be refunded upon a reconveyance, but the amount paid for a conveyance under this paragraph may be taken into account by the county board when setting the terms of a future sale of the same property to the same governmental subdivision under paragraph (b) or (d). If the lands are unplatted and located outside of an incorporated municipality and the commissioner of natural resources determines there is a mineral use potential, the sale is subject to the approval of the commissioner of natural resources.

(i) A park and recreation board in a city of the first class is a governmental subdivision for the purposes of this section.

(j) Tax-forfeited land held in trust in favor of the taxing districts may be conveyed by the commissioner of revenue in the name of the state to a governmental subdivision for a school forest under section 89.41. An application that includes a statement of facts as to the use to be made of the tract and the favorable recommendation of the county board and the commissioner of natural resources must be submitted to the commissioner of revenue. No monetary compensation or consideration is required for the conveyance, but the conveyance is subject to the conditional use and reversion provisions of subdivisions 1c and 1d, paragraph (e). At any time, the governmental subdivision may reconvey the property back to the state in trust for the taxing districts. The deed of reconveyance is subject to approval by the commissioner of revenue.

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

Sec. 32. Minnesota Statutes 2016, section 282.01, subdivision 1d, is amended to read:

Subd. 1d. **Reverter for failure to use; conveyance to state.** (a) After three years from the date of any conveyance of tax-forfeited land to a governmental subdivision for an authorized public use as provided in this section, regardless of when the deed for the authorized public use was executed, if the governmental subdivision has failed to put the land to that use, or abandons that use, the governing body of the subdivision must: (1) with the approval of the county board, purchase the property for an authorized public purpose at the present market value as determined by the county board, or (2) authorize the proper officers to convey the land, or the part of the land not required for an authorized public use, to the state of Minnesota in trust for the taxing districts. If the governing body purchases the property under clause (1), the commissioner of revenue shall, upon proper application submitted by the county auditor and upon the reconveyance of the land subject to the conditional use deed to the state, convey the property on behalf of the state by quitclaim deed to the subdivision free of a use restriction and the possibility of reversion or defeasement. If the governing body decides to reconvey the property to the state under this clause, the officers shall execute a deed of conveyance immediately. The conveyance is subject to the approval of the commissioner and its form must be approved by the attorney general. For 15 years from the date of the conveyance, there is no failure to put the land to the authorized public use and no abandonment of that use if a formal plan of the governmental subdivision, including, but not limited to, a comprehensive plan or land use plan, shows an intended future use of the land for the authorized public use.

(b) Property held by a governmental subdivision of the state under a conditional use deed executed under this section by the commissioner of revenue on or after January 1, 2007, may be acquired by that governmental subdivision after 15 years from the date of the conveyance if the commissioner determines upon written application from the subdivision that the subdivision has in fact put the property to the authorized public use for which it was conveyed, and the subdivision has made a finding that it has no current plans to change the use of the lands. Prior to

conveying the property, the commissioner shall inquire whether the county board where the land is located objects to a conveyance of the property to the subdivision without conditions and without further act by or obligation of the subdivision. If the county does not object within 60 days, and the commissioner makes a favorable determination, the commissioner shall issue a quitclaim deed on behalf of the state unconditionally conveying the property to the governmental subdivision. For purposes of this paragraph, demonstration of an intended future use for the authorized public use in a formal plan of the governmental subdivision does not constitute use for that authorized public use.

(c) Property held by a governmental subdivision of the state under a conditional use deed executed under this section by the commissioner of revenue before January 1, 2007, is released from the use restriction and possibility of reversion on January 1, 2022, if the county board records a resolution describing the land and citing this paragraph. The county board may authorize the county treasurer to deduct the amount of the recording fees from future settlements of property taxes to the subdivision.

(d) Except for tax-forfeited land conveyed to establish a school forest under section 89.41, property conveyed under a conditional use deed executed under this section by the commissioner of revenue, regardless of when the deed for the authorized public use was executed, is released from the use restriction and reverter, and any use restriction or reverter for which no declaration of reversion has been recorded with the county recorder or registrar of titles, as appropriate, is nullified on the later of: (1) January 1, 2015; (2) 30 years from the date the deed was acknowledged; or (3) final resolution of an appeal to district court under subdivision 1e, if a lis pendens related to the appeal is recorded in the office of the county recorder or registrar of titles, as appropriate, prior to January 1, 2015.

(e) Notwithstanding paragraphs (a) to (d), tax-forfeited land conveyed to establish a school forest under section 89.41 is subject to a perpetual conditional use deed and reverter. The property reverts to the state in trust for the taxing districts by operation of law if the commissioner of natural resources determines and reports to the commissioner of revenue under section 89.41, subdivision 3, that the governmental subdivision has failed to use the land for school forest purposes for three consecutive years. The commissioner of revenue shall record a declaration of reversion for land that has reverted under this paragraph.

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

Sec. 33. Minnesota Statutes 2016, section 477A.013, is amended by adding a subdivision to read:

**Subd. 14. Communication by electronic mail.** Prior to receiving aid pursuant to this section, a city must register an official electronic mail address with the commissioner, which the commissioner may use as an exclusive means to communicate with the city.

**EFFECTIVE DATE.** This section is effective for aids payable in 2018 and thereafter.

Sec. 34. Minnesota Statutes 2016, section 477A.19, is amended by adding a subdivision to read:

**Subd. 3a. Certification.** On or before June 1 of each year, the commissioner of natural resources shall certify to the commissioner of revenue the number of watercraft launches and the number of watercraft trailer parking spaces in each county.

**EFFECTIVE DATE.** This section is effective for aids payable in 2018 and thereafter.

Sec. 35. Minnesota Statutes 2016, section 477A.19, is amended by adding a subdivision to read:

Subd. 3b. **Certification.** On or before June 1 of each year, the commissioner of natural resources shall certify to the commissioner of revenue the counties that complied with the requirements of subdivision 3 the prior year and are eligible to receive aid under this section.

**EFFECTIVE DATE.** This section is effective for aids payable in 2018 and thereafter.

Sec. 36. Minnesota Statutes 2016, section 559.202, subdivision 2, is amended to read:

Subd. 2. **Exception.** This section does not apply to sales made under chapter 282 or if the purchaser is represented throughout the transaction by either:

(1) a person licensed to practice law in this state; or

(2) a person licensed as a real estate broker or salesperson under chapter 82, provided that the representation does not create a dual agency, as that term is defined in section 82.55, subdivision 6.

**EFFECTIVE DATE.** This section is effective for sales of tax-forfeited land occurring the day following final enactment and thereafter.

Sec. 37. Laws 2014, chapter 308, article 9, section 94, is amended to read:

Sec. 94. **REPEALER.**

(a) Minnesota Statutes 2012, sections 273.1398, subdivision 4b; 290.01, subdivision 19e; 290.0674, subdivision 3; 290.191, subdivision 4; and 290.33, and Minnesota Rules, part 8007.0200, are repealed.

(b) Minnesota Statutes 2012, sections 16D.02, subdivisions 5 and 8; 16D.11, subdivision 2; 270C.53; 270C.991, subdivision 4; 272.02, subdivisions 1, 1a, 43, 48, 51, 53, 67, 72, and 82; ~~272.027, subdivision 2~~; 272.031; 273.015, subdivision 1; 273.03, subdivision 3; 273.075; 273.13, subdivision 21a; 273.1383; 273.1386; 273.80; 275.77; 279.32; 281.173, subdivision 8; 281.174, subdivision 8; 281.328; 282.10; 282.23; 287.20, subdivision 4; 287.27, subdivision 2; 290.01, subdivisions 4b and 20e; 295.52, subdivision 7; 297A.666; 297A.71, subdivisions 4, 5, 7, 9, 10, 17, 18, 20, 32, and 41; 297F.08, subdivision 11; 297H.10, subdivision 2; 469.174, subdivision 10c; 469.175, subdivision 2b; 469.176, subdivision 1i; 469.177, subdivision 10; 477A.0124, subdivisions 1 and 6; and 505.173, Minnesota Statutes 2013 Supplement, section 273.1103, Laws 1993, chapter 375, article 9, section 47, and Minnesota Rules, parts 8002.0200, subpart 8; 8100.0800; and 8130.7500, subpart 7, are repealed.

(c) Minnesota Statutes 2012, section 469.1764, is repealed.

(d) Minnesota Statutes 2012, sections 289A.56, subdivision 7; 297A.68, subdivision 38; 469.330; 469.331; 469.332; 469.333; 469.334; 469.335; 469.336; 469.337; 469.338; 469.339; 469.340, subdivisions 1, 2, 3, and 5; and 469.341, and Minnesota Statutes 2013 Supplement, section 469.340, subdivision 4, are repealed.

(e) Minnesota Statutes 2012, section 290.06, subdivisions 30 and 31, are repealed.

**EFFECTIVE DATE.** This section is effective retroactively from May 20, 2014, and pursuant to Minnesota Statutes, section 645.36, Minnesota Statutes, section 272.027, subdivision 2, is revived and reenacted as of that date.

Sec. 38. **REPEALER.**

(a) Minnesota Statutes 2016, section 281.22, is repealed.

(b) Minnesota Rules, part 8100.0700, is repealed.

**EFFECTIVE DATE.** Paragraph (a) is effective the day following final enactment. Paragraph (b) is effective for assessment year 2017 and thereafter.

ARTICLE 5  
DEPARTMENT OF REVENUE 2015-2016 POLICY  
AND TECHNICAL PROVISIONS; MISCELLANEOUS

Section 1. Minnesota Statutes 2016, section 270.82, subdivision 1, is amended to read:

Subdivision 1. **Annual report required.** Every railroad company doing business in Minnesota shall annually file with the commissioner on or before March 31 a report under oath setting forth the information prescribed by the commissioner to enable the commissioner to make the valuation and equalization required by sections 270.80 to 270.87. The commissioner shall prescribe the content, format, and manner of the report pursuant to section 270C.30, except that a "law administered by the commissioner" includes the property tax laws. If a report is made by electronic means, the taxpayer's signature is defined pursuant to section 270C.304, except that a "law administered by the commissioner" includes the property tax laws.

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

Sec. 2. Minnesota Statutes 2016, section 270A.03, subdivision 5, is amended to read:

Subd. 5. **Debt.** (a) "Debt" means a legal obligation of a natural person to pay a fixed and certain amount of money, which equals or exceeds \$25 and which is due and payable to a claimant agency. The term includes criminal fines imposed under section 609.10 or 609.125, fines imposed for petty misdemeanors as defined in section 609.02, subdivision 4a, and restitution. A debt may arise under a contractual or statutory obligation, a court order, or other legal obligation, but need not have been reduced to judgment.

A debt includes any legal obligation of a current recipient of assistance which is based on overpayment of an assistance grant where that payment is based on a client waiver or an administrative or judicial finding of an intentional program violation; or where the debt is owed to a program wherein the debtor is not a client at the time notification is provided to initiate recovery under this chapter and the debtor is not a current recipient of food support, transitional child care, or transitional medical assistance.

(b) A debt does not include any legal obligation to pay a claimant agency for medical care, including hospitalization if the income of the debtor at the time when the medical care was rendered does not exceed the following amount:

- (1) for an unmarried debtor, an income of ~~\$8,800~~ \$12,560 or less;
- (2) for a debtor with one dependent, an income of ~~\$11,270~~ \$16,080 or less;
- (3) for a debtor with two dependents, an income of ~~\$13,330~~ \$19,020 or less;
- (4) for a debtor with three dependents, an income of ~~\$15,120~~ \$21,580 or less;
- (5) for a debtor with four dependents, an income of ~~\$15,950~~ \$22,760 or less; and



(6) for a debtor with five or more dependents, an income of ~~\$16,630~~ \$23,730 or less.

For purposes of this paragraph, "debtor" means the individual whose income, together with the income of the individual's spouse, other than a separated spouse, brings the individual within the income provisions of this paragraph. For purposes of this paragraph, a spouse, other than a separated spouse, shall be considered a dependent.

(c) The commissioner shall adjust the income amounts in paragraph (b) by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "~~1999~~ 2014" shall be substituted for the word "1992." For ~~2001~~ 2016, the commissioner shall then determine the percent change from the 12 months ending on August 31, ~~1999~~ 2014, to the 12 months ending on August 31, ~~2000~~ 2015, and in each subsequent year, from the 12 months ending on August 31, ~~1999~~ 2014, to the 12 months ending on August 31 of the year preceding the taxable year. The determination of the commissioner pursuant to this subdivision shall not be considered a "rule" and shall not be subject to the Administrative Procedure Act contained in chapter 14. The income amount as adjusted must be rounded to the nearest \$10 amount. If the amount ends in \$5, the amount is rounded up to the nearest \$10 amount.

(d) Debt also includes an agreement to pay a MinnesotaCare premium, regardless of the dollar amount of the premium authorized under section 256L.15, subdivision 1a.

**EFFECTIVE DATE.** The section is effective retroactively for debts incurred after December 31, 2014.

Sec. 3. Minnesota Statutes 2016, section 270B.14, subdivision 1, is amended to read:

Subdivision 1. **Disclosure to commissioner of human services.** (a) On the request of the commissioner of human services, the commissioner shall disclose return information regarding taxes imposed by chapter 290, and claims for refunds under chapter 290A, to the extent provided in paragraph (b) and for the purposes set forth in paragraph (c).

(b) Data that may be disclosed are limited to data relating to the identity, whereabouts, employment, income, and property of a person owing or alleged to be owing an obligation of child support.

(c) The commissioner of human services may request data only for the purposes of carrying out the child support enforcement program and to assist in the location of parents who have, or appear to have, deserted their children. Data received may be used only as set forth in section 256.978.

(d) The commissioner shall provide the records and information necessary to administer the supplemental housing allowance to the commissioner of human services.

(e) At the request of the commissioner of human services, the commissioner of revenue shall electronically match the Social Security numbers and names of participants in the telephone assistance plan operated under sections 237.69 to 237.71, with those of property tax refund filers, and determine whether each participant's household income is within the eligibility standards for the telephone assistance plan.

(f) The commissioner may provide records and information collected under sections 295.50 to 295.59 to the commissioner of human services for purposes of the Medicaid Voluntary Contribution and Provider-Specific Tax Amendments of 1991, Public Law 102-234. Upon the written agreement by the United States Department of Health and Human Services to maintain the confidentiality of the data, the commissioner may provide records and information collected under sections 295.50 to 295.59 to the Centers for Medicare and Medicaid Services section of the United States Department of Health and Human Services for purposes of meeting federal reporting requirements.

(g) The commissioner may provide records and information to the commissioner of human services as necessary to administer the early refund of refundable tax credits.

(h) The commissioner may disclose information to the commissioner of human services as necessary to verify income for income verification for eligibility and premium payment under the MinnesotaCare program, under section 256L.05, subdivision 2, as well as the medical assistance program under chapter 256B.

(i) The commissioner may disclose information to the commissioner of human services necessary to verify whether applicants or recipients for the Minnesota family investment program, general assistance, food support, Minnesota supplemental aid program, and child care assistance have claimed refundable tax credits under chapter 290 and the property tax refund under chapter 290A, and the amounts of the credits.

(j) The commissioner may disclose information to the commissioner of human services necessary to verify income for purposes of calculating parental contribution amounts under section 252.27, subdivision 2a.

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

Sec. 4. Minnesota Statutes 2016, section 270C.30, is amended to read:

**270C.30 RETURNS AND OTHER DOCUMENTS; FORMAT; FURNISHING.**

Except as otherwise provided by law, the commissioner shall prescribe the content and, format, and manner of all returns and other forms required to be filed under a law administered by the commissioner, and may furnish them subject to charge on application.

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

Sec. 5. Minnesota Statutes 2016, section 270C.33, subdivision 5, is amended to read:

Subd. 5. **Prohibition against collection during appeal period of an order.** No collection action can be taken on an order of assessment, or any other order imposing a liability, including the filing of liens under section 270C.63, and no late payment penalties may be imposed when a return has been filed for the tax type and period upon which the order is based, during the appeal period of an order. The appeal period of an order ends: (1) 60 days after the ~~order has been mailed to the taxpayer~~ notice date designated by the commissioner on the order; (2) if an administrative appeal is filed under section 270C.35, 60 days after the notice date designated by the commissioner on the written determination of the administrative appeal; (3) if an appeal to Tax Court is filed under chapter 271, when the decision of the Tax Court is made; or (4) if an appeal to Tax Court is filed and the appeal is based upon a constitutional challenge to the tax, 60 days after final determination of the appeal. This subdivision does not apply to a jeopardy assessment under section 270C.36, or a jeopardy collection under section 270C.36.

**EFFECTIVE DATE.** This section is effective for orders dated after December 31, 2017.

Sec. 6. Minnesota Statutes 2016, section 270C.33, subdivision 8, is amended to read:

Subd. 8. **Sufficiency of notice.** An assessment of tax made by the commissioner, sent postage prepaid by United States mail to the taxpayer at the taxpayer's last known address, or sent by electronic mail to the taxpayer's last known electronic mailing address as provided for in section 325L.08, is sufficient even if the taxpayer is deceased or is under a legal disability, or, in the case of a corporation, has terminated its existence, unless the commissioner has been provided with a new address by a party authorized to receive notices of assessment. Notice of an assessment is sufficient if it is sent on or before the notice date designated by the commissioner on the assessment.

**EFFECTIVE DATE.** This section is effective for assessments dated after December 31, 2017.

Sec. 7. Minnesota Statutes 2016, section 270C.34, subdivision 2, is amended to read:

Subd. 2. **Procedure.** (a) A request for abatement of penalty under subdivision 1 or section 289A.60, subdivision 4, or a request for abatement of interest or additional tax charge, must be filed with the commissioner within 60 days of the notice date of the notice was mailed to the taxpayer's last known address, stating that a penalty has been imposed or additional tax charge. For purposes of this section, "notice date" means the notice date designated by the commissioner on the order or other notice that a penalty or additional tax charge has been imposed.

(b) If the commissioner issues an order denying a request for abatement of penalty, interest, or additional tax charge, the taxpayer may file an administrative appeal as provided in section 270C.35 or appeal to Tax Court as provided in section 271.06.

(c) If the commissioner does not issue an order on the abatement request within 60 days from the date the request is received, the taxpayer may appeal to Tax Court as provided in section 271.06.

**EFFECTIVE DATE.** This section is effective for orders and notices dated after December 31, 2017.

Sec. 8. Minnesota Statutes 2016, section 270C.35, subdivision 3, is amended to read:

Subd. 3. **Notice date.** For purposes of this section, ~~the term~~ "notice date" means the notice date of designated by the commissioner on the order adjusting the tax or order denying a request for abatement, or, in the case of a denied refund, the notice date of designated by the commissioner on the notice of denial.

**EFFECTIVE DATE.** This section is effective for orders and notices dated after December 31, 2017.

Sec. 9. Minnesota Statutes 2016, section 270C.35, is amended by adding a subdivision to read:

Subd. 11. **Dismissal of administrative appeal.** If a taxpayer files an administrative appeal for an order of the commissioner and also files an appeal to the Tax Court for that same order of the commissioner, the administrative appeal is dismissed and the commissioner is no longer required to make a determination of appeal under subdivision 6.

**EFFECTIVE DATE.** This section is effective for all administrative appeals filed after June 30, 2017.

Sec. 10. Minnesota Statutes 2016, section 270C.38, subdivision 1, is amended to read:

Subdivision 1. **Sufficient notice.** (a) If no method of notification of a written determination or action of the commissioner is otherwise specifically provided for by law, notice of the determination or action sent postage prepaid by United States mail to the taxpayer or other person affected by the determination or action at the taxpayer's or person's last known address, is sufficient. If the taxpayer or person being notified is deceased or is under a legal disability, or, in the case of a corporation being notified that has terminated its existence, notice to the last known address of the taxpayer, person, or corporation is sufficient, unless the department has been provided with a new address by a party authorized to receive notices from the commissioner.

(b) If a taxpayer or other person agrees to accept notification by electronic means, notice of a determination or action of the commissioner sent by electronic mail to the taxpayer's or person's last known electronic mailing address as provided for in section 325L.08 is sufficient.

(c) Notice of a determination or action of the commissioner is sufficient if it is sent on or before the notice date designated by the commissioner on the notice.

**EFFECTIVE DATE.** This section is effective for notices dated after December 31, 2017.

Sec. 11. Minnesota Statutes 2016, section 270C.445, is amended by adding a subdivision to read:

**Subd. 9. Enforcement; limitations.** (a) Notwithstanding any other law, the imposition of a penalty or any other action against a tax preparer authorized by subdivision 6 with respect to a return may be taken by the commissioner within the period provided by section 289A.38 to assess tax on that return.

(b) Imposition of a penalty or other action against a tax preparer authorized by subdivision 6 other than with respect to a return must be taken by the commissioner within five years of the violation of statute.

**EFFECTIVE DATE.** This section is effective for tax preparation services provided after the day following final enactment.

Sec. 12. Minnesota Statutes 2016, section 270C.446, subdivision 5, is amended to read:

**Subd. 5. Removal from list.** The commissioner shall remove the name of a tax preparer from the list of tax preparers published under this section:

(1) when the commissioner determines that the name was included on the list in error;

(2) within ~~90 days~~ three years after the preparer has demonstrated to the commissioner that the preparer fully paid all fines or penalties imposed, served any suspension, satisfied any sentence imposed, successfully completed any probationary period imposed, and successfully completed any remedial actions required by the commissioner, the State Board of Accountancy, or the Lawyers Board of Professional Responsibility; or

(3) when the commissioner has been notified that the tax preparer is deceased.

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

Sec. 13. Minnesota Statutes 2016, section 270C.72, subdivision 4, is amended to read:

**Subd. 4. Licensing authority; duties.** All licensing authorities must require the applicant to provide the applicant's Social Security number or individual taxpayer identification number and Minnesota business identification number, as applicable, on all license applications. Upon request of the commissioner, the licensing authority must provide the commissioner with a list of all applicants, including the name, address, business name and address, and Social Security number, or individual taxpayer identification number and business identification number, as applicable, of each applicant. The commissioner may request from a licensing authority a list of the applicants no more than once each calendar year.

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

Sec. 14. Minnesota Statutes 2016, section 271.06, subdivision 2, is amended to read:

**Subd. 2. Time; notice; intervention.** Except as otherwise provided by law, within 60 days after the notice of the making and filing date of an order of the commissioner of revenue, the appellant, or the appellant's attorney, shall serve a notice of appeal upon the commissioner and file the original, with proof of such service, with the Tax Court administrator or with the court administrator of district court acting as court administrator of the Tax Court; provided, that the Tax Court, for cause shown, may by written order extend the time for appealing for an additional period not exceeding 30 days. For purposes of this section, "notice date" means the notice date designated by the commissioner on the order. The notice of appeal shall be in the form prescribed by the Tax Court. Within five days after receipt, the commissioner shall transmit a copy of the notice of appeal to the attorney general. The attorney general shall represent the commissioner, if requested, upon all such appeals except in cases where the attorney

general has appealed in behalf of the state, or in other cases where the attorney general deems it against the interests of the state to represent the commissioner, in which event the attorney general may intervene or be substituted as an appellant in behalf of the state at any stage of the proceedings.

Upon a final determination of any other matter over which the court is granted jurisdiction under section 271.01, subdivision 5, the taxpayer or the taxpayer's attorney shall file a petition or notice of appeal as provided by law with the court administrator of district court, acting in the capacity of court administrator of the Tax Court, with proof of service of the petition or notice of appeal as required by law and within the time required by law. As used in this subdivision, "final determination" includes a notice of assessment and equalization for the year in question received from the local assessor, an order of the local board of equalization, or an order of a county board of equalization.

The Tax Court shall prescribe a filing system so that the notice of appeal or petition filed with the district court administrator acting as court administrator of the Tax Court is forwarded to the Tax Court administrator. In the case of an appeal or a petition concerning property valuation for which the assessor, a local board of equalization, a county board of equalization or the commissioner of revenue has issued an order, the officer issuing the order shall be notified of the filing of the appeal. The notice of appeal or petition shall be in the form prescribed by the Tax Court.

**EFFECTIVE DATE.** This section is effective for orders dated after December 31, 2017.

Sec. 15. Minnesota Statutes 2016, section 271.06, subdivision 7, is amended to read:

Subd. 7. **Rules.** Except as provided in section 278.05, subdivision 6, the Rules of Evidence and Civil Procedure for the district court of Minnesota shall govern the procedures in the Tax Court, where practicable. The Rules of Civil Procedure do not apply to alter the 60-day period of time to file a notice of appeal provided in subdivision 2. The Tax Court may adopt rules under chapter 14.

**EFFECTIVE DATE.** This section is effective for orders dated after December 31, 2017.

Sec. 16. Minnesota Statutes 2016, section 272.02, subdivision 10, is amended to read:

Subd. 10. **Personal property used for pollution control.** Personal property used primarily for the abatement and control of air, water, or land pollution is exempt to the extent that it is so used, and real property is exempt if it is used primarily for abatement and control of air, water, or land pollution as part of an agricultural operation, as a part of a centralized treatment and recovery facility operating under a permit issued by the Minnesota Pollution Control Agency pursuant to chapters 115 and 116 and Minnesota Rules, parts 7001.0500 to 7001.0730, and 7045.0020 to 7045.1030, as a wastewater treatment facility and for the treatment, recovery, and stabilization of metals, oils, chemicals, water, sludges, or inorganic materials from hazardous industrial wastes, or as part of an electric generation system. For purposes of this subdivision, personal property includes ponderous machinery and equipment used in a business or production activity that at common law is considered real property.

Any taxpayer requesting exemption of all or a portion of any real property or any equipment or device, or part thereof, operated primarily for the control or abatement of air, water, or land pollution shall file an application with the commissioner of revenue. The commissioner shall develop an electronic means to notify interested parties when electric power generation facilities have filed an application. The commissioner shall prescribe the content, format, and manner of the application pursuant to section 270C.30, except that a "law administered by the commissioner" includes the property tax laws, and if an application is made by electronic means, the taxpayer's signature is defined pursuant to section 270C.304, except that a "law administered by the commissioner" includes the property tax laws. The Minnesota Pollution Control Agency shall upon request of the commissioner furnish information and advice to the commissioner.

The information and advice furnished by the Minnesota Pollution Control Agency must include statements as to whether the equipment, device, or real property meets a standard, rule, criteria, guideline, policy, or order of the Minnesota Pollution Control Agency, and whether the equipment, device, or real property is installed or operated in accordance with it. On determining that property qualifies for exemption, the commissioner shall issue an order exempting the property from taxation. The commissioner shall develop an electronic means to notify interested parties when the commissioner has issued an order exempting property from taxation under this subdivision. The equipment, device, or real property shall continue to be exempt from taxation as long as the order issued by the commissioner remains in effect.

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

Sec. 17. Minnesota Statutes 2016, section 272.0211, subdivision 1, is amended to read:

Subdivision 1. **Efficiency determination and certification.** An owner or operator of a new or existing electric power generation facility, excluding wind energy conversion systems, may apply to the commissioner of revenue for a market value exclusion on the property as provided for in this section. This exclusion shall apply only to the market value of the equipment of the facility, and shall not apply to the structures and the land upon which the facility is located. The commissioner of revenue shall prescribe the ~~forms~~ content, format, manner, and procedures for this application pursuant to section 270C.30, except that a "law administered by the commissioner" includes the property tax laws. If an application is made by electronic means, the taxpayer's signature is defined pursuant to section 270C.304, except that a "law administered by the commissioner" includes the property tax laws. Upon receiving the application, the commissioner of revenue shall: (1) request the commissioner of commerce to make a determination of the efficiency of the applicant's electric power generation facility; and (2) shall develop an electronic means to notify interested parties when electric power generation facilities have filed an application. The commissioner of commerce shall calculate efficiency as the ratio of useful energy outputs to energy inputs, expressed as a percentage, based on the performance of the facility's equipment during normal full load operation. The commissioner must include in this formula the energy used in any on-site preparation of materials necessary to convert the materials into the fuel used to generate electricity, such as a process to gasify petroleum coke. The commissioner shall use the Higher Heating Value (HHV) for all substances in the commissioner's efficiency calculations, except for wood for fuel in a biomass-eligible project under section 216B.2424; for these instances, the commissioner shall adjust the heating value to allow for energy consumed for evaporation of the moisture in the wood. The applicant shall provide the commissioner of commerce with whatever information the commissioner deems necessary to make the determination. Within 30 days of the receipt of the necessary information, the commissioner of commerce shall certify the findings of the efficiency determination to the commissioner of revenue and to the applicant. The commissioner of commerce shall determine the efficiency of the facility and certify the findings of that determination to the commissioner of revenue every two years thereafter from the date of the original certification.

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

Sec. 18. Minnesota Statutes 2016, section 272.025, subdivision 1, is amended to read:

Subdivision 1. **Statement of exemption.** (a) Except in the case of property owned by the state of Minnesota or any political subdivision thereof, and property exempt from taxation under section 272.02, subdivisions 9, 10, 13, 15, 18, 20, and 22 to 25, and at the times provided in subdivision 3, a taxpayer claiming an exemption from taxation on property described in section 272.02, subdivisions 2 to 33, must file a statement of exemption with the assessor of the assessment district in which the property is located.

(b) A taxpayer claiming an exemption from taxation on property described in section 272.02, subdivision 10, must file a statement of exemption with the commissioner of revenue, on or before February 15 of each year for which the taxpayer claims an exemption.

(c) In case of sickness, absence or other disability or for good cause, the assessor or the commissioner may extend the time for filing the statement of exemption for a period not to exceed 60 days.

(d) The commissioner of revenue shall prescribe the ~~form and contents~~ content, format, and manner of the statement of exemption pursuant to section 270C.30, except that a "law administered by the commissioner" includes the property tax laws.

(e) If a statement is made by electronic means, the taxpayer's signature is defined pursuant to section 270C.304, except that a "law administered by the commissioner" includes the property tax laws.

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

Sec. 19. Minnesota Statutes 2016, section 272.029, subdivision 4, is amended to read:

Subd. 4. **Reports.** (a) An owner of a wind energy conversion system subject to tax under subdivision 3 shall file a report with the commissioner of revenue annually on or before ~~February 1~~ January 15 detailing the amount of electricity in kilowatt-hours that was produced by the wind energy conversion system for the previous calendar year. The commissioner shall prescribe the ~~form~~ content, format, and manner of the report pursuant to section 270C.30, except that a "law administered by the commissioner" includes the property tax laws. The report must contain the information required by the commissioner to determine the tax due to each county under this section for the current year. If an owner of a wind energy conversion system subject to taxation under this section fails to file the report by the due date, the commissioner of revenue shall determine the tax based upon the nameplate capacity of the system multiplied by a capacity factor of 60 percent.

(b) If a report is made by electronic means, the taxpayer's signature is defined pursuant to section 270C.304, except that a "law administered by the commissioner" includes the property tax laws.

~~(b)~~ (c) On or before February 28, the commissioner of revenue shall notify the owner of the wind energy conversion systems of the tax due to each county for the current year and shall certify to the county auditor of each county in which the systems are located the tax due from each owner for the current year.

**EFFECTIVE DATE.** This section is effective the day following final enactment, except that the amendment in paragraph (a) moving the date to file the report is effective for reports filed in 2018 and thereafter.

Sec. 20. Minnesota Statutes 2016, section 272.0295, subdivision 4, is amended to read:

Subd. 4. **Reports.** An owner of a solar energy generating system subject to tax under this section shall file a report with the commissioner of revenue annually on or before January 15 detailing the amount of electricity in megawatt-hours that was produced by the system in the previous calendar year. The commissioner shall prescribe the ~~form~~ content, format, and manner of the report pursuant to section 270C.30. The report must contain the information required by the commissioner to determine the tax due to each county under this section for the current year. If an owner of a solar energy generating system subject to taxation under this section fails to file the report by the due date, the commissioner of revenue shall determine the tax based upon the nameplate capacity of the system multiplied by a capacity factor of 30 percent.

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

Sec. 21. Minnesota Statutes 2016, section 272.115, subdivision 2, is amended to read:

Subd. 2. **Form; information required.** The certificate of value shall require such facts and information as may be determined by the commissioner to be reasonably necessary in the administration of the state education aid formulas. The form commissioner shall prescribe the content, format, and manner of the certificate of value shall be prescribed by the Department of Revenue which shall provide an adequate supply of forms to each county auditor pursuant to section 270C.30, except that a "law administered by the commissioner" includes the property tax laws.

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

Sec. 22. Minnesota Statutes 2016, section 273.124, subdivision 13, is amended to read:

Subd. 13. **Homestead application.** (a) A person who meets the homestead requirements under subdivision 1 must file a homestead application with the county assessor to initially obtain homestead classification.

(b) ~~The format and contents of a uniform homestead application shall be prescribed by the commissioner of revenue.~~ The commissioner shall prescribe the content, format, and manner of the homestead application required to be filed under this chapter pursuant to section 270C.30. The application must clearly inform the taxpayer that this application must be signed by all owners who occupy the property or by the qualifying relative and returned to the county assessor in order for the property to receive homestead treatment.

(c) Every property owner applying for homestead classification must furnish to the county assessor the Social Security number of each occupant who is listed as an owner of the property on the deed of record, the name and address of each owner who does not occupy the property, and the name and Social Security number of each owner's spouse who occupies the property. The application must be signed by each owner who occupies the property and by each owner's spouse who occupies the property, or, in the case of property that qualifies as a homestead under subdivision 1, paragraph (c), by the qualifying relative.

If a property owner occupies a homestead, the property owner's spouse may not claim another property as a homestead unless the property owner and the property owner's spouse file with the assessor an affidavit or other proof required by the assessor stating that the property qualifies as a homestead under subdivision 1, paragraph (e).

Owners or spouses occupying residences owned by their spouses and previously occupied with the other spouse, either of whom fail to include the other spouse's name and Social Security number on the homestead application or provide the affidavits or other proof requested, will be deemed to have elected to receive only partial homestead treatment of their residence. The remainder of the residence will be classified as nonhomestead residential. When an owner or spouse's name and Social Security number appear on homestead applications for two separate residences and only one application is signed, the owner or spouse will be deemed to have elected to homestead the residence for which the application was signed.

(d) If residential real estate is occupied and used for purposes of a homestead by a relative of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for the property to receive homestead status, a homestead application must be filed with the assessor. The Social Security number of each relative and spouse of a relative occupying the property shall be required on the homestead application filed under this subdivision. If a different relative of the owner subsequently occupies the property, the owner of the property must notify the assessor within 30 days of the change in occupancy. The Social Security number of a relative or relative's spouse occupying the property is private data on individuals as defined by section 13.02, subdivision 12, but may be disclosed to the commissioner of revenue, or, for the purposes of proceeding under the Revenue Recapture Act to recover personal property taxes owing, to the county treasurer.



(e) The homestead application shall also notify the property owners that if the property is granted homestead status for any assessment year, that same property shall remain classified as homestead until the property is sold or transferred to another person, or the owners, the spouse of the owner, or the relatives no longer use the property as their homestead. Upon the sale or transfer of the homestead property, a certificate of value must be timely filed with the county auditor as provided under section 272.115. Failure to notify the assessor within 30 days that the property has been sold, transferred, or that the owner, the spouse of the owner, or the relative is no longer occupying the property as a homestead, shall result in the penalty provided under this subdivision and the property will lose its current homestead status.

(f) If a homestead application has not been filed with the county by December 15, the assessor shall classify the property as nonhomestead for the current assessment year for taxes payable in the following year, provided that the owner may be entitled to receive the homestead classification by proper application under section 375.192.

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

Sec. 23. Minnesota Statutes 2016, section 273.371, is amended to read:

#### **273.371 REPORTS OF UTILITY COMPANIES.**

Subdivision 1. **Report required.** Every electric light, power, gas, water, express, stage, ~~and~~ transportation company, and pipeline company doing business in Minnesota shall annually file with the commissioner on or before March 31 a report under oath setting forth the information prescribed by the commissioner to enable the commissioner to make valuations, recommended valuations, and equalization required under sections 273.33, 273.35, 273.36, 273.37, and 273.3711. The commissioner shall prescribe the content, format, and manner of the report pursuant to section 270C.30, except that a "law administered by the commissioner" includes the property tax laws. If all the required information is not available on March 31, the company or pipeline shall file the information that is available on or before March 31, and the balance of the information as soon as it becomes available. If a report is made by electronic means, the taxpayer's signature is defined pursuant to section 270C.304, except that a "law administered by the commissioner" includes the property tax laws.

Subd. 2. **Extension.** The commissioner for good cause may extend the time for filing the report required by subdivision 1. The extension ~~may~~ must not exceed 15 days.

Subd. 3. **Reports filed by the commissioner.** If a company fails to file a report required by subdivision 1, the commissioner may, from information in the commissioner's possession or obtainable by the commissioner, make and file a report for the company or make the valuations, recommended valuations, and equalizations required under sections 273.33, 273.35 to 273.37, and 273.3711.

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

Sec. 24. Minnesota Statutes 2016, section 287.2205, is amended to read:

#### **287.2205 TAX-FORFEITED LAND.**

Before a state deed for tax-forfeited land may be issued, the deed tax must be paid by the purchaser of tax-forfeited land whether the purchase is the result of a public auction or private sale or a repurchase of taxforfeited land. State agencies and local units of government that acquire tax-forfeited land by purchase or any other means are subject to this section. The deed tax is \$1.65 for a conveyance of tax-forfeited lands to a governmental subdivision for an authorized public use under section 282.01, subdivision 1a, for a school forest under section 282.01, subdivision 1a, or for redevelopment purposes under section 282.01, subdivision 1b.

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

Sec. 25. Minnesota Statutes 2016, section 289A.08, is amended by adding a subdivision to read:

Subd. 17. **Format.** The commissioner shall prescribe the content, format, and manner of the returns and other documents pursuant to section 270C.30. This does not authorize the commissioner to require individual income taxpayers to file individual income tax returns electronically.

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

Sec. 26. Minnesota Statutes 2016, section 289A.09, subdivision 1, is amended to read:

Subdivision 1. **Returns.** (a) An employer who is required to deduct and withhold tax under section 290.92, subdivision 2a or 3, and a person required to deduct and withhold tax under section 290.923, subdivision 2, must file a return with the commissioner for each quarterly period unless otherwise prescribed by the commissioner.

(b) A person or corporation required to make deposits under section 290.9201, subdivision 8, must file an entertainer withholding tax return with the commissioner.

(c) A person required to withhold an amount under section 290.9705, subdivision 1, must file a return.

(d) A partnership required to deduct and withhold tax under section 290.92, subdivision 4b, must file a return.

(e) An S corporation required to deduct and withhold tax under section 290.92, subdivision 4c, must also file a return.

(f) ~~Returns must be filed in the form and manner, and contain the information prescribed by the commissioner. The commissioner shall prescribe the content, format, and manner of the returns pursuant to section 270C.30.~~ Every return for taxes withheld must be signed by the employer, entertainment entity, contract payor, partnership, or S corporation, or a designee.

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

Sec. 27. Minnesota Statutes 2016, section 289A.11, subdivision 1, is amended to read:

Subdivision 1. **Return required.** (a) Except as provided in section 289A.18, subdivision 4, for the month in which taxes imposed by chapter 297A are payable, or for which a return is due, a return for the preceding reporting period must be filed with the commissioner ~~in the form and manner the commissioner prescribes. The commissioner shall prescribe the content, format, and manner of the returns pursuant to section 270C.30.~~ A person making sales at retail at two or more places of business may file a consolidated return subject to rules prescribed by the commissioner. In computing the dollar amount of items on the return, the amounts are rounded off to the nearest whole dollar, disregarding amounts less than 50 cents and increasing amounts of 50 cents to 99 cents to the next highest dollar.

(b) Notwithstanding this subdivision, a person who is not required to hold a sales tax permit under chapter 297A and who makes annual purchases, for use in a trade or business, of less than \$18,500, or a person who is not required to hold a sales tax permit and who makes purchases for personal use, that are subject to the use tax imposed by section 297A.63, may file an annual use tax return ~~on a form prescribed by the commissioner. The commissioner shall prescribe the content, format, and manner of the return pursuant to section 270C.30.~~ If a person who qualifies for an annual use tax reporting period is required to obtain a sales tax permit or makes use tax purchases, for use in a trade or business, in excess of \$18,500 during the calendar year, the reporting period must be considered ended at the end of the month in which the permit is applied for or the purchase in excess of \$18,500 is made and a return must be filed for the preceding reporting period.

(c) Notwithstanding ~~paragraph~~ paragraphs (a) and (b), a person prohibited by the person's religious beliefs from using electronics shall be allowed to file by mail, without any additional fees. The filer must notify the commissioner of revenue of the intent to file by mail on a form prescribed by the commissioner. A return filed under this paragraph must be postmarked no later than the day the return is due in order to be considered filed on a timely basis.

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

Sec. 28. Minnesota Statutes 2016, section 289A.18, subdivision 1, is amended to read:

Subdivision 1. **Individual income, fiduciary income, corporate franchise, and entertainment taxes; partnership and S corporation returns; information returns; mining company returns.** The returns required to be made under sections 289A.08 and 289A.12 must be filed at the following times:

(1) returns made on the basis of the calendar year must be filed on April 15 following the close of the calendar year, except that returns of corporations and partnerships must be filed on the due date for filing the federal income tax return;

(2) returns made on the basis of the fiscal year must be filed on the 15th day of the fourth month following the close of the fiscal year, except that returns of corporations and partnerships must be filed on the due date for filing the federal income tax return;

(3) returns for a fractional part of a year must be filed on the due date for filing the federal income tax return;

(4) in the case of a final return of a decedent for a fractional part of a year, the return must be filed on the 15th day of the fourth month following the close of the 12-month period that began with the first day of that fractional part of a year;

(5) in the case of the return of a cooperative association, returns must be filed on or before the 15th day of the ninth month following the close of the taxable year;

(6) if a corporation has been divested from a unitary group and files a return for a fractional part of a year in which it was a member of a unitary business that files a combined report under section 290.17, subdivision 4, the divested corporation's return must be filed on the 15th day of the third month following the close of the common accounting period that includes the fractional year;

(7) returns of entertainment entities must be filed on April 15 following the close of the calendar year;

(8) returns required to be filed under section 289A.08, subdivision 4, must be filed on the 15th day of the fifth month following the close of the taxable year;

(9) returns of mining companies must be filed on May 1 following the close of the calendar year; and

(10) returns required to be filed with the commissioner under section 289A.12, subdivision 2, 4 to 10, or 16 must be filed within 30 days after being demanded by the commissioner.

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

Sec. 29. Minnesota Statutes 2016, section 289A.37, subdivision 2, is amended to read:

Subd. 2. **Erroneous refunds.** ~~An erroneous refund is considered an underpayment of tax on the date made. An assessment of a deficiency arising out of an erroneous refund may be made at any time within two years from the making of the refund. If part of the refund was induced by fraud or misrepresentation of a material fact, the assessment may be made at any time.~~ (a) Except as provided in paragraph (b), an erroneous refund occurs when the commissioner issues a payment to a person that exceeds the amount the person is entitled to receive under law. An erroneous refund is considered an underpayment of tax on the date issued.

(b) To the extent that the amount paid does not exceed the amount claimed by the taxpayer, an erroneous refund does not include the following:

(1) any amount of a refund or credit paid pursuant to a claim for refund filed by a taxpayer, including but not limited to refunds of claims made under section 290.06, subdivision 23; 290.067; 290.0671; 290.0672; 290.0674; 290.0675; 290.0677; 290.068; 290.0681; or 290.0692; or chapter 290A; or

(2) any amount paid pursuant to a claim for refund of an overpayment of tax filed by a taxpayer.

(c) The commissioner may make an assessment to recover an erroneous refund at any time within two years from the issuance of the erroneous refund. If all or part of the erroneous refund was induced by fraud or misrepresentation of a material fact, the assessment may be made at any time.

(d) Assessments of amounts that are not erroneous refunds under paragraph (b) must be conducted under section 289A.38.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to all refunds issued after that date. Notwithstanding any law to the contrary, the changes in this section do not invalidate any assessments made by the commissioner prior to this effective date.

Sec. 30. Minnesota Statutes 2016, section 289A.50, subdivision 7, is amended to read:

Subd. 7. **Remedies.** (a) If the taxpayer is notified by the commissioner that the refund claim is denied in whole or in part, the taxpayer may:

(1) file an administrative appeal as provided in section 270C.35, or an appeal with the Tax Court, within 60 days after ~~issuance~~ the notice date of the commissioner's notice of denial; or

(2) file an action in the district court to recover the refund.

(b) An action in the district court on a denied claim for refund must be brought within 18 months of the notice date of the denial of the claim by the commissioner. For the purposes of this section, "notice date" has the meaning given in section 270C.35, subdivision 3.

(c) No action in the district court or the Tax Court shall be brought within six months of the filing of the refund claim unless the commissioner denies the claim within that period.

(d) If a taxpayer files a claim for refund and the commissioner has not issued a denial of the claim, the taxpayer may bring an action in the district court or the Tax Court at any time after the expiration of six months from the time the claim was filed.

(e) The commissioner and the taxpayer may agree to extend the period for bringing an action in the district court.

(f) An action for refund of tax by the taxpayer must be brought in the district court of the district in which lies the county of the taxpayer's residence or principal place of business. In the case of an estate or trust, the action must be brought at the principal place of its administration. Any action may be brought in the district court for Ramsey County.

**EFFECTIVE DATE.** This section is effective for claims for refund denied after December 31, 2017.

Sec. 31. **[290B.11] FORMS.**

The commissioner shall prescribe the content, format, and manner of all forms and other documents required to be filed under this chapter pursuant to section 270C.30.

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

Sec. 32. **[293.15] FORMS.**

The commissioner shall prescribe the content, format, and manner of all forms and other documents required to be filed under this chapter pursuant to section 270C.30.

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

Sec. 33. Minnesota Statutes 2016, section 295.55, subdivision 6, is amended to read:

Subd. 6. **Form of returns.** ~~The estimated payments and annual return must contain the information and be in the form prescribed by the commissioner.~~ The commissioner shall prescribe the content, format, and manner of the estimated payment forms and annual return pursuant to section 270C.30.

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

Sec. 34. Minnesota Statutes 2016, section 296A.02, is amended by adding a subdivision to read:

Subd. 5. **Forms.** The commissioner shall prescribe the content, format, and manner of all forms and other documents required to be filed under this chapter pursuant to section 270C.30.

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

Sec. 35. Minnesota Statutes 2016, section 296A.22, subdivision 9, is amended to read:

Subd. 9. **Abatement of penalty.** (a) The commissioner may by written order abate any penalty imposed under this section, if in the commissioner's opinion there is reasonable cause to do so.

(b) A request for abatement of penalty must be filed with the commissioner within 60 days of the notice date of the notice stating that a penalty has been imposed was mailed to the taxpayer's last known address. For purposes of this section, "notice date" means the notice date designated by the commissioner on the order or other notice that a penalty has been imposed.

(c) If the commissioner issues an order denying a request for abatement of penalty, the taxpayer may file an administrative appeal as provided in section 270C.35 or appeal to Tax Court as provided in section 271.06. If the commissioner does not issue an order on the abatement request within 60 days from the date the request is received, the taxpayer may appeal to Tax Court as provided in section 271.06.

**EFFECTIVE DATE.** This section is effective for orders and notices dated after December 31, 2017.

Sec. 36. Minnesota Statutes 2016, section 296A.26, is amended to read:

**296A.26 JUDICIAL REVIEW; APPEAL TO TAX COURT.**

In lieu of an administrative appeal under section 270C.35, any person aggrieved by an order of the commissioner fixing a tax, penalty, or interest under this chapter may, within 60 days from the notice date of ~~the notice~~ of the order, appeal to the Tax Court in the manner provided under section 271.06. For purposes of this section, "notice date" means the notice date designated by the commissioner on the order fixing a tax, penalty, or interest.

**EFFECTIVE DATE.** This section is effective for orders dated after December 31, 2017.

Sec. 37. Minnesota Statutes 2016, section 297D.02, is amended to read:

**297D.02 ADMINISTRATION.**

The commissioner of revenue shall administer this chapter. The commissioner shall prescribe the content, format, and manner of all forms and other documents required to be filed under this chapter pursuant to section 270C.30. Payments required by this chapter must be made to the commissioner on the form provided by the commissioner. Tax obligors are not required to give their name, address, Social Security number, or other identifying information on the form. The commissioner shall collect all taxes under this chapter.

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

Sec. 38. Minnesota Statutes 2016, section 297E.02, subdivision 3, is amended to read:

Subd. 3. **Collection; disposition.** (a) Taxes imposed by this section are due and payable to the commissioner when the gambling tax return is required to be filed. Distributors must file their monthly sales figures with the commissioner on a form prescribed by the commissioner. Returns covering the taxes imposed under this section must be filed with the commissioner on or before the 20th day of the month following the close of the previous calendar month. ~~The commissioner may require that the returns be filed via magnetic media or electronic data transfer.~~ The commissioner shall prescribe the content, format, and manner of returns or other documents pursuant to section 270C.30. The proceeds, along with the revenue received from all license fees and other fees under sections 349.11 to 349.191, 349.211, and 349.213, must be paid to the commissioner of management and budget for deposit in the general fund.

(b) The sales tax imposed by chapter 297A on the sale of pull-tabs and tipboards by the distributor is imposed on the retail sales price. The retail sale of pull-tabs or tipboards by the organization is exempt from taxes imposed by chapter 297A and is exempt from all local taxes and license fees except a fee authorized under section 349.16, subdivision 8.

(c) One-half of one percent of the revenue deposited in the general fund under paragraph (a), is appropriated to the commissioner of human services for the compulsive gambling treatment program established under section 245.98. One-half of one percent of the revenue deposited in the general fund under paragraph (a), is appropriated to the commissioner of human services for a grant to the state affiliate recognized by the National Council on Problem Gambling to increase public awareness of problem gambling, education and training for individuals and organizations providing effective treatment services to problem gamblers and their families, and research relating to problem gambling. Money appropriated by this paragraph must supplement and must not replace existing state funding for these programs.

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

Sec. 39. Minnesota Statutes 2016, section 297E.04, subdivision 1, is amended to read:

Subdivision 1. **Reports of sales.** A manufacturer who sells gambling product for use or resale in this state, or for receipt by a person or entity in this state, shall file with the commissioner, on a form prescribed by the commissioner, a report of gambling product sold to any person in the state, including the established governing body of an Indian tribe recognized by the United States Department of the Interior. The report must be filed monthly on or before the 20th day of the month succeeding the month in which the sale was made. ~~The commissioner may require that the report be submitted via magnetic media or electronic data transfer.~~ The commissioner shall prescribe the content, format, and manner of returns or other documents pursuant to section 270C.30. The commissioner may inspect the premises, books, records, and inventory of a manufacturer without notice during the normal business hours of the manufacturer. A person violating this section is guilty of a misdemeanor.

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

Sec. 40. Minnesota Statutes 2016, section 297E.05, subdivision 4, is amended to read:

Subd. 4. **Reports.** A distributor shall report monthly to the commissioner, on a form the commissioner prescribes, its sales of each type of gambling product. This report must be filed monthly on or before the 20th day of the month succeeding the month in which the sale was made. ~~The commissioner may require that a distributor submit the monthly report and invoices required in this subdivision via magnetic media or electronic data transfer.~~ The commissioner shall prescribe the content, format, and manner of returns or other documents pursuant to section 270C.30.

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

Sec. 41. Minnesota Statutes 2016, section 297E.06, subdivision 1, is amended to read:

Subdivision 1. **Reports.** An organization must file with the commissioner, on a form prescribed by the commissioner, a report showing all gambling activity conducted by that organization for each month. Gambling activity includes all gross receipts, prizes, all gambling taxes owed or paid to the commissioner, all gambling expenses, and all lawful purpose and board-approved expenditures. The report must be filed with the commissioner on or before the 20th day of the month following the month in which the gambling activity takes place. ~~The commissioner may require that the reports be filed via magnetic media or electronic data transfer.~~ The commissioner shall prescribe the content, format, and manner of returns or other documents pursuant to section 270C.30.

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

Sec. 42. Minnesota Statutes 2016, section 297F.09, subdivision 1, is amended to read:

Subdivision 1. **Monthly return; cigarette distributor.** On or before the 18th day of each calendar month, a distributor with a place of business in this state shall file a return with the commissioner showing the quantity of cigarettes manufactured or brought in from outside the state or purchased during the preceding calendar month and the quantity of cigarettes sold or otherwise disposed of in this state and outside this state during that month. A licensed distributor outside this state shall in like manner file a return showing the quantity of cigarettes shipped or transported into this state during the preceding calendar month. ~~Returns must be made in the form and manner prescribed by~~ The commissioner shall prescribe the content, format, and manner of returns pursuant to section 270C.30, and the returns must contain any other information required by the commissioner. The return must be accompanied by a remittance for the full unpaid tax liability shown by it. For distributors subject to the accelerated tax payment requirements in subdivision 10, the return for the May liability is due two business days before June 30th of the year and the return for the June liability is due on or before August 18th of the year.

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

Sec. 43. Minnesota Statutes 2016, section 297F.23, is amended to read:

**297F.23 JUDICIAL REVIEW.**

In lieu of an administrative appeal under section 270C.35, a person aggrieved by an order of the commissioner fixing a tax, penalty, or interest under this chapter may, within 60 days from the notice date of the order, appeal to the Tax Court in the manner provided under section 271.06. For purposes of this section, "notice date" means the notice date designated by the commissioner on the order fixing a tax, penalty, or interest.

**EFFECTIVE DATE.** This section is effective for orders dated after December 31, 2017.

Sec. 44. Minnesota Statutes 2016, section 297G.09, subdivision 1, is amended to read:

Subdivision 1. **Monthly returns; manufacturers, wholesalers, brewers, or importers.** On or before the 18th day of each calendar month following the month in which a licensed manufacturer or wholesaler first sells wine and distilled spirits within the state, or a brewer or importer first sells or imports fermented malt beverages, or a wholesaler knowingly acquires title to or possession of untaxed fermented malt beverages, the licensed manufacturer, wholesaler, brewer, or importer liable for the excise tax must file a return with the commissioner, and in addition must keep records and render reports as required by the commissioner. ~~Returns must be made in a form and manner prescribed by the commissioner, and~~ The commissioner shall prescribe the content, format, and manner of returns pursuant to section 270C.30. The returns must contain any other information required by the commissioner. Returns must be accompanied by a remittance for the full unpaid tax liability. Returns must be filed regardless of whether a tax is due.

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

Sec. 45. Minnesota Statutes 2016, section 297G.22, is amended to read:

**297G.22 JUDICIAL REVIEW.**

In lieu of an administrative appeal under this chapter, a person aggrieved by an order of the commissioner fixing a tax, penalty, or interest under this chapter may, within 60 days from ~~the date of the notice~~ date of the order, appeal to the Tax Court in the manner provided under section 271.06. For purposes of this section, "notice date" means the notice date designated by the commissioner on the order fixing a tax, penalty, or interest.

**EFFECTIVE DATE.** This section is effective for orders dated after December 31, 2017.

Sec. 46. Minnesota Statutes 2016, section 297I.30, is amended by adding a subdivision to read:

Subd. 11. **Format.** The commissioner shall prescribe the content, format, and manner of returns or other documents pursuant to section 270C.30.

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

Sec. 47. Minnesota Statutes 2016, section 297I.60, subdivision 2, is amended to read:

Subd. 2. **Remedies.** (a) If the taxpayer is notified that the refund claim is denied in whole or in part, the taxpayer may contest the denial by:

- (1) filing an administrative appeal with the commissioner under section 270C.35;



(2) filing an appeal in Tax Court within 60 days of the notice date of the ~~notice of~~ denial; or

(3) filing an action in the district court to recover the refund.

(b) An action in the district court must be brought within 18 months ~~following~~ of the notice date of the ~~notice of~~ denial. For purposes of this section, "notice date" has the meaning given in section 270C.35, subdivision 3. An action for refund of tax or surcharge must be brought in the district court of the district in which lies the taxpayer's principal place of business or in the District Court for Ramsey County. If a taxpayer files a claim for refund and the commissioner has not issued a denial of the claim, the taxpayer may bring an action in the district court or the Tax Court at any time after the expiration of six months from the time the claim was filed.

**EFFECTIVE DATE.** This section is effective for claims for refund denied after December 31, 2017.

Sec. 48. Minnesota Statutes 2016, section 469.319, subdivision 5, is amended to read:

Subd. 5. **Waiver authority.** (a) The commissioner may waive all or part of a repayment required under subdivision 1, if the commissioner, in consultation with the commissioner of employment and economic development and appropriate officials from the local government units in which the qualified business is located, determines that requiring repayment of the tax is not in the best interest of the state or the local government units and the business ceased operating as a result of circumstances beyond its control including, but not limited to:

(1) a natural disaster;

(2) unforeseen industry trends; or

(3) loss of a major supplier or customer.

(b)(1) The commissioner shall waive repayment required under subdivision 1a if the commissioner has waived repayment by the operating business under subdivision 1, unless the person that received benefits without having to operate a business in the zone was a contributing factor in the qualified business becoming subject to repayment under subdivision 1;

(2) the commissioner shall waive the repayment required under subdivision 1a, even if the repayment has not been waived for the operating business if:

(i) the person that received benefits without having to operate a business in the zone and the business that operated in the zone are not related parties as defined in section 267(b) of the Internal Revenue Code of 1986, as amended through December 31, 2007; and

(ii) actions of the person were not a contributing factor in the qualified business becoming subject to repayment under subdivision 1.

(c) Requests for waiver must be made no later than 60 days after the earlier of the notice date of an order issued under subdivision 4, paragraph (d), or the date of a tax statement issued under subdivision 4, paragraph (c). For purposes of this section, "notice date" means the notice date designated by the commissioner on the order.

**EFFECTIVE DATE.** This section is effective for orders of the commissioner of revenue dated after December 31, 2017.

Sec. 49. Laws 2016, chapter 187, section 5, the effective date, is amended to read:

**EFFECTIVE DATE.** This section is effective for orders and notices dated after ~~September 30, 2015~~  
December 31, 2017.

**EFFECTIVE DATE.** This section is effective retroactively from September 30, 2015.

#### ARTICLE 6

#### DEPARTMENT OF REVENUE 2015-2016 SUSTAINABLE FOREST INCENTIVE ACT PROVISIONS

Section 1. Minnesota Statutes 2016, section 290C.03, is amended to read:

#### **290C.03 ELIGIBILITY REQUIREMENTS.**

(a) Land may be enrolled in the sustainable forest incentive program under this chapter if all of the following conditions are met:

(1) the land consists of at least 20 contiguous acres and at least 50 percent of the land must meet the definition of forest land in section 88.01, subdivision 7, during the enrollment;

(2) a forest management plan for the land must be (i) prepared by an approved plan writer and implemented during the period in which the land is enrolled, and (ii) registered with the Department of Natural Resources;

(3) timber harvesting and forest management guidelines must be used in conjunction with any timber harvesting or forest management activities conducted on the land during the period in which the land is enrolled;

(4) the land must be enrolled for a minimum of eight years;

(5) there are no delinquent property taxes on the land; ~~and~~

(6) claimants enrolling more than 1,920 acres in the sustainable forest incentive program must allow year-round, nonmotorized access to fish and wildlife resources and motorized access on established and maintained roads and trails, unless the road or trail is temporarily closed for safety, natural resource, or road damage reasons on enrolled land except within one-fourth mile of a permanent dwelling or during periods of high fire hazard as determined by the commissioner of natural resources; and

(7) the land is not classified as 2c managed forest land.

(b) Claimants required to allow access under paragraph (a), clause (6), do not by that action:

(1) extend any assurance that the land is safe for any purpose;

(2) confer upon the person the legal status of an invitee or licensee to whom a duty of care is owed; or

(3) assume responsibility for or incur liability for any injury to the person or property caused by an act or omission of the person.

(c) A minimum of three acres must be excluded from enrolled land when the land is improved with a structure that is not a minor, ancillary, or nonresidential structure. If land does not meet the definition of forest land in section 290C.02, subdivision 6, because the land is (1) enrolled in the reinvest in Minnesota program, (2) enrolled in a state or federal conservation reserve or easement program under sections 103F.501 to 103F.531, (3) subject to the

Minnesota agricultural property tax under section 273.111, or (4) subject to agricultural land preservation controls or restrictions as defined in section 40A.02 or the Metropolitan Agricultural Preserves Act under chapter 473H, the entire parcel that contains the land is not eligible to be enrolled in the program.

**EFFECTIVE DATE.** The amendment to paragraph (a), clause (2), is effective for certifications filed after July 1, 2018. The amendment adding paragraph (a), clause (7), is effective for certifications and applications due in 2017 and thereafter. The amendment adding paragraph (c) is effective the day following final enactment.

Sec. 2. **[290C.051] VERIFICATION OF FOREST MANAGEMENT PLAN.**

On request of the commissioner, the commissioner of natural resources must annually provide verification that the claimant has a current forest management plan on file with the Department of Natural Resources.

**EFFECTIVE DATE.** This section is effective for certifications filed after July 1, 2018.

Sec. 3. **REPEALER.**

Minnesota Statutes 2016, sections 290C.02, subdivisions 5 and 9; and 290C.06, are repealed.

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

Correct the title numbers accordingly

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

The report was adopted.

Dauids from the Committee on Taxes to which was referred:

H. F. No. 1227, A bill for an act relating to taxation; making policy changes to corporate franchise taxes, property taxes, local government aids, sales and use taxes, special taxes, paid preparers, and other taxes and tax provisions; amending Minnesota Statutes 2016, sections 84.82, subdivision 10; 84.922, subdivision 11; 86B.401, subdivision 12; 270.074, subdivision 1; 270B.14, by adding subdivisions; 270C.445, subdivisions 2, 3, 5a, 6, 6a, 6b, 6c, 7, 8, by adding a subdivision; 270C.446, subdivisions 2, 3, 4, 5; 270C.447, subdivisions 1, 2, 3, by adding a subdivision; 272.025, subdivision 1; 272.0295, by adding a subdivision; 272.03, subdivision 1; 272.115, subdivisions 1, 2, 3; 273.0755; 273.124, subdivisions 13, 13d; 273.21; 274.014, subdivision 3; 274.135, subdivision 3; 289A.50, subdivision 2a; 289A.60, subdivisions 13, 28; 290.191, subdivision 5; 296A.01, subdivision 7; 297A.61, by adding a subdivision; 297B.07; 297I.30, subdivision 7; 477A.0124, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 297A; repealing Minnesota Statutes 2016, sections 270.074, subdivision 2; 270C.445, subdivision 1; 270C.447, subdivision 4; Minnesota Rules, part 8125.1300, subpart 3.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1  
DEPARTMENT OF REVENUE PROPERTY TAX AND LOCAL GOVERNMENT  
AID POLICY PROVISIONS

Section 1. Minnesota Statutes 2016, section 270.074, subdivision 1, is amended to read:

Subdivision 1. **Valuation.** The commissioner shall determine the market valuation of all flight property operated or used by every airline company in air commerce in this state. The valuation apportioned to this state of such flight property shall be the proportion of the total valuation thereof determined on the basis of the total of the following percentages:

~~(1) 33 1/3 percent of the percentage which the total tonnage of passengers, express and freight first received by the airline company in this state during the preceding calendar year plus the total tonnage of passengers, express and freight finally discharged by it within this state during the preceding calendar year is of the total of such tonnage first received by the airline company or finally discharged by it, within and without this state during the preceding calendar year.~~

~~(2) 33 1/3 percent of the percentage which, in equated plane hours, the total time of all aircraft of the airline company in flight in this state during the preceding calendar year, is of the total of such time in flight within and without this state during the preceding calendar year.~~

~~(3) 33 1/3~~ (1) 50 percent of the percentage which the number of revenue ton miles of passengers, mail, express and freight flown by the airline company within this state during the preceding calendar year is of the total number of such miles flown by it within and without this state during the preceding calendar year.

(2) 50 percent of the percentage that the total departures performed by the airline company within this state during the preceding calendar year is of the total departures performed within and without this state during the preceding calendar year.

**EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

Sec. 2. Minnesota Statutes 2016, section 272.025, subdivision 1, is amended to read:

Subdivision 1. **Statement of exemption.** (a) Except in the case of property owned by the state of Minnesota or any political subdivision thereof, ~~and property exempt from taxation under section 272.02, subdivisions 9, 10, 13, 15, 18, 20, and 22 to 25, and at the times provided in subdivision 3,~~ a taxpayer claiming an exemption from taxation on property described in section 272.02, ~~subdivisions 2 to 33,~~ must file a statement of exemption with the assessor of the assessment district in which the property is located. By February 1, 2018, and by February 1 of each third year thereafter, the commissioner of revenue shall publish on its Web site a list of the exemptions for which a taxpayer claiming an exemption must file a statement of exemption. The commissioner's requirement that a taxpayer file a statement of exemption pursuant to this subdivision shall not be considered a rule and is not subject to the Administrative Procedure Act, chapter 14.

(b) A taxpayer claiming an exemption from taxation on property described in section 272.02, subdivision 10, must file a statement of exemption with the commissioner of revenue, on or before February 15 of each year for which the taxpayer claims an exemption.

(c) In case of sickness, absence or other disability or for good cause, the assessor or the commissioner may extend the time for filing the statement of exemption for a period not to exceed 60 days.

(d) The commissioner of revenue shall prescribe the form and contents of the statement of exemption.

**EFFECTIVE DATE.** This section is effective for applications for exemption submitted in 2018 and thereafter.

Sec. 3. Minnesota Statutes 2016, section 272.0295, is amended by adding a subdivision to read:

Subd. 8. **Extension.** The commissioner may, for good cause, extend the time for filing the report required by subdivision 4. The extension must not exceed 15 days.

**EFFECTIVE DATE.** This section is effective for reports filed in 2018 and thereafter.

Sec. 4. Minnesota Statutes 2016, section 272.115, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** Except as otherwise provided in subdivision 5 or 6, whenever any real estate is sold for a consideration in excess of ~~\$1,000~~ **\$1,500**, whether by warranty deed, quitclaim deed, contract for deed or any other method of sale, the grantor, grantee or the legal agent of either shall file a certificate of value with the county auditor in the county in which the property is located when the deed or other document is presented for recording. Contract for deeds are subject to recording under section 507.235, subdivision 1. Value shall, in the case of any deed not a gift, be the amount of the full actual consideration thereof, paid or to be paid, including the amount of any lien or liens assumed. The items and value of personal property transferred with the real property must be listed and deducted from the sale price. The certificate of value shall include the classification to which the property belongs for the purpose of determining the fair market value of the property, and shall include any proposed change in use of the property known to the person filing the certificate that could change the classification of the property. The certificate shall include financing terms and conditions of the sale which are necessary to determine the actual, present value of the sale price for purposes of the sales ratio study. If the property is being acquired as part of a like-kind exchange under section 1031 of the Internal Revenue Code of 1986, as amended through December 31, 2006, that must be indicated on the certificate. The commissioner of revenue shall promulgate administrative rules specifying the financing terms and conditions which must be included on the certificate. The certificate of value must include the Social Security number or the federal employer identification number of the grantors and grantees. However, a married person who is not an owner of record and who is signing a conveyance instrument along with the person's spouse solely to release and convey their marital interest, if any, in the real property being conveyed is not a grantor for the purpose of the preceding sentence. A statement in the deed that is substantially in the following form is sufficient to allow the county auditor to accept a certificate for filing without the Social Security number of the named spouse: "(Name) claims no ownership interest in the real property being conveyed and is executing this instrument solely to release and convey a marital interest, if any, in that real property." The identification numbers of the grantors and grantees are private data on individuals or nonpublic data as defined in section 13.02, subdivisions 9 and 12, but, notwithstanding that section, the private or nonpublic data may be disclosed to the commissioner of revenue for purposes of tax administration. The information required to be shown on the certificate of value is limited to the information required as of the date of the acknowledgment on the deed or other document to be recorded. The commissioner's determination of the amount for which a certificate of value is required pursuant to this subdivision shall not be considered a rule and is not subject to the Administrative Procedure Act, chapter 14.

**EFFECTIVE DATE.** This section is effective for certificates of value filed after December 31, 2017.

Sec. 5. Minnesota Statutes 2016, section 272.115, subdivision 2, is amended to read:

Subd. 2. **Form; information required.** The certificate of value shall require such facts and information as may be determined by the commissioner to be reasonably necessary in the administration of the state education aid formulas. The form of the certificate of value shall be prescribed by the Department of Revenue ~~which shall provide an adequate supply of forms to each county auditor.~~

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

Sec. 6. Minnesota Statutes 2016, section 272.115, subdivision 3, is amended to read:

Subd. 3. **Copies transmitted; homestead status.** The county auditor shall transmit ~~two true copies of~~ the certificate of value to the assessor who shall insert into the certificate of value the most recent market value and when available, the year of original construction of each parcel of property ~~on both copies~~, and shall transmit ~~one copy~~ the certificate of value to the Department of Revenue. Upon the request of a city council located within the county, a copy of each certificate of value for property located in that city shall be made available to the governing body of the city. The assessor shall remove the homestead classification for the following assessment year from a property which is sold or transferred, unless the grantee or the person to whom the property is transferred completes a homestead application under section 273.124, subdivision 13, and qualifies for homestead status.

**EFFECTIVE DATE.** This section is effective for certificates of value filed after December 31, 2017.

Sec. 7. Minnesota Statutes 2016, section 273.124, subdivision 13, is amended to read:

Subd. 13. **Homestead application.** (a) A person who meets the homestead requirements under subdivision 1 must file a homestead application with the county assessor to initially obtain homestead classification.

(b) The format and contents of a uniform homestead application shall be prescribed by the commissioner of revenue. The application must clearly inform the taxpayer that this application must be signed by all owners who occupy the property or by the qualifying relative and returned to the county assessor in order for the property to receive homestead treatment.

(c) Every property owner applying for homestead classification must furnish to the county assessor the Social Security number of each occupant who is listed as an owner of the property on the deed of record, the name and address of each owner who does not occupy the property, and the name and Social Security number of each owner's spouse ~~who occupies the property~~. The application must be signed by each owner who occupies the property and by each owner's spouse who occupies the property, or, in the case of property that qualifies as a homestead under subdivision 1, paragraph (c), by the qualifying relative.

If a property owner occupies a homestead, the property owner's spouse may not claim another property as a homestead unless the property owner and the property owner's spouse file with the assessor an affidavit or other proof required by the assessor stating that the property qualifies as a homestead under subdivision 1, paragraph (e).

Owners or spouses occupying residences owned by their spouses and previously occupied with the other spouse, either of whom fail to include the other spouse's name and Social Security number on the homestead application or provide the affidavits or other proof requested, will be deemed to have elected to receive only partial homestead treatment of their residence. The remainder of the residence will be classified as nonhomestead residential. When an owner or spouse's name and Social Security number appear on homestead applications for two separate residences and only one application is signed, the owner or spouse will be deemed to have elected to homestead the residence for which the application was signed.

(d) If residential real estate is occupied and used for purposes of a homestead by a relative of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for the property to receive homestead status, a homestead application must be filed with the assessor. The Social Security number of each relative occupying the property and the name and Social Security number of the spouse of a relative occupying the property shall be required on the homestead application filed under this subdivision. If a different relative of the owner subsequently occupies the property, the owner of the property must notify the assessor within 30 days of the change in occupancy. The Social Security number of a relative occupying the property or relative's the spouse of a relative occupying the property is private data on individuals as defined by section 13.02, subdivision 12, but may be disclosed to the commissioner of revenue, or, for the purposes of proceeding under the Revenue Recapture Act to recover personal property taxes owing, to the county treasurer.

(e) The homestead application shall also notify the property owners that if the property is granted homestead status for any assessment year, that same property shall remain classified as homestead until the property is sold or transferred to another person, or the owners, the spouse of the owner, or the relatives no longer use the property as their homestead. Upon the sale or transfer of the homestead property, a certificate of value must be timely filed with the county auditor as provided under section 272.115. Failure to notify the assessor within 30 days that the property has been sold, transferred, or that the owner, the spouse of the owner, or the relative is no longer occupying the property as a homestead, shall result in the penalty provided under this subdivision and the property will lose its current homestead status.

(f) If a homestead application has not been filed with the county by December 15, the assessor shall classify the property as nonhomestead for the current assessment year for taxes payable in the following year, provided that the owner may be entitled to receive the homestead classification by proper application under section 375.192.

**EFFECTIVE DATE.** This section is effective for applications for homestead filed in 2018 and thereafter.

Sec. 8. Minnesota Statutes 2016, section 273.124, subdivision 13d, is amended to read:

Subd. 13d. **Homestead data.** On or before April 30 each year beginning in 2007, each county must provide the commissioner with the following data for each parcel of homestead property by electronic means as defined in section 289A.02, subdivision 8:

- (1) the property identification number assigned to the parcel for purposes of taxes payable in the current year;
- (2) the name and Social Security number of each occupant of homestead property who is the property owner, ~~property owner's spouse,~~ or qualifying relative of a property owner, and the spouse of the property owner who occupies homestead property or spouse of a qualifying relative of a property owner who occupies homestead property;
- (3) the classification of the property under section 273.13 for taxes payable in the current year and in the prior year;
- (4) an indication of whether the property was classified as a homestead for taxes payable in the current year because of occupancy by a relative of the owner or by a spouse of a relative;
- (5) the property taxes payable as defined in section 290A.03, subdivision 13, for the current year and the prior year;
- (6) the market value of improvements to the property first assessed for tax purposes for taxes payable in the current year;
- (7) the assessor's estimated market value assigned to the property for taxes payable in the current year and the prior year;
- (8) the taxable market value assigned to the property for taxes payable in the current year and the prior year;
- (9) whether there are delinquent property taxes owing on the homestead;
- (10) the unique taxing district in which the property is located; and
- (11) such other information as the commissioner decides is necessary.

The commissioner shall use the information provided on the lists as appropriate under the law, including for the detection of improper claims by owners, or relatives of owners, under chapter 290A.

**EFFECTIVE DATE.** This section is effective for applications for homestead filed in 2018 and thereafter.

Sec. 9. Minnesota Statutes 2016, section 274.014, subdivision 3, is amended to read:

Subd. 3. **Proof of compliance; transfer of duties.** (a) Any city or town that conducts local boards of appeal and equalization meetings must ~~provide proof to the county assessor by February 1 that it is in compliance~~ comply with the training requirements of subdivision 2 ~~by February 1, by having at least one member who has attended an appeals and equalization course described in subdivision 2 within the last four years. This notice must also verify that there was a quorum of voting members at each meeting of the board of appeal and equalization in the previous year.~~ A city or town that does not comply with these requirements is deemed to have transferred its board of appeal and equalization powers to the county for a minimum of two assessment years, beginning with the current year's assessment and continuing thereafter unless the powers are reinstated under paragraph (c).

(b) The county shall notify the taxpayers when the board of appeal and equalization for a city or town has been transferred to the county under this subdivision and, prior to the meeting time of the county board of equalization, the county shall make available to those taxpayers a procedure for a review of the assessments, including, but not limited to, open book meetings. This alternate review process shall take place in April and May.

(c) A local board whose powers are transferred to the county under this subdivision may be reinstated by resolution of the governing body of the city or town and upon proof of compliance with the requirements of subdivision 2. The resolution and proofs must be provided to the county assessor by February 1 in order to be effective for the following year's assessment.

(d) A local board whose powers are transferred to the county under this subdivision may continue to employ a local assessor and is not deemed to have transferred its powers to make assessments.

**EFFECTIVE DATE.** This section is effective for board of appeal and equalization meetings held in 2018 and thereafter.

Sec. 10. Minnesota Statutes 2016, section 274.135, subdivision 3, is amended to read:

Subd. 3. **Proof of compliance; transfer of duties.** (a) Any county that conducts county boards of appeal and equalization meetings must ~~provide proof to the commissioner by December 1, 2009, and each year thereafter, that it is in compliance~~ comply with the training requirements of subdivision 2 ~~by February 1, by having at least one member who has attended an appeals and equalization course described in subdivision 2 within the last four years. Beginning in 2009, this notice must also verify that there was a quorum of voting members at each meeting of the board of appeal and equalization in the current year.~~ A county that does not comply with these requirements is deemed to have transferred its board of appeal and equalization powers to the special board of equalization appointed pursuant to section 274.13, subdivision 2, for a minimum of two assessment years, beginning with the following year's assessment and continuing thereafter unless the powers are reinstated under paragraph (c). A county that does not comply with the requirements of subdivision 2 and has not appointed a special board of equalization shall appoint a special board of equalization before the following year's assessment.

(b) The county shall notify the taxpayers when the board of appeal and equalization for a county has been transferred to the special board of equalization under this subdivision and, prior to the meeting time of the special board of equalization, the county shall make available to those taxpayers a procedure for a review of the assessments, including, but not limited to, open book meetings. This alternate review process must take place in April and May.

(c) A county board whose powers are transferred to the special board of equalization under this subdivision may be reinstated by resolution of the county board and upon proof of compliance with the requirements of subdivision 2. The resolution and proofs must be provided to the commissioner by December 1 in order to be effective for the following year's assessment.



(d) If a person who was entitled to appeal to the county board of appeal and equalization or to the county special board of equalization is not able to do so in a particular year because the county board or special board did not meet the quorum and training requirements in this section and section 274.13, or because the special board was not appointed, that person may instead appeal to the commissioner of revenue, provided that the appeal is received by the commissioner prior to August 1. The appeal is not subject to either chapter 14 or section 270C.92. The commissioner must issue an appropriate order to the county assessor in response to each timely appeal, either upholding or changing the valuation or classification of the property. Prior to October 1 of each year, the commissioner must charge and bill the county where the property is located \$500 for each tax parcel covered by an order issued under this paragraph in that year. Amounts received by the commissioner under this paragraph must be deposited in the state's general fund. If payment of a billed amount is not received by the commissioner before December 1 of the year when billed, the commissioner must deduct that unpaid amount from any state aid the commissioner would otherwise pay to the county under chapter 477A in the next year. Late payments may either be returned to the county uncashed and undeposited or may be accepted. If a late payment is accepted, the state aid paid to the county under chapter 477A must be adjusted within 12 months to eliminate any reduction that occurred because the payment was late. Amounts needed to make these adjustments are included in the appropriation under section 477A.03, subdivision 2.

**EFFECTIVE DATE.** This section is effective for board of appeal and equalization meetings held in 2018 and thereafter.

Sec. 11. **REPEALER.**

Minnesota Statutes 2016, section 270.074, subdivision 2, is repealed.

**EFFECTIVE DATE.** This section is effective for assessment year 2018 and thereafter.

ARTICLE 2  
DEPARTMENT OF REVENUE SALES AND USE,  
AND SPECIAL TAXES POLICY PROVISIONS

Section 1. Minnesota Statutes 2016, section 84.82, subdivision 10, is amended to read:

Subd. 10. **Proof of sales tax payment; collection and refund.** (a) A person applying for initial registration of a snowmobile must provide a ~~snowmobile purchaser's certificate, showing a complete description of the snowmobile, the seller's name and address, the full purchase price of the snowmobile, and the trade-in allowance, if any. The certificate must include information showing either~~ receipt, invoice, or other document to prove that:

- (1) ~~that~~ the sales and use tax under chapter 297A was paid ~~on~~;
- (2) the purchase was exempt from tax under chapter 297A. ~~The commissioner of public safety, in consultation with the commissioner and the commissioner of revenue, shall prescribe the form of the certificate. The certificate is not required if the applicant provides a receipt, invoice, or other document that shows; or~~
- (3) the snowmobile was purchased from a retailer that is maintaining a place of business in this state as defined in section 297A.66, subdivision 1, and is a dealer.

(b) The commissioner or authorized deputy registrars, acting as agents of the commissioner of revenue under an agreement between the commissioner and the commissioner of revenue, as provided in section 297A.825:

(1) must collect use tax from the applicant if the applicant does not provide the proof required under paragraph (a); and

(2) are authorized to issue refunds of use tax paid to them in error.

(c) Subdivision 11 does not apply to refunds under this subdivision.

**EFFECTIVE DATE.** This section is effective for snowmobiles registered after June 30, 2017.

Sec. 2. Minnesota Statutes 2016, section 84.922, subdivision 11, is amended to read:

Subd. 11. **Proof of sales tax payment; collection and refund.** (a) A person applying for initial registration in Minnesota of an all-terrain vehicle ~~shall~~ must provide a ~~purchaser's certificate showing a complete description of the all terrain vehicle, the seller's name and address, the full purchase price of the all terrain vehicle, and the trade in allowance, if any. The certificate also must include information showing either~~ receipt, invoice, or other document to prove that:

(1) the sales and use tax under chapter 297A was paid, or;

(2) the purchase was exempt from tax under chapter 297A. ~~The certificate is not required if the applicant provides a receipt, invoice, or other document that shows; or~~

(3) the all-terrain vehicle was purchased from a retailer that is maintaining a place of business in this state as defined in section 297A.66, subdivision 1, and is a dealer.

(b) The commissioner or authorized deputy registrars, acting as agents of the commissioner of revenue under an agreement between the commissioner and the commissioner of revenue, as provided in section 297A.825:

(1) must collect use tax from the applicant if the applicant does not provide the proof required under paragraph (a); and

(2) are authorized to issue refunds of use tax paid to them in error.

(c) Subdivision 12 does not apply to refunds under this subdivision.

**EFFECTIVE DATE.** This section is effective for all-terrain vehicles registered after June 30, 2017.

Sec. 3. Minnesota Statutes 2016, section 86B.401, subdivision 12, is amended to read:

Subd. 12. **Proof of sales tax payment; collection and refund.** (a) A person applying for initial licensing of a watercraft must provide a ~~watercraft purchaser's certificate, showing a complete description of the watercraft, the seller's name and address, the full purchase price of the watercraft, and the trade in allowance, if any. The certificate must include information showing either~~ receipt, invoice, or other document to prove that:

(1) ~~that~~ the sales and use tax under chapter 297A was paid or;

(2) the purchase was exempt from tax under chapter 297A. ~~The commissioner of public safety, in consultation with the commissioner and the commissioner of revenue, shall prescribe the form of the certificate. The certificate is not required if the applicant provides a receipt, invoice, or other document that shows; or~~

(3) the watercraft was purchased from a retailer that is maintaining a place of business in this state as defined in section 297A.66, subdivision 1, and is a dealer.

(b) The commissioner or authorized deputy registrars, acting as agents of the commissioner of revenue under an agreement between the commissioner and the commissioner of revenue, as provided in section 297A.825:

(1) must collect use tax from the applicant if the applicant does not provide the proof required under paragraph (a); and

(2) are authorized to issue refunds of use tax paid to them in error.

(c) Section 86B.415, subdivision 11, does not apply to refunds under this subdivision.

**EFFECTIVE DATE.** This section is effective for watercraft licensed after June 30, 2017.

Sec. 4. Minnesota Statutes 2016, section 270B.14, is amended by adding a subdivision to read:

**Subd. 20. Department of Natural Resources; authorized deputy registrars of motor vehicles.** The commissioner may disclose return information related to the taxes imposed by chapter 297A to the Department of Natural Resources or an authorized deputy registrar of motor vehicles only:

(1) if the commissioner has an agreement with the commissioner of natural resources under section 297A.825, subdivision 1; and

(2) to the extent necessary for the Department of Natural Resources or an authorized deputy registrar of motor vehicles, as agents for the commissioner, to verify that the applicable sales or use tax has been paid or that a sales tax exemption applies on the purchase of a snowmobile, all-terrain vehicle, or watercraft, and to administer sections 84.82, subdivision 10; 84.922, subdivision 11; 86B.401, subdivision 12; and 297A.825, regarding either their collection of use tax or their issuance of refunds to applicants of use tax paid to them in error.

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

Sec. 5. Minnesota Statutes 2016, section 270B.14, is amended by adding a subdivision to read:

**Subd. 21. Department of Transportation.** The commissioner may disclose return information related to the taxes imposed by chapter 297A to the Department of Transportation only:

(1) if the commissioner has an agreement with the commissioner of transportation under section 297A.82, subdivision 7; and

(2) to the extent necessary for the Department of Transportation, as agent for the commissioner, to verify that the applicable sales or use tax has been paid or that a sales tax exemption applies on the lease, purchase, or sale of an aircraft by an individual or business who owns and operates the aircraft that must be registered or licensed in Minnesota under section 360.018, and to otherwise administer section 297A.82, regarding the collection of tax by the Department of Transportation.

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

Sec. 6. Minnesota Statutes 2016, section 289A.50, subdivision 2a, is amended to read:

**Subd. 2a. Refund of sales tax to purchasers.** (a) If a vendor has collected from a purchaser a tax on a transaction that is not subject to the tax imposed by chapter 297A, the purchaser may apply directly to the commissioner for a refund under this section if:

(1) the purchaser is currently registered or was registered during the period of the claim, to collect and remit the sales tax or to remit the use tax; and

(2) either

(i) the amount of the refund to be applied for exceeds \$500, or

(ii) the amount of the refund to be applied for does not exceed \$500, but the purchaser also applies for a capital equipment claim at the same time, and the total of the two refunds exceeds \$500.

(b) The purchaser may not file more than two applications for refund under this subdivision in a calendar year.

(c) Refunds shall not be issued for sales for resale where the vendor has a published no resale policy.

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

Sec. 7. Minnesota Statutes 2016, section 296A.01, subdivision 7, is amended to read:

Subd. 7. **Aviation gasoline.** "Aviation gasoline" means any gasoline that is ~~capable of use for the purpose of producing or generating used to produce or generate~~ power for propelling internal combustion engine aircraft, ~~that meets the specifications in ASTM specification D910-11, and that either:~~

~~(1) is Aviation gasoline includes any such gasoline~~ invoiced and billed by a producer, manufacturer, refiner, or blender to a distributor or dealer, by a distributor to a dealer or consumer, or by a dealer to consumer, as "aviation gasoline"; ~~or that meets specifications in ASTM specification D910-16 or any other ASTM specification as gasoline appropriate for use in producing or generating power for propelling internal combustion engine aircraft.~~

~~(2) whether or not invoiced and billed as provided in clause (1), is received, sold, stored, or withdrawn from storage by any person, to be used for the purpose of producing or generating power for propelling internal combustion engine aircraft.~~

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

Sec. 8. **[297A.825] SNOWMOBILES; ALL-TERRAIN VEHICLES; WATERCRAFT; PAYMENT OF TAXES; REFUNDS.**

**Subdivision 1. Agreement with commissioners of natural resources and public safety; collection and refunds.** The commissioner may enter into an agreement with the commissioner of natural resources, in consultation with the commissioner of public safety, that provides that:

(1) the commissioner of natural resources and authorized deputy registrars of motor vehicles must collect use tax on snowmobiles, all-terrain vehicles, and watercraft from persons applying for initial registration or license of the item unless the applicant provides a receipt, invoice, or other document to prove that:

(i) sales tax was paid on the purchase;

(ii) the purchase was exempt under this chapter;

(iii) use tax was paid to the commissioner in a form prescribed by the commissioner; or

(iv) the item was purchased from a retailer that is maintaining a place of business in this state as defined in section 297A.66, subdivision 1, and is a dealer as defined in section 84.81, subdivision 10; 84.92, subdivision 3; or 86B.005, subdivision 4; and

(2) the commissioner of natural resources and authorized deputy registrars of motor vehicles are authorized to issue refunds of use tax paid to them in error, meaning that either the sales or use tax had already been paid or that the purchase was exempt from tax under this chapter.

Subd. 2. **Agents.** For the purposes of collecting or refunding the tax under this section, the commissioner of natural resources and authorized deputy registrars of motor vehicles are the agents of the commissioner and are subject to, and must strictly comply with, all rules consistent with this chapter prescribed by the commissioner.

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

Sec. 9. Minnesota Statutes 2016, section 297B.07, is amended to read:

**297B.07 PRESUMPTIONS.**

Subdivision 1. **Presumption; sale and registration.** For the purpose of the proper administration of ~~Laws 1971, chapter 853~~ this chapter, and to prevent evasion of the tax, the following presumptions shall apply:

(a) Evidence that a motor vehicle was sold for delivery in this state shall be prima facie evidence that it was sold for use in this state.

(b) When an application for registration plates for a motor vehicle is received by the motor vehicle registrar within 30 days of the date it was purchased or acquired by the purchaser, it shall be presumed, until the contrary is shown by the purchaser, that it was purchased or acquired for use in this state. This presumption shall apply whether or not such vehicle was previously titled or registered in another state.

Subd. 2. **Presumption; ownership.** (a) When a business entity not organized under the laws of this state owns a motor vehicle that is under the control of a Minnesota resident, it is presumed that the Minnesota resident is the owner of the motor vehicle if two or more of the following are true:

(1) the business entity lacks a specific business activity or purpose other than the avoidance of tax;

(2) the business entity maintains no physical location in the jurisdiction where it is organized;

(3) the business entity earns de minimis or no revenue;

(4) the business entity maintains minimal or no business records;

(5) the business entity fails to employ individual persons and provide those persons with federal income tax W-2 wage and tax statements; or

(6) the business entity fails to file federal income tax returns or fails to file a required state tax return where it is organized.

(b) For purposes of this subdivision, a motor vehicle is under the control of a Minnesota resident if the Minnesota resident:

(1) is a partner, member, or shareholder of the business entity;

(2) is insured to drive the vehicle; and

(3) operates or stores the vehicle in Minnesota for any period of time.

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

Sec. 10. Minnesota Statutes 2016, section 297I.30, subdivision 7, is amended to read:

Subd. 7. **Surcharge.** ~~(a) By April 30 of each year, every company required to pay the surcharge under section 297I.10, subdivision 1, shall file a return for the five-month period ending March 31 in the form prescribed by the commissioner.~~

~~(b)~~ (a) By June 30 of each year, every company required to pay the surcharge under section 297I.10, subdivision 1, shall file a return for the ~~two-month~~ seven-month period ending May 31 in the form prescribed by the commissioner.

~~(c)~~ (b) By November 30 of each year, every company required to pay the surcharge under section 297I.10, subdivision 1, shall file a return for the five-month period ending October 31 in the form prescribed by the commissioner.

**EFFECTIVE DATE.** This section is effective for returns due after October 31, 2017.

Sec. 11. **REPEALER.**

Minnesota Rules, part 8125.1300, subpart 3, is repealed.

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

### ARTICLE 3

#### DEPARTMENT OF REVENUE PAID PREPARER POLICY PROVISIONS

Section 1. Minnesota Statutes 2016, section 270C.445, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) For purposes of this section and sections 270C.4451 to 270C.447, the following terms have the meanings given.

(b) "Advertise" means to solicit business through any means or medium.

(c) "Client" means ~~an individual~~ a person for whom a tax preparer performs or agrees to perform tax preparation services.

(d) "Facilitate" means to individually or in conjunction or cooperation with another person:

(1) accept an application for a refund anticipation loan;

(2) pay to a client the proceeds, through direct deposit, a negotiable instrument, or any other means, of a refund anticipation loan; or

(3) offer, arrange, process, provide, or in any other manner act to allow the making of, a refund anticipation loan.

~~(e) "Person" means an individual, corporation, partnership, limited liability company, association, trustee, or other legal entity.~~

~~(f)~~ (e) "Refund anticipation check" means a negotiable instrument provided to a client by the tax preparer or another person, which is issued from the proceeds of a taxpayer's federal or state income tax refund or both and represents the net of the refund minus the tax preparation fee and any other fees. A refund anticipation check includes a refund transfer.

~~(g)~~ (f) "Refund anticipation loan" means a loan or any other extension of credit, whether provided by the tax preparer or another entity such as a financial institution, in anticipation of, and whose payment is secured by, a client's federal or state income tax refund or both.

~~(h)~~ (g) "Tax preparation services" means services provided for a fee or other consideration compensation to a client to:

- (1) assist with preparing or filing ~~state or federal individual income tax returns~~ a return;
  - (2) assume final responsibility for completed work on ~~an individual income tax~~ a return on which preliminary work has been done by another; ~~or~~
  - (3) sign or include on a return the preparer tax identification number required under section 6109(a)(4) of the Internal Revenue Code; or
  - ~~(3)~~ (4) facilitate the provision of a refund anticipation loan ~~and loan~~ or a refund anticipation check ~~check~~.
- ~~(i)~~ (h) "Tax preparer" or "preparer" means a person providing tax preparation services ~~subject to this section~~. except:

- (1) an employee who prepares their employer's return;
- (2) any fiduciary, or the regular employees of a fiduciary, while acting on behalf of the fiduciary estate, testator, trustor, grantor, or beneficiaries of them;
- (3) nonprofit organizations providing tax preparation services under the Internal Revenue Service Volunteer Income Tax Assistance Program or Tax Counseling for the Elderly Program;
- (4) a person who merely furnishes typing, reproducing, or other mechanical assistance;
- (5) a third-party bulk filer as defined in section 290.92, subdivision 30, that is currently registered with the commissioner; and
- (6) a certified service provider as defined in section 297A.995, subdivision 2, paragraph (c), that provides all of the sales tax functions for a retailer not maintaining a place of business in this state as described in section 297A.66.

(i) Except as otherwise provided, "return" means:

- (1) a return as defined in section 270C.01, subdivision 8;
- (2) a claim for refund of an overpayment;
- (3) a claim filed pursuant to chapter 290A; and
- (4) a claim for a credit filed under section 290.0677, subdivision 1.

**EFFECTIVE DATE.** This section is effective for claims and returns filed after December 31, 2017.

Sec. 2. Minnesota Statutes 2016, section 270C.445, subdivision 3, is amended to read:

Subd. 3. **Standards of conduct.** No tax preparer shall:

- (1) without good cause fail to promptly, diligently, and without unreasonable delay complete a client's ~~tax~~ return;
- (2) obtain the signature of a client to a ~~tax~~ return or authorizing document that contains blank spaces to be filled in after it has been signed;
- (3) fail to sign a client's ~~tax~~ return when ~~payment~~ compensation for services rendered has been made;
- (4) fail to provide on a client's return the preparer tax identification number when required under section 6109(a)(4) of the Internal Revenue Code or section 289A.60, subdivision 28;
- ~~(4)~~ (5) fail or refuse to give a client a copy of any document requiring the client's signature within a reasonable time after the client signs the document;
- ~~(5)~~ (6) fail to retain for at least four years a copy of ~~individual income tax~~ a client's returns;
- ~~(6)~~ (7) fail to maintain a confidential relationship with clients or former clients;
- ~~(7)~~ (8) fail to take commercially reasonable measures to safeguard a client's nonpublic personal information;
- ~~(8)~~ (9) make, authorize, publish, disseminate, circulate, or cause to make, either directly or indirectly, any false, deceptive, or misleading statement or representation relating to or in connection with the offering or provision of tax preparation services;
- ~~(9)~~ (10) require a client to enter into a loan arrangement in order to complete a ~~tax~~ client's return;
- ~~(10)~~ (11) claim credits or deductions on a client's ~~tax~~ return for which the tax preparer knows or reasonably should know the client does not qualify;
- (12) report a household income on a client's claim filed under chapter 290A that the tax preparer knows or reasonably should know is not accurate;
- (13) engage in any conduct that is subject to a penalty under section 289A.60, subdivision 13, 20, 20a, 26, or 28;
- (14) whether or not acting as a taxpayer representative, fail to conform to the standards of conduct required by Minnesota Rules, part 8052.0300, subpart 4;
- (15) whether or not acting as a taxpayer representative, engage in any conduct that is incompetent conduct under Minnesota Rules, part 8052.0300, subpart 5;
- (16) whether or not acting as a taxpayer representative, engage in any conduct that is disreputable conduct under Minnesota Rules, part 8052.0300, subpart 6;
- ~~(11)~~ (17) charge, offer to accept, or accept a fee based upon a percentage of an anticipated refund for tax preparation services;
- ~~(12)~~ (18) under any circumstances, withhold or fail to return to a client a document provided by the client for use in preparing the client's ~~tax~~ return;



~~(43)~~ (19) establish an account in the preparer's name to receive a client's refund through a direct deposit or any other instrument unless the client's name is also on the account, except that a taxpayer may assign the portion of a refund representing the Minnesota education credit available under section 290.0674 to a bank account without the client's name, as provided under section 290.0679;

~~(44)~~ (20) fail to act in the best interests of the client;

~~(45)~~ (21) fail to safeguard and account for any money handled for the client;

~~(46)~~ (22) fail to disclose all material facts of which the preparer has knowledge which might reasonably affect the client's rights and interests;

~~(47)~~ (23) violate any provision of section 332.37;

~~(48)~~ (24) include any of the following in any document provided or signed in connection with the provision of tax preparation services:

(i) a hold harmless clause;

(ii) a confession of judgment or a power of attorney to confess judgment against the client or appear as the client in any judicial proceeding;

(iii) a waiver of the right to a jury trial, if applicable, in any action brought by or against a debtor;

(iv) an assignment of or an order for payment of wages or other compensation for services;

(v) a provision in which the client agrees not to assert any claim or defense otherwise available;

(vi) a waiver of any provision of this section or a release of any obligation required to be performed on the part of the tax preparer; or

(vii) a waiver of the right to injunctive, declaratory, or other equitable relief or relief on a class basis; or

~~(49)~~ (25) if making, providing, or facilitating a refund anticipation loan, fail to provide all disclosures required by the federal Truth in Lending Act, United States Code, title 15, in a form that may be retained by the client.

**EFFECTIVE DATE.** This section is effective for claims and returns filed after December 31, 2017.

Sec. 3. Minnesota Statutes 2016, section 270C.445, subdivision 5a, is amended to read:

Subd. 5a. **Nongame wildlife checkoff.** A tax preparer must give written notice of the option to contribute to the nongame wildlife management account in section 290.431 to corporate clients that file an income tax return and to individual clients who file an income tax return or ~~property tax refund claim form~~ under chapter 290A. This notification must be included with information sent to the client at the same time as the preliminary worksheets or other documents used in preparing the client's return and must include a line for displaying contributions.

**EFFECTIVE DATE.** This section is effective for claims and returns filed after December 31, 2017.

Sec. 4. Minnesota Statutes 2016, section 270C.445, subdivision 6, is amended to read:

Subd. 6. **Enforcement; administrative order; penalties; cease and desist.** (a) The commissioner may impose an administrative penalty of not more than \$1,000 per violation of subdivision 3, ~~3a, 4, 5, or 5b~~ or 5, or section 270C.4451, provided that a penalty may not be imposed for any conduct ~~that is also subject to the~~ for which a tax return preparer penalties in penalty is imposed under section 289A.60, subdivision 13. The commissioner may terminate a tax preparer's authority to transmit returns electronically to the state, if the commissioner determines the tax preparer engaged in a pattern and practice of violating this section. Imposition of a penalty under this ~~subdivision~~ paragraph is subject to the contested case procedure under chapter 14. The commissioner shall collect the penalty in the same manner as the income tax. There is no right to make a claim for refund under section 289A.50 of the penalty imposed under this paragraph. Penalties imposed under this ~~subdivision~~ paragraph are public data.

(b) In addition to the penalty under paragraph (a), if the commissioner determines that a tax preparer has violated subdivision 3 or 5, or section 270C.4451, the commissioner may issue an administrative order to the tax preparer requiring the tax preparer to cease and desist from committing the violation. The administrative order may include an administrative penalty provided in paragraph (a).

(c) If the commissioner issues an administrative order under paragraph (b), the commissioner must send the order to the tax preparer addressed to the last known address of the tax preparer.

(d) A cease and desist order under paragraph (b) must:

(1) describe the act, conduct, or practice committed and include a reference to the law that the act, conduct, or practice violates; and

(2) provide notice that the tax preparer may request a hearing as provided in this subdivision.

(e) Within 30 days after the commissioner issues an administrative order under paragraph (b), the tax preparer may request a hearing to review the commissioner's action. The request for hearing must be made in writing and must be served on the commissioner at the address specified in the order. The hearing request must specifically state the reasons for seeking review of the order. The date on which a request for hearing is served by mail is the postmark date on the envelope in which the request for hearing is mailed.

(f) If a tax preparer does not timely request a hearing regarding an administrative order issued under paragraph (b), the order becomes a final order of the commissioner and is not subject to review by any court or agency.

(g) If a tax preparer timely requests a hearing regarding an administrative order issued under paragraph (b), the hearing must be commenced within ten days after the commissioner receives the request for a hearing.

(h) A hearing timely requested under paragraph (e) is subject to the contested case procedure under chapter 14, as modified by this subdivision. The administrative law judge must issue a report containing findings of fact, conclusions of law, and a recommended order within ten days after the completion of the hearing, the receipt of late-filed exhibits, or the submission of written arguments, whichever is later.

(i) Within five days of the date of the administrative law judge's report issued under paragraph (h), any party aggrieved by the administrative law judge's report may submit written exceptions and arguments to the commissioner. Within 15 days after receiving the administrative law judge's report, the commissioner must issue an order vacating, modifying, or making final the administrative order.

(j) The commissioner and the tax preparer requesting a hearing may by agreement lengthen any time periods prescribed in paragraphs (g) to (i).

(k) An administrative order issued under paragraph (b) is in effect until it is modified or vacated by the commissioner or an appellate court. The administrative hearing provided by paragraphs (e) to (i) and any appellate judicial review as provided in chapter 14 constitute the exclusive remedy for a tax preparer aggrieved by the order.

(l) The commissioner may impose an administrative penalty, in addition to the penalty under paragraph (a), up to \$5,000 per violation of a cease and desist order issued under paragraph (b). Imposition of a penalty under this paragraph is subject to the contested case procedure under chapter 14. Within 30 days after the commissioner imposes a penalty under this paragraph, the tax preparer assessed the penalty may request a hearing to review the penalty order. The request for hearing must be made in writing and must be served on the commissioner at the address specified in the order. The hearing request must specifically state the reasons for seeking review of the order. The cease and desist order issued under paragraph (b) is not subject to review in a proceeding to challenge the penalty order under this paragraph. The date on which a request for hearing is served by mail is the postmark date on the envelope in which the request for hearing is mailed. If the tax preparer does not timely request a hearing, the penalty order becomes a final order of the commissioner and is not subject to review by any court or agency. A penalty imposed by the commissioner under this paragraph may be collected and enforced by the commissioner as an income tax liability. There is no right to make a claim for refund under section 289A.50 of the penalty imposed under this paragraph. A penalty imposed under this paragraph is public data.

(m) If a tax preparer violates a cease and desist order issued under paragraph (b), the commissioner may terminate the tax preparer's authority to transmit returns electronically to the state. Termination under this paragraph is public data.

(n) A cease and desist order issued under paragraph (b) is public data when it is a final order.

(o) Notwithstanding any other law, the commissioner may impose a penalty or take other action under this subdivision against a tax preparer, with respect to a return, within the period to assess tax on that return as provided by section 289A.38.

(p) Notwithstanding any other law, the imposition of a penalty or any other action against a tax preparer under this subdivision, other than with respect to a return, must be taken by the commissioner within five years of the violation of statute.

**EFFECTIVE DATE.** This section is effective for claims and returns filed after December 31, 2017.

Sec. 5. Minnesota Statutes 2016, section 270C.445, subdivision 6a, is amended to read:

Subd. 6a. **Exchange of data; State Board of Accountancy.** The State Board of Accountancy shall refer to the commissioner complaints it receives about tax preparers who are not subject to the jurisdiction of the State Board of Accountancy and who are alleged to have violated the provisions of ~~subdivisions 3, 3a, 4, 4a, 4b, 5, and 5b~~ this section, except subdivision 5a, or section 270C.4451.

**EFFECTIVE DATE.** This section is effective for claims and returns filed after December 31, 2017.

Sec. 6. Minnesota Statutes 2016, section 270C.445, subdivision 6b, is amended to read:

Subd. 6b. **Exchange of data; Lawyers Board of Professional Responsibility.** The Lawyers Board of Professional Responsibility may refer to the commissioner complaints it receives about tax preparers who are not subject to its jurisdiction and who are alleged to have violated the provisions of ~~subdivisions 3, 3a, 4, 4a, 4b, 5, and 5b~~ this section, except subdivision 5a, or section 270C.4451.

**EFFECTIVE DATE.** This section is effective for claims and returns filed after December 31, 2017.

Sec. 7. Minnesota Statutes 2016, section 270C.445, subdivision 6c, is amended to read:

Subd. 6c. **Exchange of data; commissioner.** The commissioner shall refer information and complaints about tax preparers who are alleged to have violated the provisions of ~~subdivisions 3, 3a, 4, 4a, 4b, 5, and 5b~~ this section, except subdivision 5a, or section 270C.4451, to:

- (1) the State Board of Accountancy, if the tax preparer is under its jurisdiction; and
- (2) the Lawyers Board of Professional Responsibility, if the tax preparer is under its jurisdiction.

**EFFECTIVE DATE.** This section is effective for claims and returns filed after December 31, 2017.

Sec. 8. Minnesota Statutes 2016, section 270C.445, subdivision 7, is amended to read:

Subd. 7. **Enforcement; civil actions.** (a) Any violation of this section or section 270C.4451 is an unfair, deceptive, and unlawful trade practice within the meaning of section 8.31. An action taken under this section is in the public interest.

(b) A client may bring a civil action seeking redress for a violation of this section in the conciliation or the district court of the county in which unlawful action is alleged to have been committed or where the respondent resides or has a principal place of business.

(c) A court finding for the plaintiff must award:

- (1) actual damages;
- (2) incidental and consequential damages;
- (3) statutory damages of twice the sum of: (i) the tax preparation fees; and (ii) if the plaintiff violated ~~subdivision 3a, 4, or 5b~~ section 270C.4451, subdivision 1, 2, or 5, all interest and fees for a refund anticipation loan;
- (4) reasonable attorney fees;
- (5) court costs; and
- (6) any other equitable relief as the court considers appropriate.

**EFFECTIVE DATE.** This section is effective for claims and returns filed after December 31, 2017.

Sec. 9. Minnesota Statutes 2016, section 270C.445, subdivision 8, is amended to read:

Subd. 8. **Limited exemptions.** (a) Except as provided in paragraph (b), the provisions of this section, except for subdivisions 3a, 4, and 5b, subdivisions 3; 5; 5a; 6, paragraphs (a) to (n); and 7, do not apply to:

(1) an attorney admitted to practice under section 481.01;

(2) a registered accounting practitioner, a registered accounting practitioner firm, a certified public accountant, or other person who is subject to the jurisdiction of the State Board of Accountancy a certified public accountant firm, licensed in accordance with chapter 326A;

(3) an enrolled agent who has passed the special enrollment examination administered by the Internal Revenue Service; or

(4) anyone a person who provides, or assists in providing, tax preparation services within the scope of duties as an employee or supervisor under the direction or supervision of a person who is exempt under this subdivision; or

(5) a person acting as a supervisor to a tax preparer who is exempt under this subdivision.

(b) The provisions of subdivisions 3; 6, paragraphs (a) to (n); and 7, apply to a tax preparer who would otherwise be exempt under paragraph (a) if the tax preparer has:

(1) had a professional license suspended or revoked for cause, not including a failure to pay a professional licensing fee, by any authority of any state, territory, or possession of the United States, including a commonwealth, or the District of Columbia, any federal court of record, or any federal agency, body, or board;

(2) irrespective of whether an appeal has been taken, been convicted of any crime involving dishonesty or breach of trust;

(3) been censured, suspended, or disbarred under United States Treasury Department Circular 230;

(4) been sanctioned by a court of competent jurisdiction, whether in a civil or criminal proceeding, including suits for injunctive relief, relating to any taxpayer's tax liability or the tax preparer's own tax liability, for:

(i) instituting or maintaining proceedings primarily for delay;

(ii) advancing frivolous or groundless arguments; or

(iii) failing to pursue available administrative remedies; or

(5) demonstrated a pattern of willful disreputable conduct by:

(i) failing to file a return that the tax preparer was required to file annually for two of the three immediately preceding tax periods; or

(ii) failing to file a return that the tax preparer was required to file more frequently than annually for three of the six immediately preceding tax periods.

**EFFECTIVE DATE.** This section is effective for claims and returns filed after December 31, 2017.

Sec. 10. Minnesota Statutes 2016, section 270C.445, is amended by adding a subdivision to read:

Subd. 9. **Powers additional.** The powers and authority granted in this section are in addition to all other powers of the commissioner. The use of the powers granted in this section does not preclude the use of any other power or authority of the commissioner.

**EFFECTIVE DATE.** This section is effective for claims and returns filed after December 31, 2017.

Sec. 11. Minnesota Statutes 2016, section 270C.446, subdivision 2, is amended to read:

Subd. 2. **Required and excluded tax preparers.** (a) Subject to the limitations of paragraph (b), the commissioner must publish lists of tax preparers as defined in section ~~289A.60, subdivision 13, paragraph (f)~~ 270C.445, subdivision 2, paragraph (h), who have been:

- (1) convicted under section 289A.63 for returns or claims prepared as a tax preparer or;
  - (2) assessed penalties in excess of \$1,000 under section 289A.60, subdivision 13, paragraph (a);
  - (3) convicted for identity theft under section 609.527, or a similar statute, for a return filed with the commissioner, the Internal Revenue Service, or another state;
  - (4) assessed a penalty under section 270C.445, subdivision 6, paragraph (a), in excess of \$1,000;
  - (5) issued a cease and desist order under section 270C.445, subdivision 6, paragraph (b), that has become a final order; or
  - (6) assessed a penalty under section 270C.445, subdivision 6, paragraph (l), for violating a cease and desist order.
- (b) For the purposes of this section, tax preparers are not subject to publication if:
- (1) an administrative or court action contesting ~~the~~ or appealing a penalty described in paragraph (a), clause (2), (4), or (6), has been filed or served and is unresolved at the time when notice would be given under subdivision 3;
  - (2) an appeal period to contest ~~the~~ a penalty described in paragraph (a), clause (2), (4), or (6), has not expired; or
  - (3) the commissioner has been notified that the tax preparer is deceased;
  - (4) an appeal period to contest a cease and desist order issued under section 270C.445, subdivision 6, paragraph (b), has not expired;
  - (5) an administrative or court action contesting or appealing a cease and desist order issued under section 270C.445, subdivision 6, paragraph (b), has been filed or served and is unresolved at the time when notice would be given under subdivision 3;
  - (6) a direct appeal of a conviction described in paragraph (a), clause (1) or (3), has been filed or served and is unresolved at the time when the notice would be given under subdivision 3; or
  - (7) an appeal period to contest a conviction described in paragraph (a), clause (1) or (3), has not expired.

**EFFECTIVE DATE.** This section is effective for claims and returns filed after December 31, 2017.

Sec. 12. Minnesota Statutes 2016, section 270C.446, subdivision 3, is amended to read:

Subd. 3. **Notice to tax preparer.** (a) At least 30 days before publishing the name of a tax preparer subject to ~~penalty publication under this section~~, the commissioner shall mail a written notice to the tax preparer, detailing the ~~amount and nature of each penalty~~ basis for the publication and the intended publication of the information listed in subdivision 4 related to the penalty. The notice must be ~~mailed by first class and certified mail sent to the tax preparer~~ addressed to the last known address of the tax preparer. The notice must include information regarding the exceptions listed in subdivision 2, paragraph (b), and must state that the tax preparer's information will not be published if the tax preparer provides information establishing that subdivision 2, paragraph (b), prohibits publication of the tax preparer's name.

(b) Thirty days after the notice is mailed and if the tax preparer has not proved to the commissioner that subdivision 2, paragraph (b), prohibits publication, the commissioner may publish in a list of tax preparers subject to penalty the information about the tax preparer that is listed in subdivision 4.

**EFFECTIVE DATE.** This section is effective for claims and returns filed after December 31, 2017.

Sec. 13. Minnesota Statutes 2016, section 270C.446, subdivision 4, is amended to read:

Subd. 4. **Form of list.** The list may be published by any medium or method. The list must contain the name, associated business name or names, address or addresses, and violation or violations ~~for which a penalty was imposed of that make~~ each tax preparer subject to ~~penalty publication~~.

**EFFECTIVE DATE.** This section is effective for claims and returns filed after December 31, 2017.

Sec. 14. Minnesota Statutes 2016, section 270C.446, subdivision 5, is amended to read:

Subd. 5. **Removal from list.** The commissioner shall remove the name of a tax preparer from the list of tax preparers published under this section:

(1) when the commissioner determines that the name was included on the list in error;

(2) within ~~90 days~~ three years after the preparer has demonstrated to the commissioner that the preparer fully paid all fines and penalties imposed, served any suspension, satisfied any sentence imposed, successfully completed any probationary period imposed, and successfully completed any remedial actions required by the commissioner, the State Board of Accountancy, or the Lawyers Board of Professional Responsibility; or

(3) when the commissioner has been notified that the tax preparer is deceased.

**EFFECTIVE DATE.** This section is effective for claims and returns filed after December 31, 2017.

Sec. 15. Minnesota Statutes 2016, section 270C.447, subdivision 1, is amended to read:

Subdivision 1. **Commencement of action.** (a) Whenever it appears to the commissioner that a tax preparer doing business in Minnesota has engaged in any conduct described in subdivision 2, a civil action in the name of the state of Minnesota may be commenced to enjoin ~~any person who is a tax return preparer doing business in this state from further engaging in any conduct described in subdivision 2~~ the conduct and enforce compliance.

(b) An action under this subdivision must be brought by the attorney general in:

(1) the district court for the judicial district of the tax ~~return~~ preparer's residence or principal place of business, ~~or in which the~~

(2) the district court for the judicial district of the residence of any taxpayer with respect to whose ~~tax~~ return the action is brought ~~resides; or~~

(3) Ramsey County District Court.

(c) The court may exercise its jurisdiction over the action separate and apart from any other action brought by the state of Minnesota against the tax ~~return~~ preparer or any taxpayer. The court must grant a permanent injunction or other appropriate relief if the commissioner shows that the person has engaged in conduct constituting a violation of a law administered by the commissioner or a cease and desist order issued by the commissioner. The commissioner shall not be required to show irreparable harm.

**EFFECTIVE DATE.** This section is effective for claims and returns filed after December 31, 2017.

Sec. 16. Minnesota Statutes 2016, section 270C.447, subdivision 2, is amended to read:

Subd. 2. **Injunction prohibiting specific conduct.** In an action under subdivision 1, the court may enjoin the person from further engaging in that conduct if the court finds that a tax ~~return~~ preparer has:

(1) engaged in any conduct subject to a civil penalty under section 289A.60 ~~or~~ a criminal penalty under section 289A.63, or a criminal penalty under section 609.527 or a similar statute for a return filed with the commissioner, the Internal Revenue Service, or another state;

(2) misrepresented the preparer's eligibility to practice before the Department of Revenue, or ~~otherwise~~ misrepresented the preparer's experience or education as a tax ~~return~~ preparer;

(3) guaranteed the payment of any tax refund or the allowance of any tax credit; ~~or~~

(4) violated a cease and desist order issued by the commissioner; or

(4) ~~(5)~~ engaged in any other fraudulent or deceptive conduct that substantially interferes with the proper administration of a law administered by the commissioner, and injunctive relief is appropriate to prevent the recurrence of that conduct;

~~the court may enjoin the person from further engaging in that conduct.~~

**EFFECTIVE DATE.** This section is effective for claims and returns filed after December 31, 2017.

Sec. 17. Minnesota Statutes 2016, section 270C.447, subdivision 3, is amended to read:

Subd. 3. **Injunction prohibiting all business activities.** If the court finds that a tax ~~return~~ preparer has continually or repeatedly engaged in conduct described in subdivision 2, and that an injunction prohibiting that conduct would not be sufficient to prevent the person's interference with the proper administration of a law administered by the commissioner, the court may enjoin the person from acting as a tax ~~return~~ preparer. The court may not enjoin the employer of a tax ~~return~~ preparer for conduct described in subdivision 2 engaged in by one or more of the employer's employees unless the employer was also actively involved in that conduct.

**EFFECTIVE DATE.** This section is effective for claims and returns filed after December 31, 2017.



Sec. 18. Minnesota Statutes 2016, section 270C.447, is amended by adding a subdivision to read:

**Subd. 3a. Enforcement of cease and desist orders.** (a) Whenever the commissioner under subdivision 1 or 3 seeks to enforce compliance with a cease and desist order, the court must consider the allegations in the cease and desist order conclusively established if the order is a final order.

(b) If the court finds the tax preparer was not in compliance with a cease and desist order, the court may impose a further civil penalty against the tax preparer for contempt in an amount up to \$10,000 for each violation and may grant any other relief the court determines is just and proper in the circumstances. A civil penalty imposed by a court under this section may be collected and enforced by the commissioner as an income tax liability.

(c) The court may not require the commissioner to post a bond in an action or proceeding under this section.

**EFFECTIVE DATE.** This section is effective for claims and returns filed after December 31, 2017.

Sec. 19. Minnesota Statutes 2016, section 289A.60, subdivision 13, is amended to read:

**Subd. 13. Penalties for tax ~~return~~ preparers.** (a) If an understatement of liability with respect to a return or claim for refund is due to a reckless disregard of laws and rules or willful attempt in any manner to understate the liability for a tax by a person who is a tax ~~return~~ preparer with respect to the return or claim, the person shall pay to the commissioner a penalty of \$500. If a part of a ~~property tax refund~~ claim filed under section 290.0677, subdivision 1, or chapter 290A is excessive due to a reckless disregard or willful attempt in any manner to overstate the claim ~~for relief allowed under chapter 290A~~ by a person who is a tax ~~refund or return~~ preparer, the ~~person tax preparer~~ shall pay to the commissioner a penalty of \$500 with respect to the claim. These penalties may not be assessed against the employer of a tax ~~return~~ preparer unless the employer was actively involved in the reckless disregard or willful attempt to understate the liability for a tax or to overstate the claim for refund. These penalties are income tax liabilities and may be assessed at any time as provided in section 289A.38, subdivision 5.

(b) A civil action in the name of the state of Minnesota may be commenced to enjoin any person who is a tax ~~return~~ preparer doing business in this state as provided in section 270C.447.

(c) The commissioner may terminate or suspend a tax preparer's authority to transmit returns electronically to the state, if the commissioner determines that the tax preparer has engaged in a pattern and practice of conduct in violation of paragraph (a) of this subdivision or has been convicted under section 289A.63.

(d) For purposes of this subdivision, the term "understatement of liability" means an understatement of the net amount payable with respect to a tax imposed by state tax law, or an overstatement of the net amount creditable or refundable with respect to a tax. The determination of whether or not there is an understatement of liability must be made without regard to any administrative or judicial action involving the taxpayer. For purposes of this subdivision, the amount determined for underpayment of estimated tax under either section 289A.25 or 289A.26 is not considered an understatement of liability.

(e) For purposes of this subdivision, the term "overstatement of claim" means an overstatement of the net amount refundable with respect to a claim ~~for property tax relief provided by~~ filed under section 290.0677, subdivision 1, or chapter 290A. The determination of whether or not there is an overstatement of a claim must be made without regard to administrative or judicial action involving the claimant.

(f) For purposes of this section, the term "~~tax refund or return preparer~~" means ~~an individual who prepares for compensation, or who employs one or more individuals to prepare for compensation, a return of tax, or a claim for refund of tax. The preparation of a substantial part of a return or claim for refund is treated as if it were the preparation of the entire return or claim for refund. An individual is not considered a tax return preparer merely because the individual:~~

- ~~(1) gives typing, reproducing, or other mechanical assistance;~~
- ~~(2) prepares a return or claim for refund of the employer, or an officer or employee of the employer, by whom the individual is regularly and continuously employed;~~
- ~~(3) prepares a return or claim for refund of any person as a fiduciary for that person; or~~
- ~~(4) prepares a claim for refund for a taxpayer in response to a tax order issued to the taxpayer. "tax preparer" or "preparer" has the meaning given in section 270C.445, subdivision 2, paragraph (h).~~

**EFFECTIVE DATE.** This section is effective for claims and returns filed after December 31, 2017.

Sec. 20. Minnesota Statutes 2016, section 289A.60, subdivision 28, is amended to read:

Subd. 28. **Preparer identification number.** ~~Any Minnesota individual income tax return or claim for refund prepared by a "tax refund or return preparer" as defined in subdivision 13, paragraph (f), shall bear the identification number the preparer is required to use federally under section 6109(a)(4) of the Internal Revenue Code.~~ (a) Each of the following that is prepared by a tax preparer must include the tax preparer's tax identification number:

- (1) a tax return required to be filed under this chapter;
- (2) a claim filed under section 290.0677, subdivision 1, or chapter 290A; and
- (3) a claim for refund of an overpayment.
- (b) A tax preparer is not required to include their preparer tax identification number on a filing if the number is not required in the forms or filing requirements provided by the commissioner.
- (c) A tax ~~refund or return~~ preparer who prepares a Minnesota individual income tax return or claim for refund and fails to include the ~~required~~ preparer tax identification number ~~on the return or claim~~ as required by this section is subject to a penalty of \$50 for each failure.
- (d) A tax preparer who fails to include the preparer tax identification number as required by this section, and who is required to have a valid preparer tax identification number issued under section 6109(a)(4) of the Internal Revenue Code, but does not have one, is subject to a \$500 penalty for each failure. A tax preparer subject to the penalty in this paragraph is not subject to the penalty in paragraph (c).
- (e) For the purposes of this subdivision, "tax preparer" has the meaning given in section 270C.445, subdivision 2, paragraph (h), and "preparer tax identification number" means the number the tax preparer is required to use federally under section 6109(a)(4) of the Internal Revenue Code.

**EFFECTIVE DATE.** This section is effective for claims and returns filed after December 31, 2017.

Sec. 21. **REVISOR'S INSTRUCTION.**

(a) The revisor of statutes shall renumber the provisions of Minnesota Statutes listed in column A to the references listed in column B.

Column A

270C.445, subdivision 3a  
270C.445, subdivision 4

Column B

270C.4451, subdivision 1  
270C.4451, subdivision 2

270C.445, subdivision 4a

270C.445, subdivision 4b

270C.445, subdivision 5b

270C.4451, subdivision 3

270C.4451, subdivision 4

270C.4451, subdivision 5

(b) The revisor shall make necessary cross-reference changes in Minnesota Statutes and Minnesota Rules consistent with the renumbering of Minnesota Statutes, section 270C.445, subdivisions 3a, 4, 4a, 4b, and 5b.

(c) The revisor shall publish the statutory derivations of the laws renumbered in this act in Laws of Minnesota and report the derivations in Minnesota Statutes.

(d) If Minnesota Statutes, section 270C.445, subdivisions 3a, 4, 4a, 4b, and 5b, are further amended in the 2017 legislative session, the revisor shall codify the amendments in a manner consistent with this act. The revisor may make necessary changes to sentence structure to preserve the meaning of the text.

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

Sec. 22. **REPEALER.**

Minnesota Statutes 2016, sections 270C.445, subdivision 1; and 270C.447, subdivision 4, are repealed.

**EFFECTIVE DATE.** This section is effective for claims and returns filed after December 31, 2017."

Correct the title numbers accordingly

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. 1228, A bill for an act relating to taxation; making technical and clarifying changes to individual income taxes, corporate franchise taxes, estate taxes, property taxes, sales and use taxes, special taxes, local government aids, and other miscellaneous taxes and tax provisions; amending Minnesota Statutes 2016, sections 115A.1314, subdivision 1; 270.078, subdivision 1; 270C.171, subdivision 1; 273.0755; 273.135, subdivision 1; 290.0132, subdivision 21; 290.095, subdivision 3; 290A.03, subdivision 3; 290A.10; 291.075; 298.01, subdivisions 3, 4; 298.24, subdivision 1; 298.28, subdivisions 2, 5; 414.09, subdivision 2; 469.190, subdivisions 1, 7; 477A.0124, subdivision 2; 477A.013, subdivision 1; repealing Minnesota Statutes 2016, sections 290.9743; 290.9744.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

#### "ARTICLE 1

#### DEPARTMENT OF REVENUE INDIVIDUAL INCOME, CORPORATE FRANCHISE, AND ESTATE TAX TECHNICAL PROVISIONS

Section 1. Minnesota Statutes 2016, section 290.0132, subdivision 21, is amended to read:

Subd. 21. **Military service pension; retirement pay.** To the extent included in federal taxable income, compensation received from a pension or other retirement pay from the federal government for service in the military, as computed under United States Code, title 10, sections 1401 to 1414, 1447 to 1455, and 12733, is a subtraction. The subtraction ~~must not include any amount used to claim the credit allowed under section 290.0677~~ is limited to individuals who do not claim the credit under section 290.0677.

**EFFECTIVE DATE.** This section is effective retroactively for taxable years beginning after December 31, 2015.

Sec. 2. Minnesota Statutes 2016, section 290A.03, subdivision 3, is amended to read:

Subd. 3. **Income.** (a) "Income" means the sum of the following:

- (1) federal adjusted gross income as defined in the Internal Revenue Code; and
- (2) the sum of the following amounts to the extent not included in clause (1):
  - (i) all nontaxable income;
  - (ii) the amount of a passive activity loss that is not disallowed as a result of section 469, paragraph (i) or (m) of the Internal Revenue Code and the amount of passive activity loss carryover allowed under section 469(b) of the Internal Revenue Code;
  - (iii) an amount equal to the total of any discharge of qualified farm indebtedness of a solvent individual excluded from gross income under section 108(g) of the Internal Revenue Code;
  - (iv) cash public assistance and relief;
  - (v) any pension or annuity (including railroad retirement benefits, all payments received under the federal Social Security Act, Supplemental Security Income, and veterans benefits), which was not exclusively funded by the claimant or spouse, or which was funded exclusively by the claimant or spouse and which funding payments were excluded from federal adjusted gross income in the years when the payments were made;
  - (vi) interest received from the federal or a state government or any instrumentality or political subdivision thereof;
  - (vii) workers' compensation;
  - (viii) nontaxable strike benefits;
  - (ix) the gross amounts of payments received in the nature of disability income or sick pay as a result of accident, sickness, or other disability, whether funded through insurance or otherwise;
  - (x) a lump-sum distribution under section 402(e)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1995;
  - (xi) contributions made by the claimant to an individual retirement account, including a qualified voluntary employee contribution; simplified employee pension plan; self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal Revenue Code, to the extent the sum of amounts exceeds the retirement base amount for the claimant and spouse;

(xii) to the extent not included in federal adjusted gross income, distributions received by the claimant or spouse from a traditional or Roth style retirement account or plan;

(xiii) nontaxable scholarship or fellowship grants;

(xiv) the amount of deduction allowed under section 199 of the Internal Revenue Code;

(xv) the amount of deduction allowed under section 220 or 223 of the Internal Revenue Code;

(xvi) the amount deducted for tuition expenses under section 222 of the Internal Revenue Code; and

(xvii) the amount deducted for certain expenses of elementary and secondary school teachers under section 62(a)(2)(D) of the Internal Revenue Code.

In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" shall mean federal adjusted gross income reflected in the fiscal year ending in the calendar year. Federal adjusted gross income shall not be reduced by the amount of a net operating loss carryback or carryforward or a capital loss carryback or carryforward allowed for the year.

(b) "Income" does not include:

(1) amounts excluded pursuant to the Internal Revenue Code, sections 101(a) and 102;

(2) amounts of any pension or annuity which was exclusively funded by the claimant or spouse and which funding payments were not excluded from federal adjusted gross income in the years when the payments were made;

(3) to the extent included in federal adjusted gross income, amounts contributed by the claimant or spouse to a traditional or Roth style retirement account or plan, but not to exceed the retirement base amount reduced by the amount of contributions excluded from federal adjusted gross income, but not less than zero;

(4) surplus food or other relief in kind supplied by a governmental agency;

(5) relief granted under this chapter;

(6) child support payments received under a temporary or final decree of dissolution or legal separation; or

(7) restitution payments received by eligible individuals and excludable interest as defined in section 803 of the Economic Growth and Tax Relief Reconciliation Act of 2001, Public Law 107-16.

(c) The sum of the following amounts may be subtracted from income:

(1) for the claimant's first dependent, the exemption amount multiplied by 1.4;

(2) for the claimant's second dependent, the exemption amount multiplied by 1.3;

(3) for the claimant's third dependent, the exemption amount multiplied by 1.2;

(4) for the claimant's fourth dependent, the exemption amount multiplied by 1.1;

(5) for the claimant's fifth dependent, the exemption amount; and

(6) if the claimant or claimant's spouse was disabled or attained the age of 65 on or before December 31 of the year for which the taxes were levied or rent paid, the exemption amount.

(d) For purposes of this subdivision, the "exemption amount" means the exemption amount under section 151(d) of the Internal Revenue Code for the taxable year for which the income is reported; "retirement base amount" means the deductible amount for the taxable year for the claimant and spouse under section 219(b)(5)(A) of the Internal Revenue Code, adjusted for inflation as provided in section 219(b)(5) ~~(D)~~ (C) of the Internal Revenue Code, without regard to whether the claimant or spouse claimed a deduction; and "traditional or Roth style retirement account or plan" means retirement plans under sections 401, 403, 408, 408A, and 457 of the Internal Revenue Code.

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

Sec. 3. Minnesota Statutes 2016, section 290A.10, is amended to read:

**290A.10 PROOF OF TAXES PAID.**

~~Every~~ If requested by the commissioner of revenue, a claimant who files a claim for relief for property taxes payable shall ~~include with the claim~~ provide a property tax statement or a reproduction thereof in a form deemed satisfactory by the commissioner of revenue indicating that there are no delinquent property taxes on the homestead. Indication on the property tax statement from the county treasurer that there are no delinquent taxes on the homestead shall be sufficient proof. Taxes included in a confession of judgment under section 277.23 or 279.37 shall not constitute delinquent taxes as long as the claimant is current on the payments required to be made under section 277.23 or 279.37.

**EFFECTIVE DATE.** This section is effective for refunds based on rent paid after December 31, 2015, and property taxes payable after December 31, 2016.

Sec. 4. Minnesota Statutes 2016, section 291.075, is amended to read:

**291.075 SPECIAL USE VALUATION OF QUALIFIED PROPERTY.**

If, after the final determination of the tax imposed by this chapter, the property valued pursuant to section 2032A of the Internal Revenue Code is disposed of or fails to qualify and an additional tax is imposed pursuant to section 2032A(c), any increase in ~~the credit for state death taxes~~ federal gross or taxable estate shall be reported to the commissioner within 90 days ~~after final determination of the increased credit of the federal adjustment.~~ Upon notification the commissioner may assess an additional tax in accordance with section 291.03, subdivision 1.

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

Sec. 5. **REPEALER.**

Minnesota Statutes 2016, sections 290.9743; and 290.9744, are repealed.

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

ARTICLE 2  
DEPARTMENT OF REVENUE PROPERTY TAX AND LOCAL GOVERNMENT AID  
TECHNICAL PROVISIONS

Section 1. Minnesota Statutes 2016, section 270.078, subdivision 1, is amended to read:

Subdivision 1. **Conformance to federal law.** If any provision of sections 270.071 to 270.079 is contrary to any provision of any law of the United States of America, hereinafter enacted, providing for or relating to the ad valorem taxation by a state of aircraft or flying equipment of an airline company, such provision shall be of no effect and the commissioner is authorized and directed to prescribe by rule such provisions as may be necessary to make sections 270.071 to 270.079 conform to the federal act and to effectuate the purposes of sections 270.071 to 270.079, provided such rules do not prescribe a rate of taxation higher than that provided in section 270.075 or a net tax capacity based on a percentage higher than that provided in section 270.074, subdivision 2 3.

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

Sec. 2. Minnesota Statutes 2016, section 273.0755, is amended to read:

**273.0755 TRAINING AND EDUCATION OF PROPERTY TAX PERSONNEL.**

(a) Beginning with the four-year period starting on July 1, 2000, every person licensed by the state Board of Assessors at the Accredited Minnesota Assessor level or higher, shall successfully complete a weeklong Minnesota laws course sponsored by the Department of Revenue at least once in every four-year period. An assessor need not attend the course if they successfully pass the test for the course.

(b) The commissioner of revenue may require that each county, and each city for which the city assessor performs the duties of county assessor, have (i) a person on the assessor's staff who is certified by the Department of Revenue in sales ratio calculations, (ii) an officer or employee who is certified by the Department of Revenue in tax calculations, and (iii) an officer or employee who is certified by the Department of Revenue in the proper preparation of abstracts of assessment. The commissioner of revenue may require that each county have an officer or employee who is certified by the Department of Revenue in the proper preparation of abstracts of tax lists. Certifications under this paragraph expire after four years.

(c) Beginning with the four-year educational licensing period starting on July 1, 2004, every Minnesota assessor licensed by the State Board of Assessors must attend and participate in a seminar that focuses on ethics, professional conduct and the need for standardized assessment practices developed and presented by the commissioner of revenue. This requirement must be met at least once in every subsequent four-year period. This requirement applies to all assessors licensed for one year or more in the four-year period.

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

Sec. 3. Minnesota Statutes 2016, section 273.135, subdivision 1, is amended to read:

Subdivision 1. **Reduction in tax; tax relief area.** The property tax to be paid in respect to property taxable within a tax relief area as defined in section 273.134, paragraph (b), on homestead property, as otherwise determined by law and regardless of the market value of the property, and on nonhomestead portions of property classified as both homestead and nonhomestead property as provided in section 273.124, subdivision 11, for all purposes shall be reduced in the amount prescribed by subdivision 2, subject to the limitations contained therein.

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

Sec. 4. Minnesota Statutes 2016, section 414.09, subdivision 2, is amended to read:

Subd. 2. **Transmittal of order.** The chief administrative law judge shall see that copies of the order are mailed to all parties entitled to mailed notice of hearing under subdivision 1, the secretary of state, ~~the Department of Revenue~~, the state demographer, individual property owners if initiated in that manner, affected county auditor, and any other party of record. The affected county auditor shall record the order against the affected property.

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

Sec. 5. Minnesota Statutes 2016, section 477A.0124, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given them.

(b) "County program aid" means the sum of "county need aid," "county tax base equalization aid," and "county transition aid."

(c) "Age-adjusted population" means a county's population multiplied by the county age index.

(d) "County age index" means the percentage of the population ~~over~~ age 65 and over within the county divided by the percentage of the population ~~over~~ age 65 and over within the state, except that the age index for any county may not be greater than 1.8 nor less than 0.8.

(e) "Population ~~over~~ age 65 and over" means the population ~~over~~ age 65 and over established as of July 15 in an aid calculation year by the most recent federal census, by a special census conducted under contract with the United States Bureau of the Census, by a population estimate made by the Metropolitan Council, or by a population estimate of the state demographer made pursuant to section 4A.02, whichever is the most recent as to the stated date of the count or estimate for the preceding calendar year and which has been certified to the commissioner of revenue on or before July 15 of the aid calculation year. A revision to an estimate or count is effective for these purposes only if certified to the commissioner on or before July 15 of the aid calculation year. Clerical errors in the certification or use of estimates and counts established as of July 15 in the aid calculation year are subject to correction within the time periods allowed under section 477A.014.

(f) "Part I crimes" means the three-year average annual number of Part I crimes reported for each county by the Department of Public Safety for the most recent years available. By July 1 of each year, the commissioner of public safety shall certify to the commissioner of revenue the number of Part I crimes reported for each county for the three most recent calendar years available.

(g) "Households receiving food stamps" means the average monthly number of households receiving food stamps for the three most recent years for which data is available. By July 1 of each year, the commissioner of human services must certify to the commissioner of revenue the average monthly number of households in the state and in each county that receive food stamps, for the three most recent calendar years available.

(h) "County net tax capacity" means the county's adjusted net tax capacity under section 273.1325.

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

Sec. 6. Minnesota Statutes 2016, section 477A.013, subdivision 1, is amended to read:

Subdivision 1. **Towns.** (a) In 2014 and thereafter, each town is eligible for a distribution under this subdivision equal to the product of (i) its agricultural property factor, (ii) its town area factor, (iii) its population factor, and (iv) 0.0045. As used in this subdivision, the following terms have the meanings given them:

(1) "agricultural property factor" means the ratio of the adjusted net tax capacity of agricultural property located in a town, ~~divided by~~ to the adjusted net tax capacity of all other property located in the town. The agricultural property factor cannot exceed eight;

(2) "agricultural property" means property classified under section 273.13, as homestead and nonhomestead agricultural property, rural vacant land, and noncommercial seasonal recreational property;



(3) "town area factor" means the most recent estimate of total acreage, not to exceed 50,000 acres, located in the township available as of July 1 in the aid calculation year, estimated or established by:

- (i) the United States Bureau of the Census;
  - (ii) the State Land Management Information Center; or
  - (iii) the secretary of state; and
- (4) "population factor" means the square root of the towns' population.

(b) If the sum of the aids payable to all towns under this subdivision exceeds the limit under section 477A.03, subdivision 2c, the distribution to each town must be reduced proportionately so that the total amount of aids distributed under this section does not exceed the limit in section 477A.03, subdivision 2c.

(c) Data used in calculating aids to towns under this subdivision, other than acreage, shall be the most recently available data as of January 1 in the year in which the aid is calculated.

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

ARTICLE 3  
DEPARTMENT OF REVENUE SALES AND USE,  
AND SPECIAL TAXES TECHNICAL PROVISIONS

Section 1. Minnesota Statutes 2016, section 270C.171, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) If a special law grants a local government unit or group of units the authority to impose a local tax other than sales tax, including but not limited to taxes such as lodging, entertainment, admissions, or food and beverage taxes, and the Department of Revenue either has agreed to or is required to administer the tax, such that the tax is reported and paid with the chapter 297A taxes, then ~~the local government unit or group of units must adopt each definition term~~ used in the special law is defined as follows:

(1) ~~the definition must be identical to the definition found~~ as defined in chapter 297A or in Minnesota Rules, chapter 8130; or

(2) if the specific term is not defined either in chapter 297A or in Minnesota Rules, chapter 8130, then ~~the definition must be~~ defined consistent with the position of the Department of Revenue as to the extent of the tax base.

(b) This subdivision does not apply to terms that are defined by the authorizing special law.

(c) This subdivision applies notwithstanding whether a local government unit or group of units adopts consistent definitions into local law.

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

Sec. 2. Minnesota Statutes 2016, section 298.01, subdivision 3, is amended to read:

Subd. 3. **Occupation tax; other ores.** Every person engaged in the business of mining, refining, or producing ores, metals, or minerals in this state, except iron ore or taconite concentrates, shall pay an occupation tax to the state of Minnesota as provided in this subdivision. For purposes of this subdivision, mining includes the application of hydrometallurgical processes. Hydrometallurgical processes are processes that extract the ores, metals, or

minerals, by use of aqueous solutions that leach, concentrate, and recover the ore, metal, or mineral. The tax is determined in the same manner as the tax imposed by section 290.02, except that sections 290.05, subdivision 1, clause (a), 290.17, subdivision 4, and 290.191, subdivision 2, do not apply, and the occupation tax must be computed by applying to taxable income the rate of 2.45 percent. ~~A person subject to occupation tax under this section shall apportion its net income on the basis of the percentage obtained by taking the sum of:~~

~~(1) 75 percent of the percentage which the sales made within this state in connection with the trade or business during the tax period are of the total sales wherever made in connection with the trade or business during the tax period;~~

~~(2) 12.5 percent of the percentage which the total tangible property used by the taxpayer in this state in connection with the trade or business during the tax period is of the total tangible property, wherever located, used by the taxpayer in connection with the trade or business during the tax period; and~~

~~(3) 12.5 percent of the percentage which the taxpayer's total payrolls paid or incurred in this state or paid in respect to labor performed in this state in connection with the trade or business during the tax period are of the taxpayer's total payrolls paid or incurred in connection with the trade or business during the tax period.~~

The tax is in addition to all other taxes.

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

Sec. 3. Minnesota Statutes 2016, section 298.01, subdivision 4, is amended to read:

Subd. 4. **Occupation tax; iron ore; taconite concentrates.** A person engaged in the business of mining or producing of iron ore, taconite concentrates or direct reduced ore in this state shall pay an occupation tax to the state of Minnesota. The tax is determined in the same manner as the tax imposed by section 290.02, except that sections 290.05, subdivision 1, clause (a), 290.17, subdivision 4, and 290.191, subdivision 2, do not apply, and the occupation tax shall be computed by applying to taxable income the rate of 2.45 percent. ~~A person subject to occupation tax under this section shall apportion its net income on the basis of the percentage obtained by taking the sum of:~~

~~(1) 75 percent of the percentage which the sales made within this state in connection with the trade or business during the tax period are of the total sales wherever made in connection with the trade or business during the tax period;~~

~~(2) 12.5 percent of the percentage which the total tangible property used by the taxpayer in this state in connection with the trade or business during the tax period is of the total tangible property, wherever located, used by the taxpayer in connection with the trade or business during the tax period; and~~

~~(3) 12.5 percent of the percentage which the taxpayer's total payrolls paid or incurred in this state or paid in respect to labor performed in this state in connection with the trade or business during the tax period are of the taxpayer's total payrolls paid or incurred in connection with the trade or business during the tax period.~~

The tax is in addition to all other taxes.

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

Sec. 4. Minnesota Statutes 2016, section 298.24, subdivision 1, is amended to read:

Subdivision 1. **Imposed; calculation.** (a) For concentrate produced in 2013, there is imposed upon taconite and iron sulphides, and upon the mining and quarrying thereof, and upon the production of iron ore concentrate therefrom, and upon the concentrate so produced, a tax of \$2.56 per gross ton of merchantable iron ore concentrate produced therefrom. ~~The tax is also imposed upon other iron-bearing material.~~

(b) For concentrates produced in 2014 and subsequent years, the tax rate shall be equal to the preceding year's tax rate plus an amount equal to the preceding year's tax rate multiplied by the percentage increase in the implicit price deflator from the fourth quarter of the second preceding year to the fourth quarter of the preceding year. "Implicit price deflator" means the implicit price deflator for the gross domestic product prepared by the Bureau of Economic Analysis of the United States Department of Commerce.

(c) An additional tax is imposed equal to three cents per gross ton of merchantable iron ore concentrate for each one percent that the iron content of the product exceeds 72 percent, when dried at 212 degrees Fahrenheit.

(d) The tax on taconite and iron sulphides shall be imposed on the average of the production for the current year and the previous two years. The rate of the tax imposed will be the current year's tax rate. This clause shall not apply in the case of the closing of a taconite facility if the property taxes on the facility would be higher if this clause and section 298.25 were not applicable. ~~The tax on other iron-bearing material shall be imposed on the current year production.~~

(e) The tax under paragraph (a) is also imposed upon other iron-bearing material. The tax on other iron-bearing material shall be imposed on the current year production. The rate of the tax imposed is the current year's tax rate.

~~(e)~~ (f) If the tax or any part of the tax imposed by this subdivision is held to be unconstitutional, a tax of \$2.56 per gross ton of merchantable iron ore concentrate produced shall be imposed.

~~(f)~~ (g) Consistent with the intent of this subdivision to impose a tax based upon the weight of merchantable iron ore concentrate, the commissioner of revenue may indirectly determine the weight of merchantable iron ore concentrate included in fluxed pellets by subtracting the weight of the limestone, dolomite, or olivine derivatives or other basic flux additives included in the pellets from the weight of the pellets. For purposes of this paragraph, "fluxed pellets" are pellets produced in a process in which limestone, dolomite, olivine, or other basic flux additives are combined with merchantable iron ore concentrate. No subtraction from the weight of the pellets shall be allowed for binders, mineral and chemical additives other than basic flux additives, or moisture.

~~(g)~~ (h) (1) Notwithstanding any other provision of this subdivision, for the first two years of a plant's commercial production of direct reduced ore from ore mined in this state, no tax is imposed under this section. As used in this paragraph, "commercial production" is production of more than 50,000 tons of direct reduced ore in the current year or in any prior year, "noncommercial production" is production of 50,000 tons or less of direct reduced ore in any year, and "direct reduced ore" is ore that results in a product that has an iron content of at least 75 percent. For the third year of a plant's commercial production of direct reduced ore, the rate to be applied to direct reduced ore is 25 percent of the rate otherwise determined under this subdivision. For the fourth commercial production year, the rate is 50 percent of the rate otherwise determined under this subdivision; for the fifth commercial production year, the rate is 75 percent of the rate otherwise determined under this subdivision; and for all subsequent commercial production years, the full rate is imposed.

(2) Subject to clause (1), production of direct reduced ore in this state is subject to the tax imposed by this section, but if that production is not produced by a producer of taconite, iron sulfides, or other iron-bearing material, the production of taconite, iron sulfides, or other iron-bearing material, that is consumed in the production of direct reduced ~~iron ore~~ in this state is not subject to the tax imposed by this section on taconite, iron sulfides, or other iron-bearing material.

(3) Notwithstanding any other provision of this subdivision, no tax is imposed on direct reduced ore under this section during the facility's noncommercial production of direct reduced ore. The taconite or iron sulphides consumed in the noncommercial production of direct reduced ore is subject to the tax imposed by this section on taconite and iron sulphides. Three-year average production of direct reduced ore does not include production of direct reduced ore in any noncommercial year. Three-year average production for a direct reduced ore facility that has noncommercial production is the average of the commercial production of direct reduced ore for the current year and the previous two commercial years.

(4) This paragraph applies only to plants for which all environmental permits have been obtained and construction has begun before July 1, 2008.

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

Sec. 5. Minnesota Statutes 2016, section 298.28, subdivision 2, is amended to read:

Subd. 2. **City or town where quarried or produced.** (a) 4.5 cents per gross ton of merchantable iron ore concentrate, hereinafter referred to as "taxable ton," plus the amount provided in paragraph (c), must be allocated to the city or town in the county in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. If the mining, quarrying, and concentration, or different steps in either thereof are carried on in more than one taxing district, the commissioner shall apportion equitably the proceeds of the part of the tax going to cities and towns among such subdivisions upon the basis of attributing 50 percent of the proceeds of the tax to the operation of mining or quarrying the taconite, and the remainder to the concentrating plant and to the processes of concentration, and with respect to each thereof giving due consideration to the relative extent of such operations performed in each such taxing district. The commissioner's order making such apportionment shall be subject to review by the Tax Court at the instance of any of the interested taxing districts, in the same manner as other orders of the commissioner.

(b) (1) Four cents per taxable ton shall be allocated to cities and organized townships affected by mining because their boundaries are within three miles of a taconite mine pit that:

(i) was actively mined by LTV Steel Mining Company in 1999; or

(ii) has been actively mined in at least one of the prior three years.

(2) If a city or town is located near more than one mine meeting ~~these~~ the criteria under this paragraph, the city or town is eligible to receive aid calculated from only the mine producing the largest taxable tonnage. When more than one municipality qualifies for aid based on one company's production, the aid must be apportioned among the municipalities in proportion to their populations. The amounts distributed under this paragraph to each municipality must be used for infrastructure improvement projects.

(c) The amount that would have been computed for the current year under Minnesota Statutes 2008, section 126C.21, subdivision 4, for a school district shall be distributed 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.

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

Sec. 6. Minnesota Statutes 2016, section 298.28, subdivision 5, is amended to read:

Subd. 5. **Counties.** (a) 21.05 cents per taxable ton for distributions in 2015 through 2023, and 26.05 cents per taxable ton for distributions beginning in 2024, is allocated to counties to be distributed, based upon certification by the commissioner of revenue, under paragraphs (b) to (d).

(b) 10.525 cents per taxable ton shall be distributed to the county in which the taconite is mined or quarried or in which the concentrate is produced, less any amount which is to be distributed pursuant to paragraph (c). The apportionment formula prescribed in subdivision 2 is the basis for the distribution.

(c) ~~If 1.0 cent per taxable ton of the tax distributed to the counties under paragraph (b) shall be paid to a county that received a distribution under this section in 2000 because there was located in the county an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite is located in a different county other than the county in which the mining and the concentrating processes are conducted, one cent per taxable ton of the tax distributed to the counties pursuant to paragraph (b) and imposed on and collected from such taxpayer shall be paid to the county in which the power plant is located.~~

(d) 10.525 cents per taxable ton for distributions in 2015 through 2023, and 15.525 cents per taxable ton for distributions beginning in 2024, shall be paid to the county from which the taconite was mined, quarried or concentrated to be deposited in the county road and bridge fund. If the mining, quarrying and concentrating, or separate steps in any of those processes are carried on in more than one county, the commissioner shall follow the apportionment formula prescribed in subdivision 2.

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

Correct the title numbers accordingly

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

The report was adopted.

## SECOND READING OF HOUSE BILLS

H. F. Nos. 861, 890, 1226, 1227 and 1228 were read for the second time.

## INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Haley and Drazkowski introduced:

H. F. No. 2555, A bill for an act relating to metropolitan government; modifying definition of metropolitan area; amending Minnesota Statutes 2016, section 473.121, subdivision 2.

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

Hansen and Hausman introduced:

H. F. No. 2556, A bill for an act relating to capital investment; appropriating money for stabilization and restoration of areas along the Mississippi River in Lilydale Regional Park in St. Paul; authorizing the sale and issuance of state bonds.

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

Dean, M., introduced:

H. F. No. 2557, A bill for an act relating to health; establishing a biomedicine and bioethics innovation grant program; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 144.

The bill was read for the first time and referred to the Committee on Health and Human Services Reform.

Omar; Murphy, E.; Clark; Hornstein; Ward and Flanagan introduced:

H. F. No. 2558, A bill for an act relating to religious holidays; modifying student absence from school for religious holidays; requiring employee leave for religious holidays; amending Minnesota Statutes 2016, sections 120A.35; 120A.40; proposing coding for new law in Minnesota Statutes, chapter 181.

The bill was read for the first time and referred to the Committee on Education Innovation Policy.

Marquart introduced:

H. F. No. 2559, A bill for an act relating to education; modifying voluntary prekindergarten eligibility requirements; amending Minnesota Statutes 2016, section 124D.151, subdivision 4.

The bill was read for the first time and referred to the Committee on Education Innovation Policy.

Marquart introduced:

H. F. No. 2560, A bill for an act relating to capital investment; providing that the Detroit Lakes wastewater treatment project is eligible for 80 percent of costs.

The bill was read for the first time and referred to the Committee on Job Growth and Energy Affordability Policy and Finance.

Ward, Becker-Finn and Dehn, R., introduced:

H. F. No. 2561, A bill for an act relating to public safety; requiring law enforcement agencies to report discipline actions; requiring the Peace Officer Standards and Training Board to develop a system to report a summary of peace officer discipline; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 626.

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

Marquart and Hortman introduced:

H. F. No. 2562, A bill for an act relating to taxation; property; modifying county program aid; appropriating money; amending Minnesota Statutes 2016, sections 477A.0124, subdivision 4; 477A.03, subdivision 2b; repealing Minnesota Statutes 2016, section 477A.0124, subdivision 5.

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

### **MESSAGES FROM THE SENATE**

The following message was received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 803 and 2214.

CAL R. LUDEMAN, Secretary of the Senate

### **FIRST READING OF SENATE BILLS**

S. F. No. 803, A bill for an act relating to public safety; appropriating money for public safety, courts, corrections, Guardian Ad Litem Board, Uniform Laws Commission, Board on Judicial Standards, Board of Public Defense, Sentencing Guidelines, Peace Officer Standards and Training (POST) Board, Private Detective Board, and Human Rights; lowering certain court-related fees; amending Minnesota Statutes 2016, sections 13.69, subdivision 1; 271.21, subdivision 2; 357.021, subdivision 2; 609.748, subdivision 3a.

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

S. F. No. 2214, A bill for an act relating to higher education; providing funding and policy changes for the Office of Higher Education, the Minnesota State Colleges and Universities, the University of Minnesota, and other related programs; modifying state grant program calculation parameters; requiring reports; appropriating money; amending Minnesota Statutes 2016, sections 135A.031, subdivision 7; 135A.15, subdivision 1a; 136A.101, subdivision 5a; 136A.125, subdivisions 2, 4; 136A.1275; 136A.685; 148.89, subdivision 5; Laws 2014, chapter 312, article 1, section 15; proposing coding for new law in Minnesota Statutes, chapters 136A; 148; 298.

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

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 Speaker pro tempore Albright.

Rosenthal was excused between the hours of 11:15 a.m. and 11:20 a.m.

Mahoney and Whelan were excused for the remainder of today's session.

**CALENDAR FOR THE DAY**

H. F. No. 792 was reported to the House.

Theis moved to amend H. F. No. 792, the first engrossment, as follows:

Page 1, delete section 2

Amend the title accordingly

The motion prevailed and the amendment was adopted.

H. F. No. 792, A bill for an act relating to construction codes; requiring the commissioner to amend rules relating to fire sprinklers.

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 124 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Albright	Carlson, A.	Fabian	Hamilton	Jurgens	Lohmer
Allen	Carlson, L.	Fenton	Hansen	Kiel	Loon
Anderson, P.	Christensen	Fischer	Hausman	Knoblach	Loonan
Anderson, S.	Considine	Flanagan	Heintzeman	Koegel	Lucero
Applebaum	Cornish	Franke	Hertaus	Koznick	Lueck
Backer	Daniels	Franson	Hilstrom	Kresha	Mariani
Bahr, C.	Dauids	Freiberg	Hoppe	Kunesh-Podein	Marquart
Baker	Davnie	Garofalo	Hornstein	Layman	Masin
Barr, R.	Dean, M.	Green	Hortman	Lee	Maye Quade
Becker-Finn	Dehn, R.	Grossell	Howe	Lesch	McDonald
Bennett	Dettmer	Gruenhagen	Jessup	Liebling	Metsa
Bernardy	Drazkowski	Gunther	Johnson, B.	Lien	Murphy, E.
Bliss	Ecklund	Haley	Johnson, C.	Lillie	Murphy, M.
Bly	Erickson	Halverson	Johnson, S.	Loeffler	Nash



Nelson	Pelowski	Poston	Sauke	Theis	West
Neu	Peppin	Pryor	Schomacker	Thissen	Wills
Newberger	Petersburg	Pugh	Schultz	Torkelson	Youakim
Nornes	Peterson	Quam	Scott	Uglen	Zerwas
O'Driscoll	Pierson	Rarick	Smith	Urdahl	Spk. Daudt
Olson	Pinto	Runbeck	Sundin	Vogel	
O'Neill	Poppe	Sandstede	Swedzinski	Ward	

The bill was passed, as amended, and its title agreed to.

Speaker pro tempore Albright called Davids to the Chair.

S. F. No. 151, A bill for an act relating to public safety; modifying vehicle forfeiture provisions to include more than one owner of a vehicle; amending Minnesota Statutes 2016, section 169A.63, subdivision 7.

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 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Albright	Davnie	Hansen	Lesch	Newberger	Schomacker
Allen	Dean, M.	Hausman	Liebling	Nornes	Schultz
Anderson, P.	Dehn, R.	Heintzeman	Lien	O'Driscoll	Scott
Anderson, S.	Dettmer	Hertaus	Lillie	Olson	Smith
Applebaum	Drazkowski	Hilstrom	Loeffler	Omar	Sundin
Backer	Ecklund	Hoppe	Lohmer	O'Neill	Swedzinski
Bahr, C.	Erickson	Hornstein	Loon	Pelowski	Theis
Baker	Fabian	Hortman	Loonan	Peppin	Thissen
Barr, R.	Fenton	Howe	Lucero	Petersburg	Torkelson
Becker-Finn	Fischer	Jessup	Lueck	Peterson	Uglen
Bennett	Flanagan	Johnson, B.	Mariani	Pierson	Urdahl
Bernardy	Franke	Johnson, C.	Marquart	Pinto	Vogel
Bliss	Franson	Johnson, S.	Masin	Poppe	Ward
Bly	Freiberg	Jurgens	Maye Quade	Poston	West
Carlson, A.	Garofalo	Kiel	McDonald	Pryor	Wills
Carlson, L.	Green	Knoblach	Metsa	Pugh	Youakim
Christensen	Grossell	Koegel	Moran	Quam	Zerwas
Clark	Gruenhagen	Koznick	Murphy, E.	Rarick	Spk. Daudt
Considine	Gunther	Kresha	Murphy, M.	Rosenthal	
Cornish	Haley	Kunesh-Podein	Nash	Runbeck	
Daniels	Halverson	Layman	Nelson	Sandstede	
Davids	Hamilton	Lee	Neu	Sauke	

The bill was passed and its title agreed to.

H. F. No. 474, A bill for an act relating to health occupations; authorizing criminal background checks by the Board of Medical Practice; exempting certain physicians from criminal background checks under the Interstate Medical Licensure Compact; amending Minnesota Statutes 2016, section 147.381.

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 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Albright	Davnie	Hansen	Lesch	Newberger	Schomacker
Allen	Dean, M.	Hausman	Liebling	Nornes	Schultz
Anderson, P.	Dehn, R.	Heintzeman	Lien	O'Driscoll	Scott
Anderson, S.	Dettmer	Hertaus	Lillie	Olson	Smith
Applebaum	Drazkowski	Hilstrom	Loeffler	Omar	Sundin
Backer	Ecklund	Hoppe	Lohmer	O'Neill	Swedzinski
Bahr, C.	Erickson	Hornstein	Loon	Pelowski	Theis
Baker	Fabian	Hortman	Loonan	Peppin	Thissen
Barr, R.	Fenton	Howe	Lucero	Petersburg	Torkelson
Becker-Finn	Fischer	Jessup	Lueck	Peterson	Uglen
Bennett	Flanagan	Johnson, B.	Mariani	Pierson	Urdahl
Bernardy	Franke	Johnson, C.	Marquart	Pinto	Vogel
Bliss	Franson	Johnson, S.	Masin	Poppe	Ward
Bly	Freiberg	Jurgens	Maye Quade	Poston	West
Carlson, A.	Garofalo	Kiel	McDonald	Pryor	Wills
Carlson, L.	Green	Knoblach	Metsa	Pugh	Youakim
Christensen	Grossell	Koegel	Moran	Quam	Zerwas
Clark	Gruenhagen	Koznick	Murphy, E.	Rarick	Spk. Daudt
Considine	Gunther	Kresha	Murphy, M.	Rosenthal	
Cornish	Haley	Kunesh-Podein	Nash	Runbeck	
Daniels	Halverson	Layman	Nelson	Sandstede	
Davids	Hamilton	Lee	Neu	Sauke	

The bill was passed and its title agreed to.

#### REPORT 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 bills to be placed on the Calendar for the Day for Friday, March 31, 2017 and established a prefiling requirement for amendments offered to the following bills:

H. F. Nos. 861 and 890.

#### MOTIONS AND RESOLUTIONS

Zerwas moved that the names of Nornes and Mariani be added as authors on H. F. No. 345. The motion prevailed.

Halverson moved that the name of Masin be added as an author on H. F. No. 411. The motion prevailed.

Murphy, E., moved that the name of Masin be added as an author on H. F. No. 795. The motion prevailed.

Bernardy moved that the names of Hansen, Ward and Thissen be added as authors on H. F. No. 1155. The motion prevailed.

Zerwas moved that the name of Jessup be added as an author on H. F. No. 1383. The motion prevailed.

Pierson moved that the name of Lee be added as an author on H. F. No. 2032. The motion prevailed.

Omar moved that the name of Lee be added as an author on H. F. No. 2521. The motion prevailed.

Omar moved that the name of Lee be added as an author on H. F. No. 2524. The motion prevailed.

Theis moved that the name of Mariani be added as an author on H. F. No. 2528. The motion prevailed.

Sandstede moved that the name of Ecklund be added as an author on H. F. No. 2537. The motion prevailed.

Haley moved that the name of Hausman be added as an author on H. F. No. 2550. The motion prevailed.

Flanagan moved that the names of Lee, Bly and Dehn, R., be added as authors on H. F. No. 2551. The motion prevailed.

Koegel moved that the names of Bly, Lee, Maye Quade and Thissen be added as authors on H. F. No. 2552. The motion prevailed.

Gruenhagen moved that the names of Lohmer and Franson be added as authors on H. F. No. 2553. The motion prevailed.

#### ADJOURNMENT

Peppin moved that when the House adjourns today it adjourn until 10:00 a.m., Thursday, March 30, 2017. The motion prevailed.

Peppin moved that the House adjourn. The motion prevailed, and Speaker pro tempore Davids declared the House stands adjourned until 10:00 a.m., Thursday, March 30, 2017.

PATRICK D. MURPHY, Chief Clerk, House of Representatives

